Unused Services of a Firm’s Resources: A Penrosian View of Shadow Options

ABSTRACT

Building on Penrose’s intuition about unused services as the engine of firms’ growth, we focus on technology resources and measure the potential of technology resources to generate unused services. We show that the emergence of unused services depends on the affordances of technological resources and call the set of unused services a residual. From a strategic viewpoint the residual is a bundle of shadow options. Examining how the residual emerges and unfolds sheds light on how shadow options may be converted into real options.

Short Bio

Pierpaolo Andriani is Professor in Complexity and Innovation Management at KEDGE Business School. He got his BA/MSc in Physics. He started his career as a scientist in industrial R&D in Italy where he was project manager for various European research and development projects in the laser industry. Then he moved to Academia and received his Ph.D. in social sciences from Durham University, UK. His research interests are focused on the impact of complexity and evolutionary theory on innovation. His research has been published in journals such as Organization Science, Journal of International Business Studies, Research Policy, Long Range Planning and Complexity.