

CONSTANTIN BRÂNCOVEANU UNIVERSITY
INTERNATIONAL SCIENTIFIC CONFERENCE – THIRD EDITION
„ACCOUNTING AND FINANCE – UNIVERSAL LANGUAGES OF BUSINESS”

**INSTITUTIONAL INNOVATIONS AND
ORGANIZATIONAL SUSTAINABILIZING**

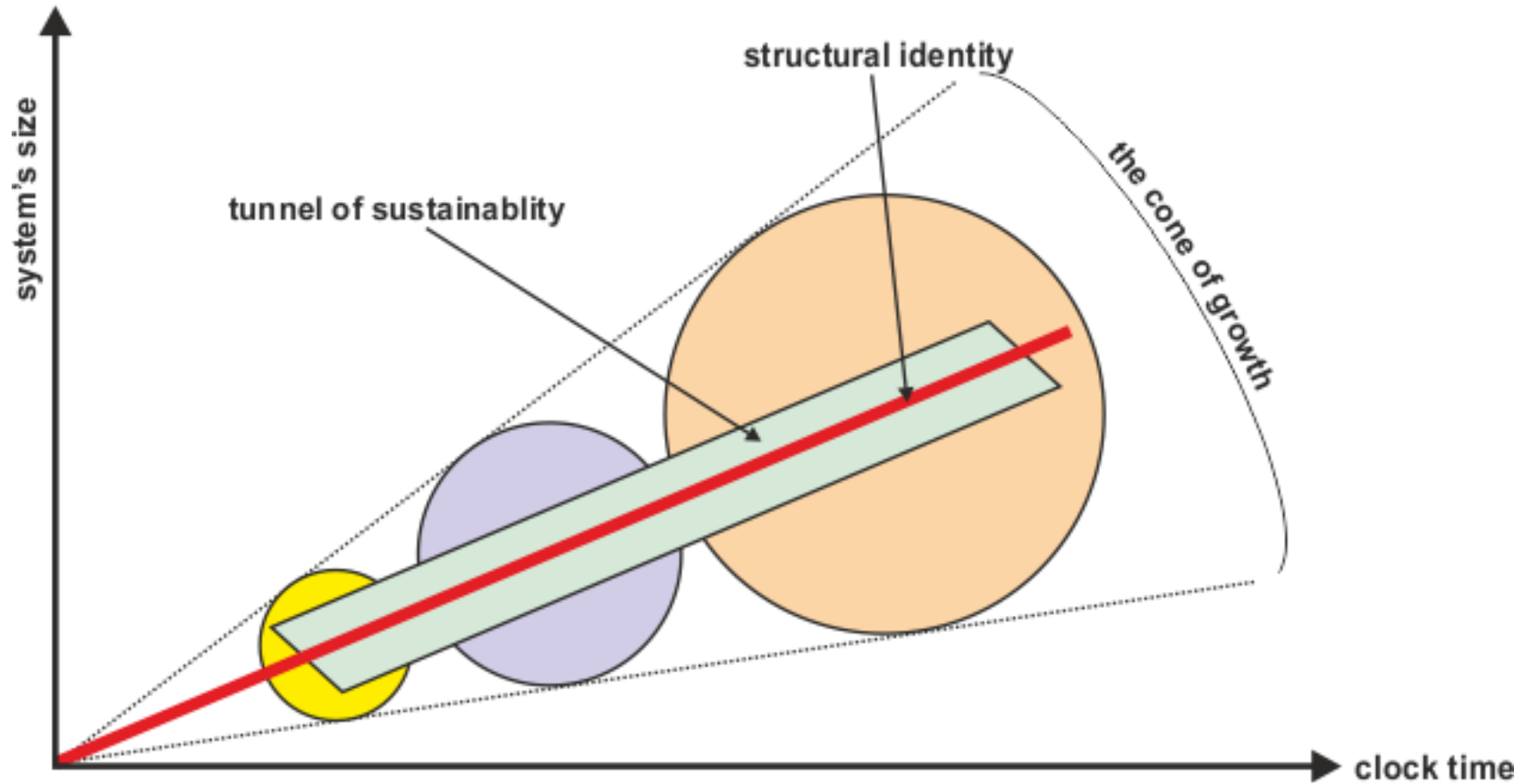
23.03.2018

PRESENTS: EMIL DINGA

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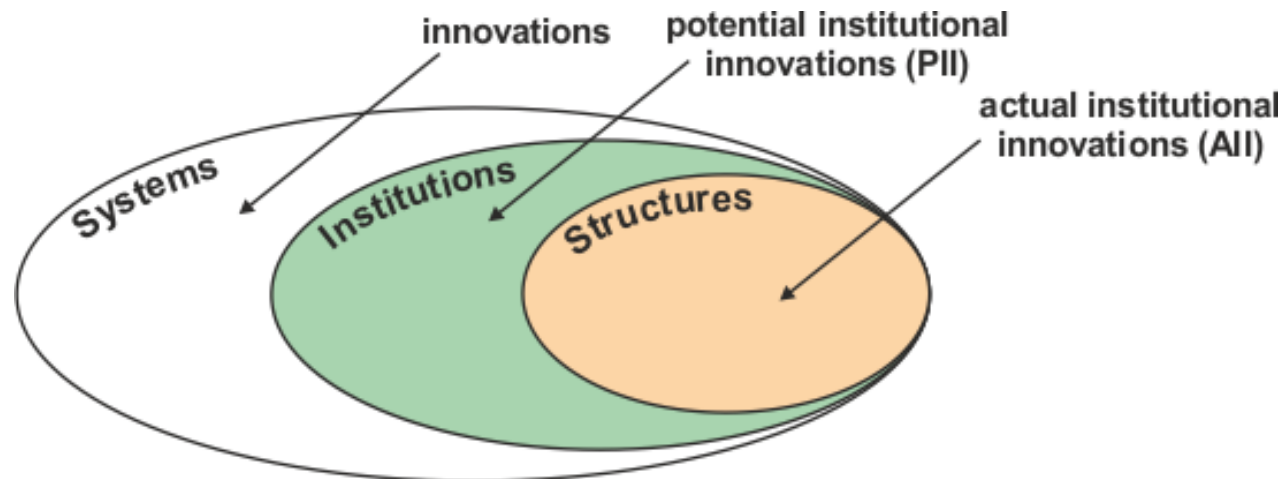
1. Introduction
2. The concept of institutional innovation
3. Relationships between institutional innovation and sustainability
4. Institutional innovation and anti-fragility

Introduction

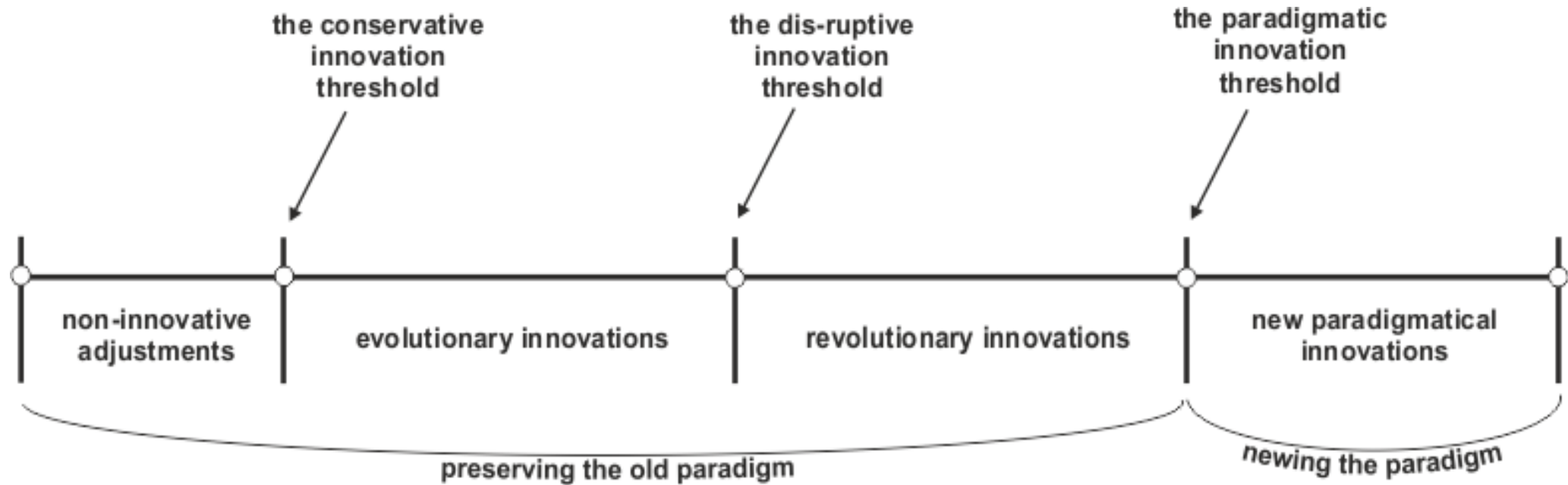


THE CONCEPT OF INSTITUTIONAL INNOVATION (1/2)

- **(def) innovation**: a change (over a given threshold) in the functioning of a system
 - since the function is an effect of the structure, it results an innovation must occur on the system's *structure*
- **(def) institutional innovation**: that innovation that is of institution nature
 - in the largest sense: norm, procedure/protocol, rules of any kind, etc.
 - **NB**: so, the institutional innovation couldn't occur than in the systems populated with people, that is: *organizations*
- the institutional innovations could occur through two ways:
 - **(1)** by maintaining the functioning paradigm of the given system
 - this case, the system's structure is kept inside its tunnel of sustainability of the current functioning paradigm
 - **(2)** by bringing the given system towards a new functioning paradigm
 - this case, the system's structure is moved outside the tunnel of sustainability, within a new functioning paradigm



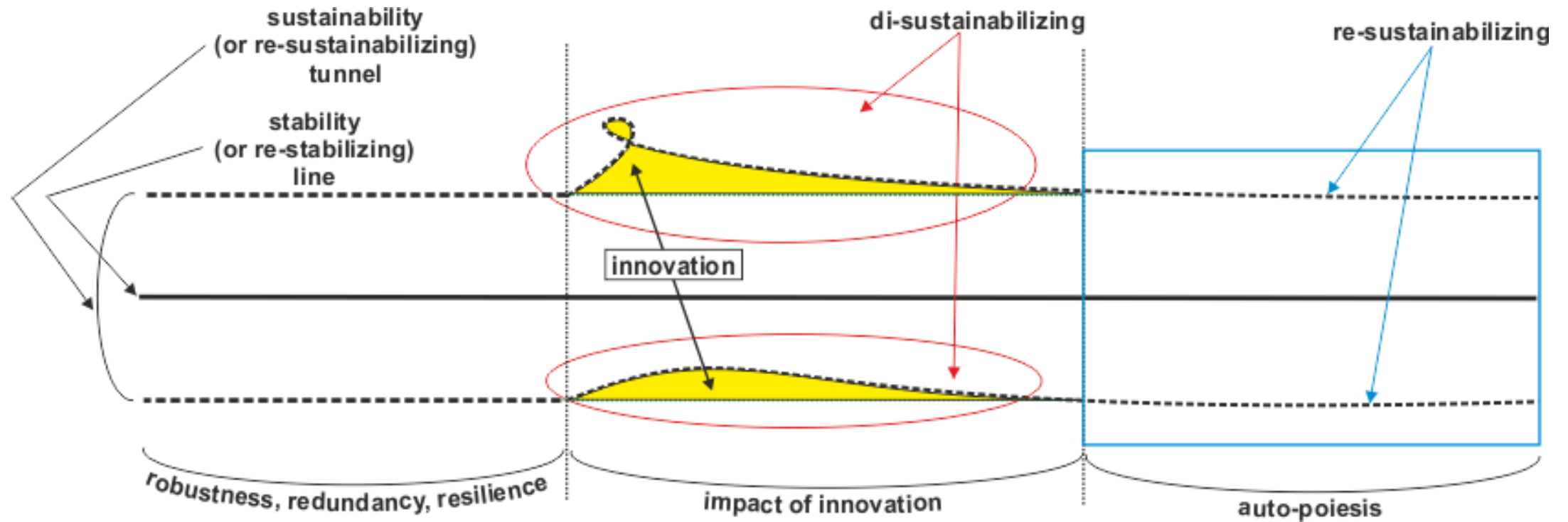
THE CONCEPT OF INSTITUTIONAL INNOVATION (2/2)



RELATIONSHIPS BETWEEN INSTITUTIONAL INNOVATION AND SUSTAINABILITY (1/2)

- **Question 1:** can the actual institutional innovation guaranty the sustainability of the organization involved?
- **Answer 1:**
 - any institutional innovation has the potential to destabilize the host system
 - **why?:** because an institutional innovation is no predictable (i.e., it is no a valid inference from a model of rationality innovation regarding the institutional innovation)
 - since the institutional innovation is focused on the system's structure, its effect is persistent, most often irreversible
 - just through its irreversibility, the institutional innovation is fit to guaranty the system's sustainability
- **Question 2:** can the actual institutional innovation to re-sustainabilize a dis-sustainabilized system?
- **Answer 2:** yes, if it is endowed with three devices:
 - an (internal or external) accessible and indestructible memory regarding its former (i.e., before the innovation impact) identity
 - an (internal or external) mechanism of repairing the damages caused by the innovation
 - an (internal or external) device to verify the achievement of repairing

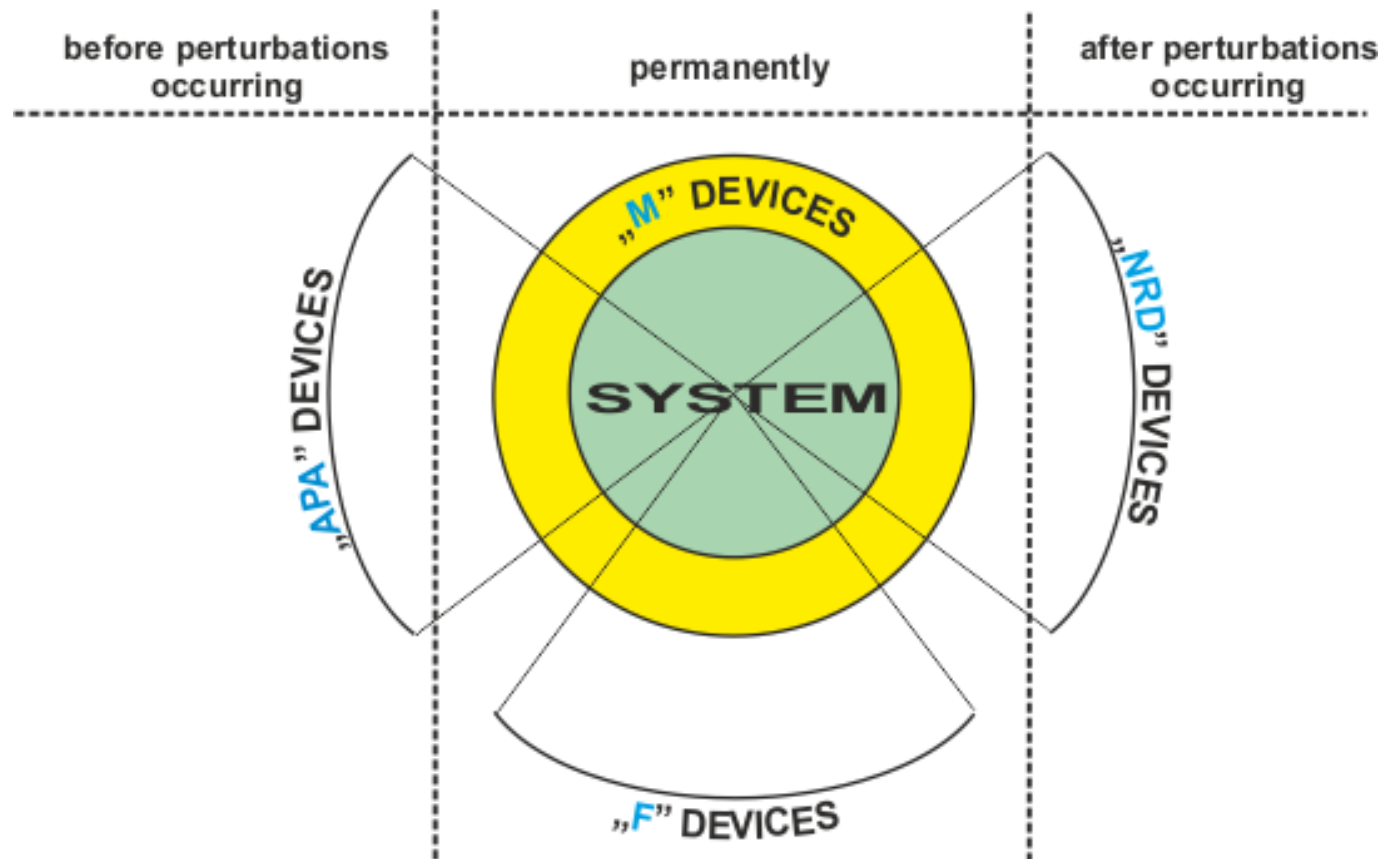
RELATIONSHIPS BETWEEN INSTITUTIONAL INNOVATION AND SUSTAINABILITY (2/2)



INSTITUTIONAL INNOVATION AND ANTI-FRAGILITY (1/2)

- **Question 3:** is it possible, and how, to benefit from perturbing the system's sustainability by the institutional innovation?
- **Answer 3:** by „instituting” the system's anti-fragility
 - **(def) anti-fragility:** the potential (on a structural basis) to gain from perturbation, either internal or external
 - the relevance of instituting the anti-fragility in the context of institutional innovation
 - theoretically:
 - the notional package regarding the qualitative conservation of systems/processes is enriched
 - a new theoretical question is arising here: the conservative and winning structure of the systems
 - methodologically:
 - a new approaching of the systems/processes occurs: anti-fragility approaching
 - a new approaching of the performance audit: the anti-fragility audit
 - instrumentally:
 - calculating (and covering) of the risk becomes useless
 - taking into consideration of the uncertainty becomes useless
 - implies the calculus of the minimum structural redundancy of the systems/processes

INSTITUTIONAL INNOVATION AND ANTI-FRAGILITY (2/2)



where:

- **M**: memory devices
- **APA**: anticipating/preventing/avoiding devices
- **NRD**: neutralizing/reducing/dissipating devices
- **F**: fructification devices

THANK YOU FOR ATTENTION !