

Path Dependency and Path Creation in a Strategic Perspective

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Abstract

Social strategic activity faces many problems; this paper focuses on two of them. On the one hand path dependency and path creation are core but alternative issues in management literature. On the other hand many social communities (nations, regions, local municipalities) use the corporate methodology for strategic planning. The aims of the paper are twofold. It intends to give a new interpretation of strategy, which is much closer to social foresight. Here – on the basis of futures studies – path dependency and path creation can be linked and appear as two sides of the same coin. Second, on the basis of a new interpretation of strategy the paper looks at path dependency and path creation as two pillars of strategic activity and gives a dialectic understanding of the concepts.

Keywords: Strategic development, foresight, futures studies, path dependency, path creation

Introduction

Path dependency and, recently, path creation are frequently used concepts in the social sciences. However, they were born as individual issues and in most cases they are still discussed separately. First, the path dependency concept has spread. In the general sense, path dependency refers to the idea that events occurring at an earlier point in time will affect events occurring at a later point in time (soft version). In the strict sense path dependency means there are contingent events in history that create institutional patterns with deterministic properties. The power of the past has been theorised too: Hobsbawm (1984) gave his book of essays this exact title, while Greener (2002) discusses insights from the actor-network theory perspective and considers the role of the durable materials in networks. In hypnotherapy, past fundamentally determines life and discovering it has a healing power (Martin-Berkowitz, 2005).

Recent management and development studies, however, have given more and more attention to path creation – in contrast to path dependency. For instance, Djelic and Quack (2007) talk about

overcoming path dependency and emphasise that 'path generation' offers better opportunities for change in open systems. Schienstock (2007) suggests moving *from* path dependency *to* path creation. Alvarez and Barney (2007) highlight creation and discovery theories for better entrepreneurial opportunities. Garud and Karnøe (2001) discuss path creation as a process of mindful deviation.

The two concepts have also been linked; however, in most cases they are discussed as *alternative* theoretical and methodological perspectives on strategy. Garud, Kumaraswamy and Karnøe (2010) contrast path dependency and path creation and define path creation through the notion of agency as distributed and emergent via relational processes that constitute phenomena.. Where a continuous type of change process is suggested by dynamic *balance* between path dependency and path creation (Vanhaverbeke-Peeters, 2005), it is in the context of corporate and management studies, which can only partially be adapted to social development.

These are just examples and a complete overview of the literature would go beyond the scope of the paper. Nonetheless, two problems have become clear: a) would the dynamic linking of path dependency and path creation offer a better understanding and praxis of social development; and b) would a social interpretation of strategy, other than its management approach, reveal dynamic interactions of path dependency and path creation?

This paper aims to give an alternative approach to strategic work on the basis of futures studies, highlighting the role and relations of path dependency and path creation. Though these terms come from economic and management sciences, the concepts are core issues in futures studies, which often asks two fundamental questions: how is the future determined by former decisions, and how can we shape our coming history (Masini, 1993). It is true that futures research, "prognostics", and so forth, leans rather on path dependency while futures studies emphasises the path creating potential. Nonetheless, the problem of path dependency and creation has always appeared linked and hence discussing them from a futures point of view promises to be fruitful. The subsequent sections offer a step-by-step interpretation of path dependency, and path creation, as well as strategy.

Dependency and Creating Forces of Time

The futures studies concept that there are bonds that tie the present to the past and to the future (Slaughter, 1995) may also be interpreted as an interaction of path dependency and path creation.

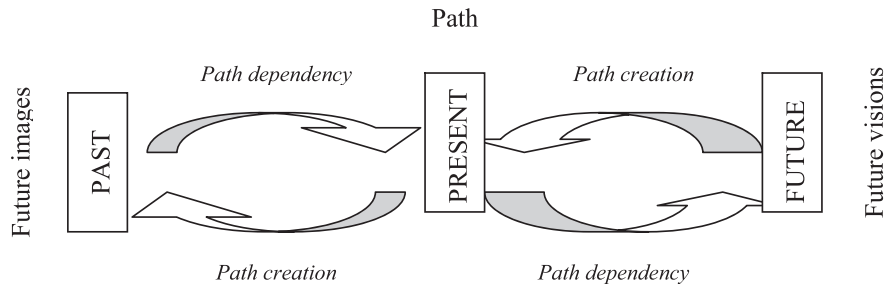


Figure 1. The Double Bonds of the Present.

Path dependency is one tie linking the present with the past: this includes the decisions made – both in a statistical sense ('history matters') as well as in terms of chaos theory ('small changes matter'). In this case the driving energies towards the future come from the past. However, people relate to the future not only by past decisions, but also by hopes, fears or expectations; that is, by all the attitudes and actions that create our futures. In path creation images of the future are pull-energies 'from the future' (Polak, 1973). What the graphic indicates is threefold. One, the driving forces of path dependency do not stop at the present but influence the future to a greater or lesser extent. The same – and it is worth paying attention to – is true with path creation: our relation to the future always influences and modifies our attitudes towards the past. This is why the reinterpretation of historic events is necessary from time to time, and why each era or generation chooses different ideals and living patterns from those of the past.

The second message of the figure is that path dependency and path creation not only exist and determine the present but also give birth to each other. Our hopes, fears and expectations are not independent from our past experience, since our interactions with the environment always modify our attitudes via our individual cognitive and spiritual prism. Similarly our relations with the environment and with the future shape our experience. All in all, path dependency and path creation together make a learning process, where in many cases the two bonds conflict and hence give dynamics to the process.

Further, one can see that even if the process exists along the whole time horizon, and differentiates past, present and future, these time categories are not separate. For instance future is an immanent part of our past in terms of the images of the future we have in mind. These images are part of our culture; they are socially inherited, change very slowly and appear as path dependency forces (Masini, 2004).

A third point within the figure is the intersection of path dependency and path creation. This is the present itself, where the two forces interact and create an unrepeatable opportunity for actual decision making. However, the present is not simply a time category between past and future. In many cultures and from a spiritual perspective, the present is the essence of the existing moment, which is timeless. 'Presence' is being aware of existence. From this perspective path dependency and path creation disappear and give place to the only existing: the Path itself.

The Conceptual Elements of Path Dependency and Path Creation in Terms of Strategy

Figure 2 summarises and connects the different elements of an emerging concept of strategy including path dependency and path creation.

The time frame

The basic dimension of path investigation is time: the various implications of strategic development are to be examined in the time frame covered. Since we are talking about strategic development, short, medium and long terms are interpreted as *life cycles*: short term means the depletion of stocks or the life expectancy of a product. In this respect most of our assets are fixed, therefore any activity is concentrated on short run optimisation. Medium term is typically the life-cycle of capital, that is, a depreciation cycle which enables the fixed factors of assets to be mobilised, and allows structural change to be considered.

However, these timings do not affect the basic principles of technical organisation and thinking. It is the long term that opens up paths; even the technological cycles may change and a fundamental modification of the combination of asset elements will be possible including those principles of views which take shape in scientific paradigms. In this respect our time axis represents the *internal time* of the material world, which if calculated in calendar days would result in very different time periods depending upon different social and economic fields.

Paradox of development activity

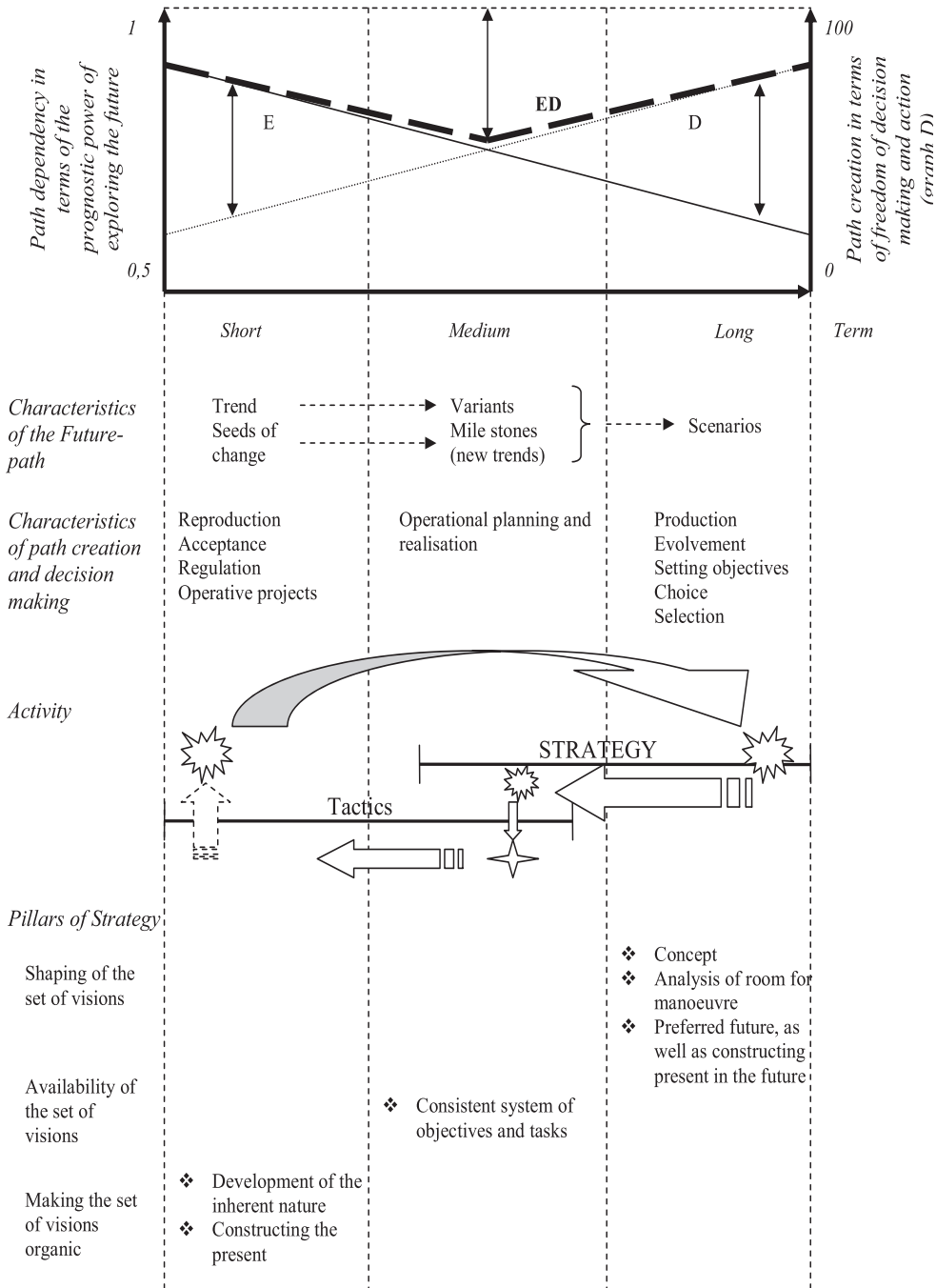


Figure 2. The Conceptual Elements of Path Dependency and Path Creation in a Strategic Perspective.

The paradox of development activity

Let us take the paradox of development activity – 'prognosis paradox' as this was originally called by Kozma (2001) – as a starting point. In this concept, path dependency and path creation may be interpreted as appearing linked and dynamic, as two sides of change. From a strategic perspective the meaning of change includes adaptability to the current circumstances on the one hand, as well as the shaping of circumstances in accordance with the preferred objectives on the other

We will interpret and measure path creation, using the extent of freedom of decision making/action. The scale is between 0 and 100%: the higher the value the more possibility there is to technically re-combine the factors of production and for a paradigm shift. Path dependency resulting from the grade of adaptability is measured in the prognostic power of exploring the future; that is the level of certainty with which one can foresee. The probability value runs from the most uncertainty (0,5) to the most certainty (1). To make it simple we do not distinguish between the directions of events – their occurrence and non-occurrence.

In figure 2, line E follows the left side vertical axis, and line D belongs to the right hand aspect, therefore their distance cannot be measured qualitatively and their 'intersection' does not mean anything per se. One can, firstly, observe that the two lines never reach their extreme limit values. In the case of line E, due to the unpredictability of the future one can only plan on a probability basis for the shortest term, hence the line never reaches 1. However, since there is a section of the future which is constant or continuous, there is no absolute uncertainty either, even in the long term. As for line D, since time is interpreted in life cycles, the decreasing number of locked-in processes opens up the power of decision making in the long run: the line constantly increases. However, decisions always have alternatives, even in the shortest term, thus the freedom of decision making may approach – but can never reach – zero. On the opposite side of the graph, a strategic planner always has alternatives but not complete (100%) power over decision making even in the long term.

The paradox of strategic development results from the opposite movements of the prognostic power of our decisions and of the level of freedom to make decisions in time: short term projections have greater certainty, which would make both adaptation and the avoidance of undesirable changes easy. However, the room for manoeuvre in strategic activity is small. The freedom of decision making and action is reduced to a minimum due to the fixed factors of production and the locked-in paths: path dependency has the greatest power in the short run. Long term the scope of strategic activity is suddenly widened owing to the unlocking paths and the fact that the fixed factors of production become variables. However, the increasing power of path creation is burdened with a high level of uncertainty, and the scope of the risk weakens the strength of activity or takes the majority of its energy away. It can be well illustrated that in the short and long terms the lines reach the opposite extreme values of their own measurement scales.

It would be reasonable to assume that the optimum scope of strategic activity is medium term, where both the prognostic strength of projection and the level of freedom of decision making/action are sufficient (the area of 'intersection'). However, with this compromise one would give up the real strengths of these two factors and their

determining vantage points. If one looks at the two lines at the same time and searches for the maximum values of the processes (i.e. an envelope curve is created – see ED in the figure), then medium term is exactly the minimum point of the curve. Thus, *the key to strategy is not medium term.*

Strategy: A responsible analysis of room for manoeuvre

The pillars of strategy should be elaborated in a way that both the prognostic power of exploring the future and the freedom of action should have as high a value as possible, thus resolving the paradox. This is achievable if the inherent characteristics and content of the weak factor are *re-interpreted* in a way that does not limit but actually supports the prevailing factor.

The result is a highly complex and dynamic interpretation of strategy. One of its pillars is based in the *long term*: here strategy appears as *responsible, conscious and adaptable path creation: a decision making-action process which shapes our future.* The high level of freedom of decision making and action allows us to make efforts towards an acceptable and desirable future. The key element of action here is to *vision*. However, the prognostic power is very weak because of the high uncertainty of the future. This uncertainty can only be reduced and the prognostic power increased if the *characteristics* of exploring the future are changed: if instead of prognostics the *diversity* of the future is accepted and the emphasis is on its outline by way of creating various *scenarios*. By scenarios we do not mean the usual optimistic/realistic/pessimistic variations of current processes but rather qualitatively different options (Goux-Baudiment, 2005). In terms of diversity the freedom of future shaping can now be linked to the freedom of decision making and actions, and they mutually strengthen each other. This results in *room for manoeuvre* as an essence of strategy that determines directions of development and points of orientation – it is clearly not an operational plan. Strategy appears as a *concept* which allows for the evaluation of various scenarios and the elaboration of potential paths as well as the examination of their interconnection and their transferability. Therefore strategy must not be reduced to either a long term or an operational plan.

Thinking about the long term by way of various scenarios and greater freedom of choice also influences our interpretation of path creation in terms of decision making and action. Using scenarios in decision making involves not only the setting of objectives but also the evolution of current conceptual ideas. *Action* is more than just a conscious shaping of the future in the present, since it involves also the *current realisation* of and *adaptation* to our past decisions. In other words, the scenarios approach underlines that the *construction of the present as an activity should take place at the always actual present* (as a time period). Our future is, after all, the present of the next generations. Instead of long term planning and foretelling the future we should leave the final construction of the present to future generations and decision makers. Otherwise, path creation risks becoming colonisation of the future (Sardar, 1993; Dator, 2005).

Path dependency and path creation appear jointly in this approach: the former as the creation of the current present; the latter as decision making and action in terms of visioning. *In the long term the essence of strategy is the harmony of these two.*

Strategy as a consistent set of objectives and means

However, strategy intrudes deeply into the *medium term*. Although a strategy is not a plan of action, it can never secede from the present: strategies do not create utopias. In the medium term it is possible to reach a relatively open space from the present to create futures, while the long run concept is not reduced to a mere action plan. We could observe that path dependency and path creation are both relatively strong and their combination would create synergy, especially if our knowledge about the future and the possibilities of action intersect. In the medium run the uncertainty of the current processes is significant. The level of uncertainty can be decreased by presenting the current trends with an increasing standard deviation and hence *variants*. In addition, some among the life cycles of development processes will terminate or face turning points; as a result there are a great number of *milestones* and new trends that they bring. In terms of decision making and action the relative openness of the medium term makes it possible to execute significant structural changes.

The last stage of strategy is therefore an operational activity which can demonstrate core sectors, hubs of development and a structure of social and economic development. *Strategy becomes a consistent set of objectives and tasks at this stage*. This is the point to attend to tactical tasks that realise the actual elements of strategy through operative projects. Meanwhile there is a constant optimisation between the interaction of the inherent changes and the external impacts on the present. In the economic sector this means a constant adaptation to momentary market situations.

Proactive adjustment: Soundness and acceptance

The strategic envelope curve labelled ED (in figure 2) does not only have long term strength but also reflects power in the present. We can see how the interaction of path dependency and path creation expresses the *importance of the reproduction* of the present even in the long run future. The figure illustrates that in the short run the prognostic power of future exploration resulting from path dependency is high; the field of force of strategic room for manoeuvre is tangible: the determining *trends* are perceptible and amongst them one can find those *microscopic phenomena or seeds of change* which have the ability to create alternative paths (Day-Shoemaker, 2006; Hiltunen, 2008).

However, the level of freedom of decision making and action is very low in time periods close to the present. The figure indicates that the strength of path creation can be increased – and the 'distance' between graphs E and D can be reduced – if the term 'creation' is reinterpreted in the short run. I call this a *proactive adjustment* – although this phrase may sound unusual because we either adapt or proactively precede processes and shape them according to our own interest as much as possible.

'Proactive adjustment' is a very strong stance: it emphasises that *a basic criterion of visioning is to operate and maintain the current circumstances of the past*, irrespective of whether they are preferred, accepted or rejected. A minimum condition of production is reproduction: in the case of reinterpreting strategy, one condition of existence for shaping of the future is the maintenance of the present. In other words: *path creation demands path dependency*. As far as strategic actions are concerned the *actual acceptance and rational appreciation of the existing circumstances* become the

focus. This is partly psychological: the effectiveness of any activity greatly increases if the invested energy does not disappear in anger, revenge or offence, all of which oppose what exists and what we cannot prevent from coming into existence. Silence is not indifference; it means overcoming emotional attitudes and turning to the already existing reality with all future possibilities inclusive.

Strategy as the evolution of inherent nature

Objective self-assessment is the most difficult part of any strategic activity; however it is at its core. Understanding who we are links visioning to the process of allowing the inherent nature of a community to evolve. *This is an attitude of acceptance*: strategic activity should concentrate on providing ideal circumstances to give a birth to the most inherent genetically and culturally determined – and at the same time future sustaining – behavioural reflexes.

Action as acceptance and admittance do not oppose action as setting objectives – just the opposite: it is its basic condition. A sound self-assessment, the emotional acceptance of existing reality and the free manifestation of inherent natures are the conditions to create an *organic set of visions*. Thereby the objectives and the required changes would not be alien to the people involved, to their artificial environment, and would not infringe upon their basic human features. And if any of these need to be changed for the sake of sustainability, modification is only made to the extent that the daily life of the community can be continuously reproduced.

This is the innermost essence of strategy. From the perspective of path dependency and path creation, strategy is more than visioning and operation: it is an *educative task which facilitates the evolution and development of inherent abilities under changing circumstances*.

This interpretation of path creating decision making and action also impacts on the prognostic perception of exploring the future. Prognosis is the preliminary understanding of things (*pro gnosis*), and as such it covers not only the highly likely directions of changes but the *predictability* of the *thinking* of the people behind the change and the *conclusions* of their thinking. In a community, traditions and patterns of behaviour are the means of prognosis through which some of the decisions and actions as well as their nature can be predicted. The other key tool of prognosis is *language*, which enables people to create a sphere of construction where the ideas and visions of individuals can interact and the consciousness and strategy formed by the community take shape in the individuals' minds (Csányi, 1988).

The prevalence of characteristics facilitating the *more efficient performance of organised groups rather than individuals working alone* was a determining change in human evolution. Any strategy should serve sustainable development, for which this evolutionary pattern should be reinforced in individualised societies. The elements of ability to organise systems are collective ideas, collective actions, collective construction, faith and transformation (individual group organism) (Csányi, 1999, p.136) from which it follows that the *core essence of strategy is the evolution of inherent abilities in such a way that they both reflect their inherent features and serve themselves as well as their environment in a sustainable way*.

Strategic path creation as a collective activity

So that strategy fits the evolution of the inherent nature of the community, the path creation process should be *a collective activity*. Participative management is now a widely used and emphasised concept (Berghout & Hentin, 2002; Parnell, Carraher & Holt, 2002) but in this case the focus is on strategy that is participative *throughout its whole process*. Stakeholders become participants in the strategy making procedure not merely by stating their expectations and plans regarding the future or their opinions about the future options articulated by experts. Their belonging to a community is *organic* because they are the key actors in the processes – from revealing the inner nature of their own community as well as its future alternatives, to the realisation of the operative projects shaping their future. The creation of the strategy must therefore be tightly linked to the community concerned in each stage:

- a) First of all the (organization as) community must face its current reality and potential. In other words, beyond an inventory of the available human and material wealth, self-assessment must also extend to the *need* for the community *to face its current fate and abilities*.
- b) It is also essential to establish how the arising strategic possibilities influence the development potential: whether they meet or suppress the interests of the stakeholders. At this stage participation involves *accepting or rejecting* the new possibilities.
- c) The strategic concept would remain alien if it were not adapted to the requirements of the community, i.e. if the people involved did not play a key role in its *realisation*.
- d) Finally, the members of the community must be aware of the options – possible and selected – *beyond* the preferred future and the key transition activities involved. *Intellectually, in terms of necessary reserves and of the scope of activities, they have to be prepared for an alternative route to carry out the strategy, should the circumstances change*.

This then is strategy creation from the perspective of unity between path dependency and path creation: *its inherent core is in the present (and in the past still living in the present) while its horizon is in the long term in a way that the concept and the operative action reach the medium term. All these ensure that the set of visions which drive strategy is organic and at the same time achievable by ordinary actions*.

Back to the time dimension of strategy

At this point we can refer to the time axis to set the time limit for a strategy. Since time is interpreted according to the life cycle of each event, the absolute time period of short and long term may be very different. On a social scale the individual technical, economic, political, cultural, environmental, etc., life cycles are linked and reflect the movement of complex systems. The combination of these can cover up to 25-30 years in terms of operational activity. This period is perceptible, transformable and liveable even in one generation. In most cases strategies set a specific date when outlining their concept or alternatives for the future, although it is obvious that they do not intend to itemise the actual events or characteristics of the given calendar year.

Though it is rare, it seems to be more useful to set a *shorter deadline (15-25 years) together with the expression 'reaching beyond'* (see e.g., National Planning Bureau, 1990). On the one hand this would indicate that strategic thinking turns to the long run. On the other hand it would not put pressure on the partial cycles of complex economic and social processes. The concept of 'reaching beyond' allows for the full evolution of the individual processes and their interactions. As a result, they can be judged even in the long term if they work as a system. Thus, instead of a static future image, *strategic dynamism* can be described. Thirdly, a dynamic approach and a strategy worked out within the scope of one or two generations allow the particular in the processes to be followed 'backwards' too: instead of a single vision it is possible to discover the *internal phases* of a complex process, hence establishing the medium term stage of the strategy. As a result, in addition to the entire conceptual strategic development vision, the individual milestones and proposed dates for revision can also be identified.

Modification of Strategic Path Dependency and Path Creation Under Unstable Circumstances

The above analysis and strategic concept are greatly distorted when put into practice. Further, it is only a broad interpretation of path dependency, in which 'history matters'. In our experience, strategic thinking typically arises after an *emergency situation* or under unstable circumstances. Let us look at Figure 3, which illustrates how the prognostic power of revealing the future and the freedom of decision making and action change under unstable circumstances.

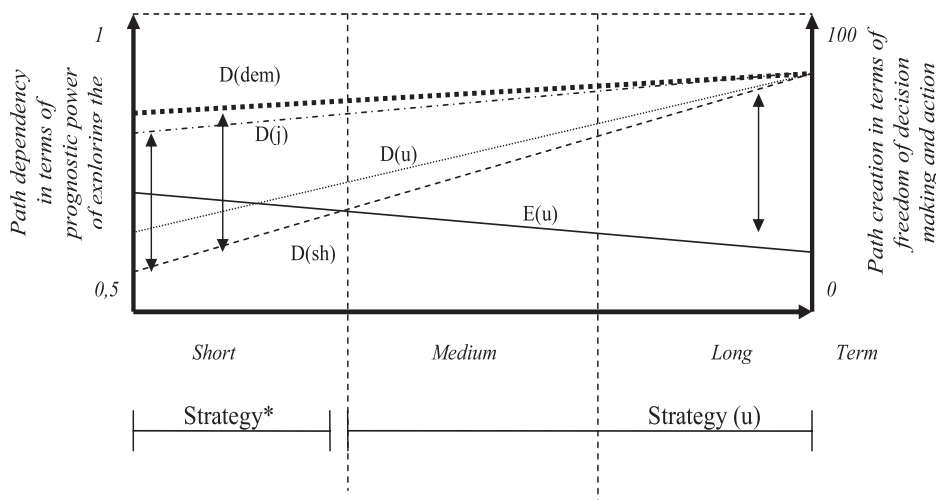


Figure 3. The Modification of the Conceptual System of Strategic Path Dependency and Path Creation Under Unstable Circumstances.

First of all it is clear that path dependency has changed: the *prognostic power is much weaker*, not simply because there are more milestones in unstable periods but also because it is the *interaction* of individual trends that strengthens under such circumstances. Most frequently it is the still dominant and the upcoming trends that interfere, resulting in the continuous fluctuation of processes between various stable systems of values. This does not allow a prognostic approach even in the shorter run and hence the situation can be mostly handled by variations and qualitative alternatives.

Multiplication of path creation

The unstable circumstances created by a wider range of possibilities as well as short term pressure for action open up the scope of path creation and *significantly increase the demand for decision making and action* – D(dem). However, unstable processes do not change the life cycle of technical and economic systems per se, at least as far as natural resources, capital assets, and the behavioural patterns and deeply entrenched traditional values are concerned – D(u). Although the demand for strategic action has increased, the resources required are typically unavailable and the foresight too becomes very uncertain.

The situation is made more difficult by the fact that people do not easily accept the sudden dip in the prognostic power of exploring the future. That is, they find it difficult to accept that the *usual rhythm and pattern of processes are suddenly broken and they often find themselves in a so called decision shock situation* – D(sh). They simply drift with the events and become unable to control the situation, even though the instability enhances their freedom of decision making. The phenomenon is tightly connected with escaping to the past or the future in a state of so-called 'future shock'. Path creation is rather low in the short run under normal circumstances, the decision making and action shock pushes its trajectory even deeper. As a result, the distance between the demand for and the abilities of decision making and action increases, enhancing the inner tension of the strategy. An especially interesting feature of the situation is that the long term line D(sh) merges with the D(u) line: the shock gradually eases provided that in the long run the situation becomes more stable. Consequently the freedom of path creation increases to a greater than normal extent since the resources which gradually become available and the decreasing instability both support this improvement.

However, the wider options for path creation resulting from a more unstable situation as well as from the freedom of decision making do not necessarily contradict path dependency; i.e. locked-in factors or the decision shock – see line D(j). There are certain areas of society where the 'factors of production' are not strictly fixed: in an emergency it is very easy to change the legal regulations – it is not surprising that any major shift in the socio-economic system begins with the changing of the regulatory framework. The same also applies to organisational relationships: any social structure – whether at a company, state or personal level – can quickly adapt to the altered circumstances; at least theoretically it is not difficult. This is where the newly adapted behavioural patterns should be mentioned. They may be alien to the cultural traditions of the given area but it is fashionable and easy to adopt them: for example, styles of

speech, management, dressing, debating and even social events belong here, among other things.

A split in strategy

The modification of the nature of path dependency and path creation under unstable circumstances causes dramatic changes in the nature of strategy, too. *Path creation, which basically determines any strategic work, increases on the entire scale of the term, while the characteristics of the short and the long term continue to be significantly different. As a result a split occurs in the strategy.*

On the one hand, *strategy becomes restricted to short and medium term*: due to instability, the time horizon will shrink and will force action. This action can be adaptation to the changing situation or the utilisation of historically significant opportunities (see line Strategy* in figure 3). Because of the weakened prognostic power of path dependency, even in the short term the scenario-type path creation will prevail. The paradox of the situation results either from the great demand for decision making and action whilst the majority of the fixed assets of production remain locked-in, or because the re-structuring of the mobilised assets does not occur, with the exception of legal, structural, fashion and behavioural changes. As a consequence of all the above, *the nature of strategy and its methods will remain valid but it has to be carried out on a tactical scale*. This means that the natural and capital factors cannot be changed, nor can the determining patterns of traditional value, therefore *under unstable circumstances the strategy will be linked to those social areas which inherently possess a great level of freedom in decision making and action* – that is, where the level of freedom approaches the increased demand for path creation. It is *the nature of strategy that changes*: rather than being characterised by conceptual work in economic and social sectors as well as structures, *legal regulations, structural changes* (typically by making people redundant) and *life style patterns transmitted by the media* are characteristic of this strategy making paradox.

The other side of the split strategy remains at its essential medium and long term (Strategy(u)). If there were time and energy between the shocks and the legal-structural changes to look over the unstable or even chaotic situations, and if those involved in path creation endeavoured to see the patterns of the system within the chaos, then there would be an opportunity for classical strategic thinking and to *prepare for a stable order* (which manifests itself in or through chaotic dynamics and bifurcating paths). The *trend-like path dependency* weakens due to the decreased prognostic strength, and scenarios generated by the milestones and the uncertain outcomes of processes dominate strategic work (Bishop, 2005). Furthermore, due to the weakness of the trends, the tactical term, which manages the operational processes, cannot reach the medium term. As a result, the long term strategy must feed back to a greater extent to the present, to the points of decision making, action and selection. However, *the mobilising power of strategy will be weaker*: it becomes more difficult to encourage people to accept the need for constant alertness, necessary changes and their own responsibility in future shaping than it is to make them accept a visible process or a distinct milestone. Even a bad situation with some certainty is easier to accept than the doubtful outcome of an uncertain situation.

In a strategic sense this is the time for gathering strength and for preparing for resilient changes. It demands carefully selected, stable core sectors of development and in their sphere, a flexible economic structure. All these require resources and reserves. From a social perspective this period requires *joint catching up* efforts towards the space determined by the scenarios of concepts.

In any period of instability, strategic work is threatened by two main factors: a great level of *indebtedness*, which makes resilient changes impossible; and *politics* dividing society and thereby making joint catching up impossible. There is only one danger greater than those above. If the social co-operation is brought about by two elements: by a deliberately untruthful path creating vision that lacks roots and options for how to get there and by a political management which refuses to make continuous efforts, choices and responsible decisions but believes in being flawless.

Conclusion

Path dependency and path creation are both regular topics in strategic literature but are mainly considered as alternatives or as the two ends of the path from path dependency to path creation. This paper offers a different direction: the two concepts could be put into a strategic perspective that links them and results in a *dialectic* understanding. Being key aspects of development activity, path dependency appears as the prognostic power of exploring the future, while path creation is the freedom of decision making and action. In the above interpretation they become dynamic, since they change and characterise strategic activity differently in terms of time. Moreover, the two concepts reveal the two sides of the same path. From one perspective only path creation exists, and path dependency becomes the materialisation of former path creation activity. From the other perspective, path dependency is the only power, and path creation appears merely as change in the determining forces. However, from a futures studies point of view, they are the two sides of the same coin.

Where path dependency and path creation are linked, futures praxis shifts into a new perspective. While classical national or regional strategic planning follows the corporate strategic management methods, it highlights medium term activities as the overlapping time horizon between long run visions and short run operative activities. The approach of this paper has revealed that it is only in the medium term that we loose the power of using both path dependency and path creation at the same time. By continuously reinterpreting the two concepts in terms of time, the core of strategic activity moves from medium term to the present, and gives priority to a deep understanding of existence. Visioning and long run future is the other pillar of strategy; however, only in the second phase – subordinated to admission and to the understanding of ourselves.

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