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GENERATING NEW ECONOMIC ACTIVITY THROUGH DESIGN (INTERACTIVE PAPER)

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Principal Topic

Firms stimulate new economic activity through the managerial capabilities of structuring, bundling and leveraging resources (Sirmon et al, 2011) generating economic activity and strategic renewal (Agarwal & Helfat, 2009). Previous research found that entrepreneurial firms often use processes such as improvisation, bricolage or effectuation to explore and exploit business opportunities. However these processes are all elements of design methods that firms use to create and test new possibilities in the marketplace and, with the exception of studies of award winning firms, little research has been carried out on the design processes used to generate entrepreneurial action.

Furthermore, the increasing investment and growing number of programs applying design principles to generate new business opportunities and economic activity in both Europe and Asia highlight the need for closer examination of the processes, potential benefits and limitations of design programs. This research investigates both the processes used by design intervention programs to generate new entrepreneurial action, and the effects on these programs on firms.

Method

Face to face, in-depth, semi-structured interviews of sixty to ninety minutes duration with CEO’s and senior managers of mature manufacturing and service firms that participated in a design intervention program, were carried out by members of the research team, recorded, transcribed and analyzed. The design intervention program required intensive engagement and involvement with the CEO and senior management team and was targeted at successful firms with strong financial performance who were seeking to grow their business.

Results and Implications

Findings from this study indicate that firms in design intervention programs engaged in new economic activity, resulting in either strategic renewal or a new business model. Both manufacturing and service firms with prior expertise in developing new products and services for local and international markets, appear more likely to engage in applying design thinking and technologies, supporting the key importance of design and its application for the organization’s competitive advantage. Furthermore, firms reported that their organizations developed new behaviors, new structures, and new thinking to improve their business performance.

This study contributes to our understanding of how firms employ design methods to shape and implement strategy, generating new economic activity for improved business performance.

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