

Impact of Absorptive Capability on Destructive Innovation Based on decay of Enterprise Life Cycle

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Abstract: This paper studies the impact of absorptive capacity on corporate disruptive innovation from the perspective of organizational learning and enterprise life cycle, and analyzes the bottleneck of destructive innovation faced by enterprises in the recession period. This paper analyzes that companies can break the bottleneck through knowledge absorption ability to achieve destructive innovation performance, and proves that enterprises can re-occupy the competitive market through destructive innovation during the period of recession.

1. Introduction

Technological innovation has always been an important factor in maintaining the core competitiveness of enterprises. However, due to the explosion of the knowledge economy, the time from innovation to practical application has become shorter and shorter, especially during the recession period after the maturity of the enterprise. Large enterprises with status have fallen into an innovative dilemma. Destructive innovation provides new innovative ideas for the sustainable development of these enterprises, and thus destructive innovation has become the focus of many scholars.

2. The theoretical basis of research.

2.1 Theoretical basis of absorption capacity

In the study, Cohen and Leventhal first proposed the concept of absorptive capacity, which is considered to be the ability of enterprises to acquire the interests of enterprises by absorbing and digesting valuable information resources outside the enterprise and applying them to enterprise R&D. Lane redefines absorptive capacity, dividing absorptive capacity into recognition, digestive, and metastatic capabilities. Shaker A. Zahra, Gerard George proposed a "process perspective" of absorptive capacity, arguing that absorptive capacity is a dynamic process that is accomplished through four procedures, while also absorbing absorptive capacity into real absorptive capacity and potential absorptive capacity. The potential absorptive capacity includes the ability of identify and digest knowledge; the actual absorptive capacity includes the ability of transform and utilize knowledge. This study uses Zahra's view that the absorptive capacity is divided by potential absorptive capacity and actual absorptive capacity.

2.2 The theoretical basis of destructive innovation.

Destructive innovation was first proposed by Harvard professor Christensen in order to solve the "Alexander problem." He believes that destructive innovation does not require high-end technology, and the market share of enterprise products is mainly achieved through the coordination of technology and market. He divided destructive innovation into new market destruction and low-end destruction. The new market is mainly to cater to consumers who lack money and cannot meet their own needs, because the products after the destruction are relatively cheap and easy to use, so it makes this group more biased towards these products. Low-end disruption is a business model that

does not create new markets, but attracts low-end customers at low cost because these customers choose emerging products that are affordable and similar to mainstream products.

2.3 Theory of Enterprise Life Cycle Recession Period

The life cycle was a biological concept. Later, it was introduced into the field of economics by Haire. As the recession of life cycle period, Edison divides the life cycle of the enterprise into the growth stage, the regeneration and maturity stage, the aging stage. The aging stage is the recession stage, including the stabilization period, the aristocratic period, the early bureaucratic period, the bureaucratic period and the death period. Jiang Yuxia believes that enterprises will experience a business crisis during the recession, and corporate performance will decline, such as the negative growth of profits, the aging of equipment, and the lack of innovation.

3. Absorptive capacity and destructive innovation in the life cycle of the enterprise.

In the period of recession, the turbulent external market environment and the impact of the internal environment of the enterprise, the company faces the pressure brought by various aspects. The external environmental factors of the enterprise have certain influence on the knowledge recognition ability. The destructive innovative products of the new entrants in the industry are positively correlated with the knowledge recognition ability of the enterprise, which in turn encourages the enterprises to carry out destructive innovation. The customer's demand recognized by the enterprise knowledge has a negative impact on destructive innovation. When the enterprise enters a recession period, external knowledge resources have no positive effect on the destructive innovation.

At this time, the environment of internal destructive innovation is also very bad. From the organizational structure and organizational culture to the leaders and employees, there is inertial thinking and empiricism. This long-term thinking mode and the accumulated experience over the years have affected the inside of the enterprise. The ability of people to transform and utilize knowledge, that is, the ability to absorb real knowledge, hinders the development of destructive and innovative products and the expansion of destructive and innovative products.

4. How to use absorptive capacity to improve the destructive innovation of the life cycle recession

4.1 Using the absorptive capacity to change the innovation system

The destructive innovation ideas and destructive innovations of new entrants in the industry have an important impact on the destructive innovation of enterprises. Enterprises should make good use of the existing potential knowledge absorption ability to identify the destructive innovation knowledge and potential market demand in the industry. Give full play to the subjective initiative of innovative talents within the enterprise, let the employees observe the industry trends carefully, report the situation to the leaders and technicians timely, and enhance the insight of the company's destructive innovation. Cultivate an enterprise culture that advocates innovation, establish a professional organization to adapt to the destructive innovation market, and create technology and market conditions for the company to achieve a new round of destructive innovation.

4.2 Use absorptive capacity to develop the ability to adapt to destructive innovation

In the period of recession, the information provided by the original competitors in the industry may have a negative impact on the destructive innovation. Therefore, enterprises should have certain ability to distinguish when exploring and identifying external knowledge. In order to identify the effectiveness of market knowledge resources, enterprises should conduct corresponding training for employees, improve the knowledge recognition ability of employees within the enterprise and the ability to identify knowledge resources, and lay a solid foundation for the company's destructive innovation. Enterprises should encourage the formation of a number of

independently operating innovation teams and build platforms for these teams to absorb external innovation knowledge effectively.

4.3 Seize the opportunity of disruptive innovation with absorptive capacity

In the period of recession, although the company has mastered the destructive innovation technology, the enterprise still faces the adverse effects of the leader's empiricism, that is, it cannot convert and utilize the destructive innovation technology and products in time, causing the enterprise to miss a good opportunity to reoccupy the market. Therefore, the actual knowledge absorption capacity of enterprises should be strengthened, and the complementary effects of potential knowledge absorption ability and actual knowledge absorption ability should be strengthened, either. Enabling enterprises to identify destructive innovation knowledge quickly and transform technical knowledge into destructive innovation products. So as to utilize destructive innovation products occupy new markets successfully.

5. Conclusion

Destructive innovation is a discontinuous innovation. Enterprises in recession still need to use knowledge accumulation to break the bottleneck of destructive innovation. Knowledge and information inside and outside of the enterprise are important sources. Enterprises should grasp the characteristics of the low-end market and customer preferences in time, so that the small market established after destructive innovation can meet the development needs of enterprises while meeting the needs of non-consumers. Timely absorb new knowledge and new technologies, pay attention to new products and new technologies in the industry, and continuously optimize their own destructive innovative products. Leaders should improve the level of knowledge management, timely absorb the operational mechanism of destructive innovation, seize the opportunity, and lead enterprises to use destructive innovation to get out of the recession.

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