

## Conceptual paper

# Blind spots of dynamic capabilities: A systems theoretic perspective



Robert Burisch<sup>a</sup>, Veit Wohlgemuth<sup>b,\*</sup>

<sup>a</sup> European University Viadrina Frankfurt (Oder), Chair of Management and Organization, Große Scharrnstraße 59, 15230 Frankfurt (Oder), Germany

<sup>b</sup> HTW Berlin Business School (FB3), Treskowallee 8, 10318 Berlin, Germany

### ARTICLE INFO

#### Article history:

Received 23 December 2015

Accepted 13 January 2016

Available online 11 March 2016

#### JEL classification:

A14, D81, O31, O35, M10

#### Keywords:

Dynamic capability

Systems theory

Complexity

### ABSTRACT

Dynamic capabilities remain one of the most popular, but also one of the most controversial topics in current knowledge and innovation research. This study exposes strengths and weaknesses of existing conceptualizations of dynamic capabilities by using a systems theoretic lens. Systems theory suggests that organizations operate in environments they cannot fully understand. Thus, organizational action patterns inevitably involve simplification, selectivity and uncertainty leading to inherent blind spots in every kind of strategic action. As the resulting insight, fully flexible organizational capabilities might not be achievable and continuous adaptation to every kind of environmental change cannot be possible from a systems theoretic perspective. Accordingly, this work discusses empirical difficulties that derive from the preceding argumentation and outlines a corresponding re-conceptualization of the dynamic capabilities concept.

© 2016 Journal of Innovation & Knowledge. Published by Elsevier España, S.L.U. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

### Puntos ciegos de capacidades dinámicas: Una perspectiva teórica de sistemas

### RESUMEN

Las capacidades dinámicas siguen siendo una de las más populares, pero también uno de los temas más controversiales en la investigación de conocimiento e innovación. Este estudio expone las fortalezas y debilidades de las conceptualizaciones existentes de las capacidades dinámicas bajo la óptica teórica de sistemas. La teoría de sistemas sugiere que las organizaciones operan en entornos que no pueden ser comprendidos plenamente. Por lo tanto, los patrones de acción organizacionales implican, inevitablemente, la simplificación, la selectividad y la incertidumbre que conllevan a puntos ciegos inherentes a cada tipo de acción

#### Códigos JEL:

A14, D81, O31, O35, M10

#### Palabras clave:

Capacidades dinámicas

Teoría de sistemas

Complejidad

\* Corresponding author.

E-mail address: [veit.wohlgemuth@htw-berlin.de](mailto:veit.wohlgemuth@htw-berlin.de) (V. Wohlgemuth).

<http://dx.doi.org/10.1016/j.jik.2016.01.015>

2444-569X/© 2016 Journal of Innovation & Knowledge. Published by Elsevier España, S.L.U. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

estratégica. Como percepción resultante, la completa flexibilidad de las capacidades organizacionales podrían no ser alcanzables y la continua adaptación a cualquier tipo de cambio en el ambiente no puede ser posible desde una perspectiva teórica de sistemas. En consecuencia, este trabajo analiza las dificultades empíricas que se desprenden del argumento anterior y esboza una re-conceptualización correspondiente del concepto de capacidades dinámicas.

© 2016 Journal of Innovation & Knowledge. Publicado por Elsevier España, S.L.U. Este es un artículo Open Access bajo la CC BY-NC-ND licencia (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

## Introduction

Since the two seminal works by Teece, Pisano, and Shuen (1997) and Eisenhardt and Martin (2000) dynamic capabilities became and remained a central research area on knowledge and innovation. Despite the popularity, several shortcomings still exist, with the fragmentation of the literature being one example (Arend & Bromiley, 2009). Bibliographic reviews (e.g. Peteraf, Di Stefano, & Verona, 2013; Vogel & Güttel, 2013) suggest that various conversations on dynamic capabilities emerge that, although being partly complementary, do not necessarily share a common theoretical grounding. The fragmentation of the field is visible through the diversity in definitions and conceptualizations of dynamic capabilities (Ambrosini & Bowman, 2009).

To divide this variety of conceptualizations into groups, a classification along the lines of a distinctive desirable outcome, that is successful adaptation to environmental changes or the achievement of competitive advantage, appears to be useful. A recent meta-analysis reveals that the empirical evidence for the relationship between dynamic capabilities and competitive advantage is inconsistent (Pezeshkan, Fainshmidt, Nair, Lance Frazier, & Markowski, 2015). The initial intent of Teece et al. (1997) was to explore how firms can sustain a competitive advantage in highly dynamic environments. Accordingly, they conceptualize dynamic capabilities as leading to 'sustainable' success. However, only some of the existing research today follows this assumption. This paper therefore divides between conceptualizations that include a distinct outcome, and those that do not. The group that argues for a distinctive outcome consists of two further subgroups, that either argue for sustainability or not. Like Teece et al. (1997), Wang and Ahmed's (2007, p. 35) conceptualization belongs to the first group. They define dynamic capabilities as "a firm's behavioral orientation constantly to integrate, reconfigure, renew and recreate its resources and capabilities and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage". Further definitions that might as well fit here are for example those by Griffith and Harvey (2001) and Lee, Lee, and Rho (2002). This study refers to those definitions in the following as group 1a.

Conceptualizations that slightly relax the assumptions of competitive advantage, but still contain an outcome component belong to the second subgroup, that this study calls group 1b. Eisenhardt and Martin (2000, p. 1107) for example

define dynamic capabilities as "the firm's processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match or even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resources configurations as markets emerge, collide, split, evolve and die". Contrary to Teece et al.'s (1997) conceptualization and the resource-based view origins (Barney, 1991) of the concept, it is explicitly stated that dynamic capabilities do not necessarily meet all of the VRIN criteria, namely being valuable, rare, inimitable, and non-substitutable. The equifinality of dynamic capabilities might make them substitutable and also partly imitable (Eisenhardt & Martin, 2000). This conceptualization's violation of the VRIN criteria might not only impede the achievement of a sustained competitive advantage, but also of a temporary competitive advantage (Peteraf & Bergen, 2003; Peteraf et al., 2013). Nonetheless, Eisenhardt and Martin's (2000) definition still ties dynamic capabilities to the achievement of an outcome, namely matching or creating market change. This at least indirect relation to a positive outcome (Ambrosini & Bowman, 2009; Barreto, 2010) is among others also identifiable in Zollo and Winter's (2002) and Zahra, Sapienza, and Davidsson's (2006) definition.

Independent of the very type, the involvement of a successful outcome in the definition of dynamic capabilities might make the concept tautological (e.g. Ambrosini & Bowman, 2009; Arend & Bromiley, 2009; Barreto, 2010; Williamson, 1999): "If the firm has a dynamic capability, it must perform well, and if the firm is performing well, it should have a dynamic capability" (Cepeda & Vera, 2007, p. 427). This directly affects empirical examinations since cause and effect are inseparable. It becomes for example impossible to declare dynamic capabilities ex ante (Arend & Bromiley, 2009). Moreover, some definitions might not even allow for an ex post declaration. Rindova and Kotha (2001) argue in their case study research that Yahoo! and Excite possess dynamic capabilities. However, both firms faced significant troubles after the field research (Arend & Bromiley, 2009). This might not affect Rindova and Kotha's (2001) declaration of dynamic capabilities as they argue that a competitive advantage cannot be sustainable in so-called hypercompetitive environments (D'Aveni, 1994). Thus, the firms might simply have 'lost' their capabilities and competitive advantage. Nevertheless, the possibility of a loss seems not satisfactory as this implies that a firm that successfully transformed multiply times might not necessarily be able to repeat this in the future. Thus, the attribution of dynamic capabilities ex post might not provide insides for future developments. In order to avoid those challenges, an identification

Download English Version:

<https://daneshyari.com/en/article/1026743>

Download Persian Version:

<https://daneshyari.com/article/1026743>

[Daneshyari.com](https://daneshyari.com)