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## Conceptual paper

## Organizational capabilities in the digital era: Reframing strategic orientation



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#### ABSTRACT

The digital era is changing consistently the previous marketing scenarios and actual issues have to be addressed in order to close the capabilities gap created by digital innovations. Different authors call for theoretical and empirical contributions that cope with the issues brought out by the digitalization of marketing channels and the consequent ever increasing volume of digital data. This study develops a theoretical framework and propositions through a reframing and reconceptualization of previous theoretical constructs from managerial and marketing literature. The resulting model offers insights about organizational processes and capabilities needed to cope with the actual fast changing, but at the same time, data-rich environment.

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# Capacidades de organización en la era digital: reformulación de la orientación estratégica

RESUMEN

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La era digital cambia constantemente los escenarios de marketing y se deben abordar problemas reales para poder cubrir el vacío en cuanto a habilidades creado por la innovación tecnológica. Varios autores ponen de relieve la demanda de contribuciones empíricas y teóricas que lidien con los problemas causados por la digitalización de los canales de marketing y el consecuente constante aumento de información digital. Este trabajo desarrolla un marco y proposiciones teóricos a través de la redefinición y reconceptualización

Marketing capacidades dinámicas Proceso de conocimiento Sensibilidad organizativas Performance de la organización de ideas previas de la literatura de marketing y de gestión. El modelo resultante identifica los procesos organizativos y habilidades necesarias para enfrentarse a este contexto tan cambiante y enriquecedor en cuanto a datos se refiere.

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#### Introduction

The recent marketing and managerial literature widely recognize that radical technological and environmental changes are transforming marketing scenarios (Day, 2011; Yadav & Pavlou, 2014). The main contemporary issues derived from that literature are: (1) the exploding volume of data (e.g. Kumar et al., 2013; Leeflang, Verhoef, Dahlström, & Freundt, 2014), (2) the new networked and pervasive information technology (IT) or computer-mediated environment (Leeflang et al., 2014; Yadav & Pavlou, 2014) and (3) the consequent fragmentation of market channels and customer touch-points (Day, 2011; Leeflang et al., 2014). All the previous arguments have in common the question about how to manage the information overload deriving from fragmented marketing channels and environments in order to make sense of it and to understand and respond to environmental changes (Day, 2011).

Marketing literature increasingly emphasizes the presence of gaps in organizational capabilities and skills due to the above-mentioned technological and environmental changes (see i.e. Day, 2011; Leeflang et al., 2014) and it does call for coping with these issues especially in digital market context (Yadav & Pavlou, 2014).

This study focuses specifically on the firm–customer and firm–firm interactions (Yadav & Pavlou, 2014) in order to develop a theoretical framework that both takes into consideration the most interesting insights from previous literature and at the same time tries to cope with these more recent issues caused by the switch toward an increasingly digitalized marketplace.

In firm-customer interactions, one of the main issues deals with the enhanced customer visibility, which permits to firms to collect and manage, detailed customer information. This issue can be addressed making the "role of information more explicit in this framework" and extending the Day's (1994) strategic capabilities framework to digital contexts (Yadav & Pavlou, 2014, p. 31).

The increasing speed of environmental changes is driving managerial and marketing literature toward rethinking the theoretical roots of marketing capabilities which are traditionally rooted in resource-based view (see i.e. Day, 1994). But when firms operate in high-velocity market (Eisenhardt & Martin, 2000) they have to develop dynamic capabilities (DC) in order to obtain at least a series of short-lived competitive advantages (D'Aveni, 1994) or even a sustainable competitive advantage (Teece, Pisano, & Shuen, 1997).

For the above-mentioned reasons there is an increasing attention in theoretically framing and studying marketing capabilities as part of DC perspective, say in the studies on dynamic marketing capabilities framework (e.g. Barrales-Molina, Martínez-López, & Gázquez-Abad, 2013; Bruni & Verona, 2009).

The aim of dynamic marketing capabilities (DMC) framework is to deepen the understanding of relations between marketing and DC and the role of marketing resources and capabilities in developing a sustainable competitive advantage (Barrales-Molina et al., 2013).

What both the traditional DC perspective and the more recent DMC framework have in common is a concern toward the importance of developing market knowledge to sense and seize, or respond to, new opportunities.

As Bruni and Verona (2009) stated: "Dynamic marketing capabilities are specifically aimed at developing, releasing and integrating market knowledge" (p. 102). Firms need both sensing capabilities in order to discover new opportunities and seizing capabilities to exploit them (Teece, 2007). Organizations can sense new opportunity toward a "scanning, creation, learning, and interpretive activity" and they need "differential access to existing information" because "new information and new knowledge (exogenous or endogenous) can create opportunities" (Teece, 2007, p. 1322).

The development of market knowledge "involves interpreting available information in whatever form it appears" (Teece, 2007, p. 1323) and managers need real-time information, especially in high-velocity market, to "adjust [more quickly] their actions since problems and opportunities are spotted" (Eisenhardt & Martin, 2000, p. 1112).

In the actual marketing scenarios the information coming from digital data are becoming central in decision-making process (see i.e. Du, Hu, & Damangir, 2015), the volume of business-related digital data is ever-increasing, it comes from dispersed sources, with high-level of granularity and it is difficult to analyze (George, Haas, & Pentland, 2014).

But given that attention of managers is limited and they cannot focus on all the possible issues and problems (Ocasio, 1997), research has to deepen the question about which types of information and knowledge have to be taken into consideration to achieve competitive advantage.

Both dynamic capabilities literature and market and strategic orientation literature agree on at least three main issues that organizations have to take into consideration: customers, competitors and technological developments. Firms have to accumulate and filter information "scanning and monitoring internal and external technological developments [...] customer needs and competitor activity" (Teece, 2007, p. 1323). A similar theoretical standing is taken in strategic orientation literature where Gatignon and Xuereb (1997) empirically test the relationship between customer, competitor and technological orientation and product innovation performance.

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