

Thematic groups « Innovation » and «Resources, Competences and Dynamic Capabilities » of AIMS



Dynamic Capabilities and Innovation

CALL FOR PAPERS

Nice, 11-12 April, 2013

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Groupe de Recherche en Droit,
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This workshop aims to bring together researchers working on the relationships between *Dynamic Capabilities* (DCs) and *Innovation*.

The field of DCs has made considerable advances during the last two decades since Teece *et al.*'s (1997) original contribution. In particular, substantial progress has been made in conceptual developments which sought to identify the scope of DCs and beyond. These developments led to the elaboration of key definitions in the field (Eisenhardt and Martin, 2000, Zollo and Winter, 2002, Adner and Helfat, 2003, Winter, 2003, Zahra *et al.*, 2006, Helfat *et al.*, 2007, Wang and Ahmed, 2007, Teece, 2007, Danneels, 2008). These various definitions converge towards the idea that the concept of DCs is primarily concerned with change (Ambrosini and Bowman, 2009: 33); outlining intentional efforts to change the firm's resource base. More precisely, it refers to the capacity a firm could develop to avoid core rigidities and inertia, on the one hand and to enhance development and innovation, on the other hand (Leonard-Barton, 1992).

These definitions of DCs make explicit reference to innovation. Yet, there is substantial room for further exploration of the relationships between these two domains within the field of strategic management (Ambrosini and Bowma, 2009, 46).

The analysis of this overlap mainly falls in two sections addressing DCs in different ways. The first section addresses DCs as higher order capability (Katkalo *et al.*, 2010, Zollo and Winter, 2002). The second suggests an in-depth analysis and introduces DCs as first order capability (*ibid.*)

Section 1.

The first perspective suggests the existence of an overlap between DCs and innovation; while paving the way towards further exploration of this link.

The pioneer Schumpeterian (1935) definition of innovation as a new dynamic dimension of economic evolution is at the origin of the relationship between innovation and dynamic capabilities. A wide range of scholars, including Teece *et al.* (1997), position themselves in these theoretical foundations.

The following literature survey addresses the question of their relations in a double perspective: the first one considers DCs as being the source of innovation, while the second one, by contrast, presents innovation as the mean to renew capacities.

The first approach, in line with Teece *et al.* (1997), defines DCs such as the ability of a firm to effectively coordinate and redeploy internal and external competences in order to introduce new products to the market. Put differently, DCs thus determine the ability to innovate in dynamic environments. Similarly, Eisenhardt and Martin (2000) as well as Wall *et al.* (2010) recognize the importance of DCs as the source of innovation not exclusively bounded to the context of rapid innovation-based environments. DCs are defined as specific strategic and organizational processes that create value for firms by manipulating resources. New product development is one of the fundamental processes such as strategic decision-making or alliancing (Eisenhardt and Martin, 2000).

The second approach consists of reconsidering the initial theoretical focus to show how innovation itself conditions the evolution of DCs. In that perspective, the development of new products or processes is presented as a vector of organizational renewal (Dougherty, 1992). The aim is to understand how product innovations contribute to this renewal by emphasizing their dynamic and reciprocal relations with the firm's competences. This is considered both within exploration and exploitation logics (Danneels, 2002, Verona and Ravasi, 2003). Whatever the approach chosen, the recent literature widens the question of the link between DCs and innovation by making innovation no longer limited to new products or processes but also referring to the implementation of new organizational forms and business models (Teece,

2007). DCs are then presented as “orchestration capabilities” which determine the success of innovation, whatever its nature.

These two approaches led us to understand more thoroughly the links between innovation and DCs and their mutual influences in particular. Several authors aim at developing more empirical studies which show interest for both strategic management scholars and practitioners (Pablo *et al.*, 2007, Teece, 2011).

In particular, several research avenues can be suggested to explore this overlap:

- The nature of the environment (dynamic or stable);
- The type of innovation (radical, incremental, modular or architectural);
- The nature of innovation (product, process, organization or business model);
- The way to deal with exploration and exploitation innovation.

Section 2.

The various definitions of DCs state that capabilities are *effective organizational processes* (Helfat *et al.*, 2007a, Ambrosini and Bowman, 2009: 34) (*e.g.* processes that alter the resource base, that impact upon resources). Here, resources are discussed in a broad sense, including activities, operations (...) which generate rents (Ambrosini *et al.*, 2009).

Within this theoretical stream, previous studies identify effective organizational processes that play a significant role in DCs creation (Bowman and Ambrosini, 2003, Einsenhardt and Martin, 2000, Winter, 2003, Zollo and Winter, 2002). Yet, this effort of identification could be further developed within the field of strategic management in the perspective of opening the black box of these processes (Ambrosini and Bowman, 2009). It is from the identification of the details of these processes and their underlying micro mechanisms that a better understanding of the role of DCs, resource creation and regeneration processes could emerge.

As recently reminded (Libellio, 2009, Pitelis and Teece, 2009, 2010, Teece, 2009), the concept of DCs takes into account organizational processes that explain innovation and change. DCs can rely on incremental and continuous improvement of extant resources (Einsenhardt and Martin, 2000, Helfat *et al.*, 2007a, Helfat and Peteraf, 2003) and can also refresh and renew the nature of the resource stock rather than incrementally adapt it (Makadok, 2001, Maritan, 2001, Zollo and Winter, 2002, Winter, 2003, Collis, 1994, Ambrosini *et al.*, 2009).

The understanding of DCs processes that lead to incremental or renewing change could be strengthened through two levels of analysis.

The first is in line with existing studies (Bowman and Ambrosini, 2003, Einsenhardt and Martin, 2000, Winter, 2003, Zollo and Winter, 2002). The challenge is, therefore, to improve our understanding of key processes previously identified by scholars, in connection with incremental and renewing change (learning processes, knowledge management processes...). What are the main components of these processes? How are they functioning?

The second level of analysis uses the more recent approach of micro foundations of these processes, as developed *supra*. Here, two research avenues are favored.

- Ordinary activities and operations that are performed in the DCs processes (Salvato, 2009, Katkalo *et al.* 2010) offer a first research focus. Scholars have to focus on the role of the myriad intentional micro activities performed daily by organizational agents (at an individual level, at the level of units or sub-units) (Felin and Foss, 2005, Felin and Hesterly, 2007, Gavetti, 2005, see also the ICCMM/SKM micro conference in Duisburg, 2012). Considering DCs in local experiments and when people engage in daily activities to actively participate in experimenting novel solutions (incremental or

renewing), various perspectives could be considered: what about mindfulness, learning, organizational attention (Salvato, 2009)? What about cognitive processes (Salvato, 2009, Katkalo *et al.*, 2010, Teece, 2010) (...)?

- Recursivity between local (individual and team level) and organizational levels constitutes the second potential research avenue. Focus on ordinary activities essentially refers to a key question that received little attention until recently: how are local experiments retained and institutionalized by managers or top organizational levels (Salvato, 2009, Salvato and Rerup, 2011)?

Key References :

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Salvato C., (2009), “Capabilities Unveiled: The Role of Ordinary Activities in the Evolution of Product Development Processes”, *Organization Science*, vol. 20, no. 2, 384-409

Teece D., (2007), “Explicating Dynamic Capabilities: the Nature and Micro-foundations of (Sustainable) Enterprise Performance”, *Strategic Management Journal*, vol. 28, no. 13, 1319-1350

Teece D., Pisano G., Shuen A., (1997), “Dynamic Capabilities and Strategic Management”, *Strategic Management Journal*, vol. 18, no. 7, 509-533

Verona G., Ravasi D., (2003), “Unbundling Dynamic Capabilities: An Exploratory Study of Continuous Product Innovation”, *Industrial and Corporate Change*, vol. 12, no. 3, 577-606.

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Important deadlines

- 1- Submission of a 800 words abstract proposal: September 15, 2012
- 2- Full Paper Submission: October 30, 2012
- 3- Authors notified of decision: January, 2013
- 4- Final paper submission: March 15, 2013

Abstracts and papers should be sent to : CDIaims2013@sciencesconf.org

Proposals for communications will be in the form of abstracts of approx. 800 words, and a max of 7 key-words

Full papers will be 25 pages (included references), Microsoft Word, double spacing, margins 2,5 cm, Times New Roman 12.

Notes regarding the references :

For an article :

Salvato C., (2009), “Capabilities unveiled: the role of ordinary activities in the evolution of product development processes”, *Organization Science*, vol. 20, n° 2, 384-409

For a book :

Chandler A., (1989), *Stratégies et structures de l'entreprise*, Les Editions d'Organisation, Paris, Traduit de *Strategy and Structure*, (1962), Massachusetts Institute of Technology

For a chapter :

Allard-Poesi F. et Maréchal C., (1999), « Construction de l'objet de la recherche », in THIETART R.A., (Coord.), *Méthodes de recherches en Management*, Dunod, Paris, 34-56

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| <p>Selected papers will be published in <i>Research in Competence Based Management and Journal of Competence-based Strategic Management</i></p> |
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