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Chapter 1 : David Teece - Wikipedia

Strategic Management Journal, Vol. , () / *DYNAMIC CAPABILITIES AND STRATEGIC MANAGEMENT* DAVID J. TEECE^{1*}, GARY PISAN² and AMY SHUEN³ *'Haas School of Business, University of California, Berkeley, California, U.S.A.*

The fulfillment of that is the essential purpose of any strategic management process. Competitive advantage in plain English is anything the company performs better than its competitors using its core competencies David , p. The process of doing that starts by identifying the weaknesses, designing strategies to convert these weaknesses into strengths and finally into distinctive competencies David , pp. In specific, the below questions will be answered: What does dynamic capability mean? What are the benefits of it? When is Dynamic Capability Used? How is Dynamic Capability Used? Finally, conclusions and recommendations will be formulated. What Does Dynamic Capability Mean? Different scholars developed frameworks that can be used to help the organizations to sustain their competitive advantages. Some scholars examined the external environment around the company such as Porter when he developed Porter Five- Force Model Porter and some of them examined the internal resources of the company such as the Resource Base view RBV theory Barney ; Barney Recently, different scholars addressed the concept of Dynamic Capabilities such as Helfat et al. The definition includes two parts: The concept was developed from the Resource- Based View RBV approach which focuses on the internal environment of the firms its strengths and weaknesses rather than the external environment David , p. Barney suggested answering the below three questions as part of the evaluations process Barney What are the Benefits of the Dynamic Capability? The benefits of acquiring dynamic capabilities in an organization are twofold: Externally; by entering a new business or extending a current one. This goes for the existing market or even developing new markets so the company can serve its customers with new innovative ways Helfat et al. The ultimate purpose of dynamic capabilities is to lead the company during the time of change to create more profits Helfat et al. Dynamic capability is not one type of capabilities that fits in every state of the environment. Ambrosini extended the concept by breaking it down into three levels namely: The original resource base is used under stable environment. In the state of minor changes, incremental capabilities are used, but under dynamic environment, renewing type is dominant, and under hyper environment, the regenerative type is exerted Ambrosini The three types are shown in the below figure. The needed steps to implement the concept of dynamic capacities follow a normal change management process in which three tasks are conducted Helfat et al. Identify change triggers which show there is a need to change something. Develop an appropriate response plan. Implement the response plan. Under these steps, the dynamic capability will allow the company to change its resource base, either by modifying the current one or acquiring new ones, so they can respond to the external changes Helfat et al. When there are rapid changes in the external environment and a company wants to change its current position to a desired one, different paths strategic alternatives might be taken. For example, it can go for modifying the current resource base that it has and can control, it can seek an alliance relationship to learn from a partner or it can go for developing a joint venture and enter a new business Helfat et al. By identifying the paths, the company now can use certain organizational and managerial processes to reach to the desired position. Search and selection of resources process including when to acquire resources rather than modifying the current resource base of the organization, deselect resources and targets for acquisition. Configuration and deployment process including interfirm knowledge-sharing routines and governance of resources. As a result, new capabilities are acquired to face that change. As a conclusion, the theory helps the companies to better manage under changing environment by creating new resources or even renewing the current one. The theory should be studied further to understand if it is applicable for all size of companies. Ambrosini addressed the new level of skills that should be available in the management when dealing with the change Ambrosini , however, more studies are needed in order to define those skills and study their availability in the small and young companies rather than

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the big one. In addition, Helfat et al. A final limitation addressed by the Resource-Based View advocate, Teece, where he argued that the current state of the company does matter in selecting the required strategy. A firm with too many weaknesses has different challenges than a strong one, therefore, resource-based approach is better in bridging this gap Teece Managing business under changing conditions requires a high level of strategic thinking. David emphasized the importance of looking at both directions, internally for strengths and weaknesses, and externally for opportunities and threats no matter what theory is applied. According to him, there is always a degree of uncertainty for which it is difficult to conclude which one is the most important in sustaining a competitive advantage David , p. British Journal of Management, 20 1 , pp. Firm Resources and Sustained Competitive Advantage. Journal of Management, 17 1 , pp. Looking Inside for Competitive Advantage. Academy of Management Executive, 9 4 , pp. Strategic Management Concepts and Cases: Understanding Strategic Change in Organizations, Oxford: The five competitive forces that shape strategy. Harvard Business Review, 86 January , pp. The foundations of Enterprise Performance: Economic Theory of Firms. The Academy of Management, 28 4 , pp. Dynamic capabilities and strategic management. Strategic Management Journal, 18 7 , pp.

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Chapter 2 : Dynamic capabilities and strategic management - AcaWiki

The dynamic capabilities framework analyzes the sources and methods of wealth creation and capture by private enterprise firms operating in environments of rapid technological change.

Conclusion Breaking Down Dynamic Capabilities: It helps in formulating the path of strategic management and planning the company strategy that helps in gaining the competitive advantage. The concept of Dynamic Capabilities and Strategic Management mainly focuses on the internal strengths of the organization such as workforce and capital investments rather than harping on the external forces such as government policies and market trends to sustain the dynamic nature of the market and gain the competitive advantage. In the year , Barney highlighted on how the management should harp on the internal resources and suggested to answer the below-mentioned questions as a part of the evaluation process to gain the competitive advantage in the market: The firm has to check and analyze the external competitive environment by figuring out that how many of the competitive firms possess the same values and capabilities to fight the dynamic changes in the market and can give a tough competition to the firm. The firm also has to find and figure that the other firms without the optimal resources and capabilities go through the cost disadvantage by undergoing the process of acquiring the same as compared to the firms that already possess the same. What are the benefits of Dynamic Capabilities in Strategic Management? By opting and following the concept of Dynamic Capabilities and Strategic Management, the firm is able to expand its business operations on the national and international levels through the ways such as business alliances, mergers, and joint ventures. On an internal level, the firm is able to come up with the new and innovative line of products and services as per the latest market trends and satiating the needs and demands of the customers. The new product line can be launched for the existing set of loyal customers and to attract the customers in the new target market. The process of Dynamic Capabilities and Strategic Management: It also involves finding out and avoiding the strategic blind spots and any dysfunctional activities that are posing as a threat to the growth of the business. It also involves making the optimum and appropriate use of the strategic alliance and acquisitions to bring in new and novel strategic assets to the firm through the external resources. It is imperative for the firms to develop the processes to make the changes in an inexpensive manner whilst attaining the reconfiguration of the assets before the dawn of the competition. The entire procedure can be supported by decentralization, strategic alliances, and local autonomy. It helps in giving a firm a sustainable competitive advantage in the market. Example of Dynamic Capabilities and Strategic Management: They are the tow dynamically competent and technologically advanced companies whose dynamic capabilities have enabled and empowered them to grow and evolve with dynamic change in the market facing the competition head one and generating high levels of profits plus retaining the loyal base of customers. The firm Apple is one of a kind and a unique case as the company is not a technological leader but has successfully proven itself as a master at marketing technologically-based products to consumers and developing the unique and enticing features that people value and pay the premium for. Whereas IBM is a true and bonafide technological innovator in its home ground as well in the external markets where it operates. Companies with high path dependence have quite a difficult time changing what they do, even when the world around them is changing and evolving at a very fast pace. They astutely follow the same path over and over again despite what is going on in the external environment. Both the firms possess different levels of strengths and are managed in a different manner, they have both been able to successfully enter new businesses and markets and have been reinventing themselves in a profound and inspirational manner. The aspect of leadership has enabled them to adapt to the changing market environments and face the competition. Conclusion There is no such concept as a generic ability to adapt to the changing market environment. The companies that develop specific, dynamic capabilities allows them to move more agilely in times of rapid change, and the odds are better that they will succeed.

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Chapter 3 : SMS Banff Conference

This is a presentation given in the MBS MSc Innovation Management course taught by Prof. Silvia for group assignment to introduce and discuss the paper Dynamic Capabilities and Strategic Management by Teece D., Pisano G., and Shuen A. in

Chapter 4 : The Role of Dynamic Capabilities in Strategic Management – Ayat Saleh

Dynamic Capabilities and Strategic Management is a succinct statement of what has come to be the prevailing academic school of thought in the field of strategy." - Phil Rosenzweig, Strategy + Business 57, Winter

Chapter 5 : What are Dynamic Capabilities and its role in Strategic management?

Dynamic Capabilities and Strategic Management Strategic Management Journal 18, no. 7 (August): Winner of Strategic Management Journal Best Paper Prize presented by Strategic Management Society.

Chapter 6 : Dynamic capabilities - Wikipedia

Teece's authoritative work on dynamic capabilities has important implications for strategic management, as well as for organization studies, economics, innovation policy, and antitrust law. Scholars and practitioners in a broad range of areas will find this book to be an invaluable reference and source of new ideas.