Dynamic capability: Impact of process alignment and organizational learning culture on performance

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1. Introduction

The intensity of business competition has significantly increased, forcing business organizations to adopt non-traditional management techniques and tools. Maintaining competitive advantage is a dynamic and infinite activity. Scholars have proposed that to maintain competitive advantage, organizations should develop capabilities for improving business core processes and continuous learning (Argyris & Schon, 1978; Hammer, 2001; Jashapara, 1993; Senge, 1990; Zott, 2003). A primary interest in management research is to identify relationships between organizational variables. Dynamic capability, as an emerging concept, needs to be examined in an integrated framework incorporating its antecedents and consequences (Wang & Ahmed, 2007). According to the resource-based view (RBV) of the firm, firms in the same industry perform differently because they possess different resources and capabilities (Barney, 1986, 1991; Peretaf, 1993). This perspective holds that dynamic capabilities are a set of specific and identifiable processes and abilities to improve business core processes involves the integration of business core operational processes and organizational strategic goals (Eisenhardt & Martin, 2000). Although some strategic management scholars are skeptical regarding the value of the concept of “dynamic capabilities” (see, for example, Winter, 2003), others advocate this concept and provide supporting evidences (Teece, Pisano, & Shuen, 1997; Zott, 2003). Teece et al. (1997) define dynamic capability as the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. The theory of dynamic capabilities suggests that knowledge is a fundamental resource for organizations to build sustainable competitive advantages.

The RBV theory stresses that firm growth and competitive advantage are functions of the unique bundle of resources possessed and deployed by individual firms (Barney, 1986, 1991). More recently, this perspective has been extended to consider a dynamic capability which is defined as the unique ability of firms “to integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al., 1997: 516). From an economic perspective, Carpenter,
According to Zollo and Winter (2002): "A dynamic capability is knowledge that provides the sustainable competitive advantage. The increasing attention to organizational learning represents a growing interest in understanding by proposing a conceptual framework that posits an organization with continually learning culture namely organizational learning culture. Zahra, Sapienza, and Davidsson (2006) contended that there are considerable ambiguities in the literature about the concept of dynamic capability and such ambiguities can only be resolved by examining its relationship to antecedents and outcomes. Unfortunately, there is a dearth of empirical evidence on the relationship between dynamic capabilities and its key antecedent variables such as organizational learning culture and organizational process alignment. Therefore, there remain unresolved questions: (1) how does organizational learning culture influence dynamic capability? and (2) does dynamic capability mediate the impacts of organizational learning culture on performance?"  

Although extensive studies have been conducted on the outcomes of organizational learning culture (Egan, Yang, & Bartlett, 2004; Ellinger, Ellinger, Yang, & Howton, 2002; Wang, Yang, & McLean, 2007) and organizational process alignment (Gresov, 1989; Lee & Dale, 1998; Powell & Dent-Micallef, 1997), most management literature stresses the benefits of organizational learning culture and organizational process alignment separately. Few studies have been conducted to investigate the relationship between organizational learning culture and process alignment and their joint effects on organizational performance. This study focuses on examining an organization adept at managing core processes in the area of organizational learning culture and process alignment and, particularly, their potential to generate superior performance through the dynamic capability approach. It is reasoned that enhanced organizational performance results primarily from the effective handling, sharing, application and management of knowledge. Thus, distinctive methods of doing business that produce a competitive edge are heavily dependent on integrating the results of process alignment and organizational learning culture with dynamic capability.

2. Theoretical framework and hypotheses

2.1. Dynamic capability

Teece et al. (1997) emphasized that firm dynamic capabilities reflect how organizations first develop firm-specific capabilities and competencies in a changing business environment. These capabilities and competences are highly related to the firm’s business process, market position and expansion path. Managerial and organizational processes refer to firm methods for decision completion. Market position refers to the current specific endowment of an organization in terms of technology, intellectual property, complementary assets, and so on. "Path" provides the strategic alternative available to a firm and the presence or absence of increasing returns and related path dependencies.

Many empirical studies have demonstrated a positive relationship between dynamic capabilities and organizational performance. For example, Danneels (2002) studied five high-tech firms. It was concluded that product innovation capabilities improve firm competencies and renewal performance. Zott’s (2003) study explored how the dynamic capabilities of firms may affect different firm performances within an industry. It was found that even a small initial difference between firms’ dynamic capabilities...
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