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TRACK 44: Dynamic Capabilities: Theoretical Approaches and Practical Applications

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SHORT DESCRIPTION OF THE TRACK

The dynamic capabilities approach (Helfat et al., 2007) constitutes an extension to the resource-based perspective (Collis & Montgomery, 1995). While some see dynamic capabilities as the key to competitive advantage (Teece et al., 1997), others seem to doubt that there is actually such a thing. The term 'dynamic' refers to capacity to renew competences so as to adapt to the changing business environment (Teece et al., 1997). The term 'capabilities' emphasises the key role of strategic management in appropriately adapting, integrating and reconfiguring internal and external organisational skills, resources and functional competences to match the requirements of a changing environment. The dynamic capability approach focuses attention on the firm's ability to renew its resources in line with changes in its environment. Dynamic capabilities refer to the firm's ability to alter the resource base by creating, integrating, recombining and releasing resources (Eisenhardt & Martin, 2000). Collis (1994) is particularly explicit when making the point that dynamic capabilities govern the rate of change of ordinary capabilities. Teece et al. (1997, page 516) give another definition: 'Dynamic capabilities are the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments'. The dynamic capabilities approach is not merely an inward-looking view of the organisation and its strategy. Its central focus is on the degree of 'fit' over time between an organisation's changing external environment and its changing portfolio of activities and capabilities (Porter, 1996). However, Wang and Ahmed (2007) argue that there are contradictory arguments in the literature on dynamic capabilities. Zollo and Winter (2002) stated that dynamic

capabilities are structured and persistent in organisations. Contrary to that, Rindova and Kotha (2001) found that dynamic capabilities emerge and evolve within organisations. Consequently, 'the definitional issue of dynamic capabilities remains to be clarified' (Wang & Ahmed, 2007, page 33).

KEYWORDS Dynamic Capabilities, Resource Based View, Complexity, Strategic Fit