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SUMMARY

THE DYNAMIC CAPABILITY CONSTRUCT AND ITS OPERATIONALIZATION

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Principal Topic

While important conceptual advancements have been made concerning the role of dynamic capabilities (DC) and how they are developed, empirical work in the area is still scarce. Further, empirical studies are hampered by the lack of precision as to measures used to study DCs. In order to test theory, and thus develop the field further, we must have access to valid measures of the key constructs. In particular, this is important to distinguish between DC’s and business outcomes. The purpose of this paper is twofold:

(1) We aim to develop a measurement instrument to gauge Teece et al.’s (1997) as well as Eisenhardt and Martin’s (2000) conceptualization of DCs. This provides the theoretical domain for the measurement instrument.

(2) We aim to empirically validate this measurement instrument. This includes an examination of discriminant validity through comparisons with the widely used entrepreneurial orientation scale (EO) (Covin & Slevin, 1989) and measures of intangible resources (Barney, 1991).

Method

Data was gathered from SMEs identified as conducting R&D activities in Norway. The population was all businesses registered to a scheme for tax deduction of R&D costs. A web-based questionnaire was developed to measure resources, EO and DCs. Out of 1478 enterprises approached, 561 (38%) had complete answers and were used in the analysis.

Results and Implications

This study adds to the DC debate by developing measurement scales for empirically studying DCs, as well as empirically validating these scales. Our results suggest that we have developed a solid operationalization of Teece et al.’s and Eisenhardt and Martin’s conceptualization of DCs. Given that our operationalization holds up well in further validations, the results have several implications for further research. The measurement scale is tested in a broad sample including firms of different sizes and industries. Thus, they may be applicable in other settings. Further, it is anticipated that DC should be beneficial for a firm creating competitive advantage. Better operationalization makes it possible for researches to examine the question of whether developing DC is generally positively related to business outcomes, or if it such effects are restricted to particular contexts or time frames.

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