CHAPTER THREE
METHODOLOGY

This chapter discusses the methodology of the thesis. Methodology deals with the assumptions researchers carry while dealing with their investigations (Burrell and Morgan 1979) and the assumptions are based on the ontological and epistemological questions posed by the researchers with respect to social reality. The ontological question is concerned about ‘the form and nature of the reality’ and the epistemological question denotes ‘the nature of the relationship between the knower or would be knower and what can be known’ (Guba and Lincoln 1994 p.108).

This research aims to identify the managerial activities and strategising practices with respect to operational capability development in two organisations. A detailed understanding of the capabilities, the activities associated with their development, the strategising practices and the linkage between capabilities and realisation of the strategic goals were the focus of the study. As these aspects exist in organisations, the researcher assumed that the information related to all these can be gathered from the top and middle management, relevant organisation members and from various documents.

Based on the above, ontologically, it can be assumed that reality exists regardless of an observer but can only be apprehended imperfectly due to the intricate nature of the phenomena and the imperfect sensory and intellective mechanisms (Guba and Lincoln ibid. ). This position is often labeled as critical realism and it is proposed that in similar instances reality should be subjected to widest possible tests, to apprehend reality as close as possible (Cook and Campbell 1979). Epistemologically, this research holds an assumption that the researcher and the researched object are independent entities and that makes this study an objectivist one. Even though the study is considered as an objectivist one, the researcher is aware of the possible biases that might have influenced the responses of managers and the phenomenon of this study during the interviews and other biases such as the effect of the research setting on the researcher and effects of the researcher on the site (Miles and Huberrman 1984). Objectivity is approximated by the researcher being as neutral
as possible in the research setting, analysing the findings of the study in comparison with the preexisting knowledge and by subjecting the findings of the study to the judgment of subjects, top management and other relevant practicing managers.

To avoid distorted interpretations and to approximate objectivity, this research has used multiple data sources (Guba 1990) such as interviews with multiple groups, various organisation documents and archives. Data triangulation was used in this study to avoid problems of bias and validity (Scandura and Williams 2000). First, the triangulation was carried out by comparing the interview data against various organisation documents such as strategy plan documents of particular regions, booklets, various communications to employees, rule books and policies. Second, the data triangulation was done by testing the responses of subjects against their team members, colleagues and significant stakeholders (Denzin 1978). Triangulation aids in capturing data, substantiating hypotheses (Eisenhardt 1989) and more accurate analysis and explanation (Cox and Hassard 2005).

Ontologically and epistemologically, this study can be considered as post positivist with its critical realist and modified objectivist orientations. The nature of knowledge in post positivism is understood in terms of non falsified hypotheses which are considered as probable facts (Guba 1990). The major objectives of this study are to describe capability development in terms of micro level managerial activities and explore the nature of strategising practices with respect to these activities. Post positivist studies have been increasingly utilising qualitative techniques such as triangulation, use of grounded theory and emphasising the importance of doing research in natural settings and collecting contextual information to ascribe meaning and purposes for people’s actions (Guba and Lincoln 1994).

This research study is qualitative in nature and adopts a multiple case study design and uses grounded theory approach to build explanations to the complex problem of capability development and the associated strategising practices in select organisations.
Case Study – Research Strategy:

The case study is opted as a logical research strategy for this study as it was exploratory in nature and the study focused on the ‘what’, ‘how’ and ‘why’ questions about a contemporary event within a real life context (Yin 1984). A case study generally focuses on the history of the past or the dynamics of the present and uses multiple sources of evidences (Leonard-Barton 1990). The present theory building study focuses on a contemporary phenomenon of capability development in real life contexts and studies the under explored problem of capability development with respect to managerial activities including the strategising practices. When the purpose of a research is theory building and not theory testing, theoretical sampling is appropriate as it is suitable for building linkages and logic among constructs (Eisenhardt and Graebner 2007). Using theoretical sampling, two cases were selected for this research study, for contributing to the emergent theory (Eisenhardt 1989) in the area of capability development. Capability development in organisations from a micro perspective is an unexplored area and that demands more fresh perspectives and theory building. Multiple case studies provide stronger base for developing theories, assist in broader exploration of the research problem and elaboration of the theory, enable comparisons and provide better explanations for emergent findings (Eisenhardt 1991). Since case studies are used in this research for building theories, the selection of cases was done based on the replication logic for both literal replication and theoretical replication (Yin ibid.). Two cases are specifically chosen to provide deeply grounded empirical evidence for evolving bold conjectures with respect to the chosen field of study.

Case Selection:

Theoretical sampling procedures (Eisenhardt 1989) formed the basis of the selection of two organisations, B1 and B2 for the study. This study has used five selection criteria to identify two capability development settings. First, the objective of developing particular capability or capabilities had to be the consequence of a substantial change in the strategic goal from the previous one or a newly articulated one. Second, the strategic goal and the capability should preferably have evolved within the last ten years to avoid hindsight bias. Third, the management should be in a position to establish the managerial intention in developing this capability and the
contribution of the operational capability in the realisation of the strategic goal. Fourth, adequate support and assistance from the top management was highly necessary due to the sensitive nature of the theme and the study demanded substantial amount of time of managers at various levels. Finally, the two organisations were selected intentionally to alter the context and to propose a range of bold conjectures and to build better explanations in the research area of operational capability development.

Despite the fact that organisational capabilities across organisations differ in form and detail, specific capabilities exhibit common features. These commonalities are generally referred to as ‘best practices’ and are represented by effective processes across organisations. These key attributes arise due to the efficient and effective ways through which specific organisational, technological and interpersonal challenges are addressed by a specific capability (Eisenhardt and Martin 2000). The conceptualisation of capabilities as efficient and effective ways of deploying resources (Amit and Schoemaker 1993) supports the contention that specific capabilities exhibit common features that are associated with effective processes in organisations (Salvato 2009). This research study focuses on the development of operational capabilities that drive improvement in two organisations. Capabilities can have greater equifinality and homogeneity across organisations (Eisenhardt and Martin 2000; Wang and Ahmed 2007) and operational capabilities are no exception. This study uses the strategy as practice approach with an activity based view to study the managerial micro-activities that contribute to the development of operational capabilities that drive improvement. The unit of analysis is the activity system that consists of four main elements of interaction such as the actors, the community and the capability development activities and the mediated strategising practices. A detailed explanation of the activity system and the operationalisation of related constructs are presented in the section titled ‘building an activity theory framework for studying the practice of capability development’, in chapter two. Identifying the common features that form the major managerial activity categories of operational capabilities can help future studies for examining the linkage between capability development and other organisational characteristics. The common features identified can be adopted as a general framework to explain operational effectiveness and to guide managers to develop action plans for improved performance.
The Data:

The data for the study consisted of both interview and the archival data. Select employees belong to both organisations, B1 and B2, and select dealers of B1 were interviewed between December 2009 and November 2010 to generate the interview data. The study was aimed at exploring the various organisational activities with respect to capability development and the associated strategising practices. Strategic goals of both organisations were given adequate importance during interviews with employees in terms of their awareness and their realisation that the strategic initiatives and the action plans could contribute to achieving the strategic goals. The operational capabilities were identified based on whether they had been primarily contributing to realising the strategic goal of the organisations. Archival data for this study consisted of the various documentation and archival records (Yin 1984) of B1 and B2. From B1, the researcher had collected the documentation and records related to the development of the visioning process, the alignment exercise, strategic goals and the strategic initiatives and action plans of all the regions and the corporate plan, consultancy reports, Chairman’s message to employees on the blog, webcasts, employee responses and year wise data of commissioned retail outlets and the volume of sales of the Total Motor Fuel (TMF). From B2, the researcher had collected documents on the business and the financial models, the project management exercise, customer service commitments, data on response time and on the number of product launches. Other documents which were collected from both B1 and B2 include various reports and newspaper clippings. Archival data was collected both at the time of interview visits and during the thesis writing.

The Interviews:

Semi structured interviews were conducted in three stages (see Table 1) with the all the interviewees in this study. Semi structured interviews are flexible as the use of an interview guide permits the interviewer to adjust the sequence of questions and to add questions based on the responses of the interviewees (Fontana and Frey 2005). The interview guides used in this study are shown in Appendix I. Interviews were conducted without controlling the pace of the interview and using any a priori response categories (Fontana and Frey 1994). Interviews were conversational in nature and the researcher followed a series of predetermined questions.
Table 1: Interview Stages and the interviewees in B1 and B2

<table>
<thead>
<tr>
<th>Stages</th>
<th>B1</th>
<th>B2</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Position</td>
<td>Number of Interviewee/s</td>
</tr>
<tr>
<td>Stage 1</td>
<td>Director Marketing</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Executive Director—Retail</td>
<td>1</td>
</tr>
<tr>
<td>Stage 2</td>
<td>Chairman and Managing Director</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Executive Director—Human Resources</td>
<td>1</td>
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<tr>
<td></td>
<td>General Managers of two Zones and Finance</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Regional Managers</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>ACE Members</td>
<td>3</td>
</tr>
<tr>
<td>Stage 3</td>
<td>Regional Managers</td>
<td>12+3*</td>
</tr>
<tr>
<td></td>
<td>Managers-Sales (2) Engineering (2) and Finance (1) and Officers of MIS (2)</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Retail outlet Dealers</td>
<td>2</td>
</tr>
</tbody>
</table>

* Interviewed twice.

Conversational nature of the interviews permits the interviewer to be adaptive to individual differences and contextual changes (Patton 2002). At the start of the interview, the interviewer introduced himself, briefly introduced the proposed research including the relevance of the research to the organisation, emphasised the confidentiality of the interview, sought permission for recording the interview and explained the importance of recording. Apart from these, due to the sensitive nature of the research problem, the researcher had also sought privacy during interview sessions to establish trust and rapport, which are critical to the quality of the interview conducted and the data collected.

During the first stage of the interviews with the senior management of the retail strategic business unit of B1, the focus was more on gathering an overall understanding about the organisation, the nature of business and the strategic change process. In B2, the first stage interviews were focused on the business and financial models, the transformational nature of the project, the challenges faced by the management in a green field project. As capability development is conceived as a situated activity, it is pertinent to know the characteristics of the context that facilitated the realisation of the strategic goals and the capability development. The
researcher had this focus also in mind during the interviews in the first stage with the senior management of the companies. The interviews were open ended and mainly focused on to get an overview of the strategic change process in the organisations that included the development of the strategic goal and the strategic initiatives, the key people who have directed and implemented the process, the implementation process and the outcome and the linkage between the strategic goal, strategic initiative, the operational capabilities and the strategic outcomes. An Interview guide was used to evoke responses, as the intention was to make the interviewees freely express their thoughts on the organisational change process and on operational capabilities. In B1, during stage 1, the researcher had interviewed the Marketing Director and the Executive Director of the retail division and in B2, the Executive Director and the Information Technology head. After interviewing these officials, a decision was taken to study the relevant organisational initiatives of B1 from the year 2003 and of B2 from its inception, i.e., from 2004. Longitudinal qualitative data were collected from B1 and B2 for a period of six years and five years retrospectively and another one year, which was real time. The interviews with the top managers were conducted at their respective offices in both B1 and B2. The duration of the interviews varied between 60 minutes to 90 minutes.

The second stage of interviews were conducted with twelve senior management officials in B1 that included the Chairman and Managing Director (CMD), executive director of human resources, general managers of finance and of two zones, regional managers of four regions and three managers who were part of the internal change management team known as the Achieving Continuous Excellence (ACE) group. An interview guide was used to gather information on the strategic change process, the co-created vision building exercise, the reformulation of the vision, the alignment exercise of 2009, the corporate plan and about the operational capabilities. The interview with the CMD focused on the strategic change management process initiated by B1, the initial visioning exercise, the reformulation of the vision, the alignment exercise, and capability development and on the linkage between capability and the strategic outcomes. The managers from ACE were asked to elaborate in detail about the process of the initial visioning exercise and the alignment exercise initiated at the retail strategic business unit. Apart from the initial vision building exercise, the regional managers of the regions were asked to elaborate
on their role in the alignment exercise, the development of regional strategic initiatives and the implementation of these initiatives. Regional managers were also asked to elaborate on the linkage between each of the strategic initiative, the organisational initiatives, the managerial activities, the capability and the strategic goals.

Six senior management officials were interviewed in the second stage at B2. These officials were the executive director, two heads of the departments and three process owners. The interviews with them were focused on the transformational nature of the business, the business and the financial models, the strategic goal, various groups in B2 and the way they function, about various organisational initiatives that included the project management orientation workshops and the team orientation workshops and about the operational excellence. All the interviewees were asked to elaborate on the linkage between each of the strategic initiative, the organisational initiatives, the managerial activities, the capability and the strategic goals.

The operational capabilities were identified at this juncture for studying the capability development and the associated strategising practices. Based on the analyses of the year wise details of the market share of Total Motor Fuel (TMF), number of existed retail outlets and the number of new retail outlets commissioned and the interview responses of senior managers at different levels, it was decided to study the retail network expansion as the capability for B1. In B2, the data of entries registered, total entries, total accounts and number of product releases were analysed for the years 2009 and 2010. Data on response time, central processing unit utilisation and threads per hour with respect to 26 Annual Statement (AS) were also collected and analysed at two time points. Based on the analysis of these data and the interview responses of senior managers, decision was taken to study the reduction in response time of the online processes, reduction in the processing time of the batch processes and reduction in the turnaround time of the product development process as operational capabilities for B2.

In 2009, B1 had seven zones and forty two regional offices. The zones were north, east, west, south, north West, north central and south central and each zones
had five, six, eight, five, six, six and six regional offices respectively. To select the relevant regions for the detailed study of capability development, it was decided to develop certain criteria in consultation with the senior and middle management. Before consulting the managers, the researcher analysed the strategic documents of all the forty two regions to gain an in-depth understanding of the regional strategic initiatives and action plans and the rationale behind them. Consultation was made with those four regional managers and the two zonal heads, the interviewees at the second stage, and decided upon four criteria. First, network expansion was given the primary focus as a strategic initiative by the region within the regional strategic plan. Second, the region should have made a concrete plan to commission more than fifty new outlets for the financial year. Third, the regions should have had enough supply points to cater to the need and fourth, the region should be catering to all the three market segments, i.e. urban, rural and highways. Based on these criteria, twenty two regions were identified. All the regional managers who were heading these regions could form subjects of this study. Decision was also made to interview the managers and officers belong to different functions such as Management Information System (MIS), sales, engineering and finance, based on convenience, minimum in three regional offices, who were working with the regional managers with respect to capability development. In B2, after consultation with the executive director, decision was made to interview all the relevant process owners who were responsible for the thirteen modules and six team members who had exposure to various modules.

In the third stage of the interview, the focus was on the managerial activities that contributed to the development of capabilities and the strategising practices used by managers in B1 and B2. In B1, fifteen regional managers and in B2, thirteen process owners were interviewed focusing on their activities in the context of select capabilities and the development of those capabilities. Activities focus on what the subjects do and how do they do (Jarzabkowski 2003; Johnson, Melin and Whittington 2003). This research addressed organisational activities at the micro-level in two organisations and activities meant what people actually did (Mintzberg and Waters 1985; Orlikowski 2002). To get relevant responses and to make the interviewees at ease the interviewer has used activity unit categories during third stage of the interview. The activity units included (a) individual: regional manager or process owner working on a particular task; (b) intra team: interactions within the regional
team or within a module; (c) inter team: the interactions between teams- regional manager interacts with the zonal office, dealers or process owner interacts with another or head of the department and (d) managerial: regional manager interacts with external entities such as vendors, Government officials or process owners with vendors and facilitation centers. To triangulate the data in B1, seven managers belong to different functions such as sales, engineering, finance and MIS were interviewed on capability development focusing on managerial activities and associated strategising practices. Two new dealers of B1 were also interviewed to understand their perspective on network expansion. In B2, six team members were also interviewed for triangulating the data.

All the interviews were tape recorded after taking necessary approval of the interviewees. All the recorded interviews were transcribed verbatim.

Archival Data:

Archival data were used to support the data collected through interviews and these multiple sources formed the evidence for data triangulation. Triangulation is necessary (Denzin 1978) and conjectures on reality should be subjected to possible scrutiny (Guba and Lincoln 1994) while one works with post positivist assumptions. The strategic plan documents of all the forty two regions of B1 were thoroughly analysed in terms of industry movement, market segment analysis, strategic options, various strategic initiatives, supply locations and the network development plans. The business and financial models of B2 were also analysed in the context the organisation’s strategic goal. The websites of both B1 and B2 were searched for detailed information on the history, divisions, services and products and structure. Studying the details about the companies before the first meeting with the senior management proved very useful in understanding the business and strategies of B1 and B2.