CHAPTER EIGHT

CONCLUSION

In this study capability development was conceptualised as a managerial activity that was embedded in a particular context and shaped by the context and other influences such as market dynamics, internal forces, clients and customers. An activity system framework was developed within the strategy as practice approach to explore the micro level managerial activities, including the strategising practices in the context of operational capability development in organisations that drive improvement. Following were the research questions for this study:

1. How is the development of operational capabilities realised through micro level organisational activities?
   1a. What kind of micro level activities contributing to capability development are there?
   1b. How does capability development manifest through various managerial activities?

2. How do strategising practices influence the development of operational capabilities?
   2a. What kind of strategising practices are adopted by managers?
   2b. How are these strategising methods and tools used in the practice of capability development?

The first research question was answered by developing a general categorisation of activities from the data and then using the categorisation to describe the realisation of capability development. The activity classification comprised of four major categories i.e., creating action plan, controlling, organising and driving improvement. Together they represent the interdependent dynamics of operational capability development. The general activity classification had seventeen sub categories within these four major categories.

The second research question was answered by determining the strategising practice, whether procedural, interactive or integrative through the three dimensions
of tone, flow of information and influence mechanisms. Adoption of the strategising
practice was understood through these dimensions and brought forth the linkages
between strategising practices and activities.

The proposed model of operational capability highlighted the intentional
managerial behaviour and explained the relevance of organisational context in
shaping operational capabilities. This study emphasised the interplay of managerial
agency and the context (Howard-Grenville 2005) and patterns of interactions that
enable the agents to develop capabilities. This study has also contributed to the
conceptualisation in the area of organisational capability about the tension and
coexistence of stability and change with respect to managerial activities.

This study has explicitly focused on the micro level managerial activities that
constituted the development of operational capabilities in two organisations, B1 and
B2. Micro activities can have significant consequences for organisations as well as
organisation members (Johnson, Melin and Whittington 2003). The activity patterns
emerging with respect to the development of capabilities were linked with the
strategic outcomes of B1 and B2. Despite the difference in operational capabilities in
terms of form and detail in B1 and B2, these operational capabilities exhibited
common features (Eisenhardt and Martin 2000; Salvato 2009) in terms of activity
categories associated with effective processes. From a practice perspective, the
general categories and the sub categories can guide managers to develop and shape
organisational capabilities for enhancing operational effectiveness and thereby
contributing to competitive advantage.

This research has also looked at how the managerial agency used the different
mediating strategising practices to construct capability development activities. The
study has highlighted the fact that the nature and extent of strategising practices such
as procedural and interactive are both context dependent and complimentary. A
collective agreement on proposed strategic initiatives, action plan and targets was
critical when there was change in the strategic direction, as in B1, or when an
organisation faced periodic changes in varieties of input variables, as in B2. Both B1
and B2 required an emphasis on both, interactive and procedural strategising or
integrative strategising with respect to creating action plan. When organisations
follow standardised procedures in relatively stable markets, procedural strategising
may be appropriate. Understanding the micro activities and contextual factors associated with procedural, interactive and integrative strategising can contribute significantly to a better understanding of the human and social capital as antecedents which shape the development of capabilities. Understanding the impact of the internal context on the strategising practices has the potential to alter the habitual routines in organisations in order to promote adaptiveness.

This study proposed that the identified, intentional managerial activities such as creating action plan, controlling, organising and driving improvement and the procedural and interactive strategising practices used by managers can describe how operational capabilities that drive improvement, are developed and can contribute to strategic goals. The findings suggested that managerial micro activities at the periphery were crucial in determining the idiosyncratic elements of capabilities and their development. The data from B1 revealed that the existing retail network expansion routines and the associated repertoire of activities had been constantly adapted, especially the ‘how to do’ of activities, through managerial intention, resulting in significant improvements in process cycle time. B2 has driven continuous improvement of the capabilities through the development of process orientation among its members, periodic measurement of process compliance, capability and delivery, routines and idiosyncratic activities in relation to product development, automation and down skilling keeping the customers in focus. All these activities were improvisational, local, intentional and resulted in meaningful recombinations. A relatively stable environment and repertoire of existing procedural routines can provide a context for flexible recombinations in capability development activities as in B1. Organisations in dynamic environment may follow simple rules like continuous improvement in specific activities and that may lead to adaptation of the baseline routines and associated activities as in B2.

In the introduction of this study, it was argued that understanding micro level managerial activities could contribute to the Resource Based View (RBV) of the organisation. RBV provides insight into the sources of sustainable competitive advantage of organisations and argues that the value of a resource depends on its uniqueness, context and more importantly its utilisation (Ambrosini, Bowman and Burton-Taylor 2007). For RBV, resources are typically all inclusive and it hardly
focuses on those resources that managers can manipulate, to make them more valuable and generate superior returns (Priem and Butler 2001). To locate the idiosyncratic sources of competitive advantage, this study focused on micro level phenomena in two different organisational contexts. This study carried out a fine grained analysis of various micro level activities with respect to capability development and provided a detailed understanding about the activity categories and related strategising practices and worked on linking these activities with the strategic outcomes. Empirical studies of this kind focusing on micro activities and linking with strategic outcomes in specific contexts is appropriate in advancing the RBV.

This study also contributes to the area of strategy as practice by identifying the activities that organisational actors actually do with respect to the development of capabilities. It examined the activities that contribute to the competitive advantage after locating the strategic outcomes. Unlike earlier studies in the area of strategy that employed positivistic methods with high level of aggregation (Armstrong and Shimizu 2007), this work has a micro focus and it firmly establishes linkages between managerial activities, strategising practices and capability development. This focus on managerial activities, which is central to the strategy as practice field, contributes significantly to furthering the key concerns in the field of strategy.

This study explores the differences in the organisation’s environmental contexts which might affect the presence and performance of managerial activities in the studied organisations as suggested by Jarzabkowski (2004) and Whittington, Johnson and Melin (2004). The findings of this study can provide insights in understanding the linkage between organising principles and organisational effectiveness (Whittington 2003).

The practice and research in the strategic management field over a period of time have evolved in response to the dynamic environment. The focus has now shifted to the short term plans rather than long term plans, all levels of management rather than the top and informal processes rather than formal processes. In this context, the practice approach to strategy that deals with what people do and how this influences and is influenced by organisational contexts seems more relevant and appropriate for advancing the field of strategy (Johnson et al. 2007). The activity system as a unit of analysis focuses on the interaction between the agent, community
structures and activity categories, mediated by strategising practices that create and
develop organisational capabilities and thereby result in competitive advantage.
Capabilities are situated within these activity systems and can be idiosyncratic,
socially complex and inimitable. While acknowledging the situated characteristics of
capability development, this research has moved one step further and identified
activity patterns and the associated strategising practices that can contribute to
capability development. The current study has looked at the managerial micro
activities in two organisations in the context of operational capability development
and identified the similarities and differences between them. The proposed model
highlights the need for management to consider the complimentary effects of various
activities, structures, actors and mediating practices and their embeddedness within
the organisational contexts while involved in capability development activities. This
study provides relevant insights for explaining the dynamic process through which
capabilities are created and developed and has the potential to contribute significantly
in developing a dynamic strategy view in general (Regner, 2008).

Suggestions for Future Research:

The proposed model on the development of capabilities can be criticised for
limited generalisability due to the specific contextual settings of the cases selected for
the study. More number of cases belonging to varied relevant contexts may be
analysed to understand the applicability and to establish external validity of the
model.

This research has used cross sectional interview data to study micro level
activities with respect to capability development that contribute to the strategic goals.
The strategic goals and action plans of organisations keep changing and
understanding more about how they are related to the micro level activities could
contribute to the conception of strategy as a pattern in a stream of actions (Mintzberg
1978). A longitudinal research design not only addresses this but can shed more light
on micro level adaptive practices and shaping of new capabilities. This kind of design
can also help in locating other relevant capabilities required to ensure that the
identified activities and related capabilities do not become core rigidities (Leonard –
Barton 1992) as well as in understanding the managerial role and related strategising
practices.
The issues of power that may be there in the context of strategising such as the extent to which the managerial agency or the change agent influencing the action plans and the conflicts, if any within the community, were not revealed in this study. Researches focusing on discursive methods are needed to explain the influence of such constructs with respect to capability development.

This research has made only partial use of the activity framework and sought to understand only the activity system dynamics involving the managers and process owners at the periphery of the organisations and the strategising practices used by them in shaping the activities. It is also important to place other relevant actors at the centre of the dynamics of shaping activity and the community with whom they associate for the development of capabilities. Future research in this area can use the activity framework to study the activities and related strategising practices of pertinent groups to gain more insights into capability development.

Strategising practices may differ depending on the group that uses them. In interactive strategising, this study identified both face to face interactions and virtual forms of organising such as e-mails and intranet being used by managers for the development of capabilities. According to Orlikowski and Yates (1994) different types of communication are perceived differently, with different implications for action. The communication practices of different groups of actors and their implications on strategising can be a pertinent area for future research.

In this study activities were considered as either present or not present in an organisation. The relevance of different activities in contributing to the development of capabilities can vary and understanding this relative strength can prove useful in identifying the most important activities. Nonetheless, the identified common activity categories of operational capabilities and their sub activity categories can be important pointers for further research to examine the linkages or relationships between these categories and other organisational characteristics.