

Business Management

Wednesday Seminar

Date 13 November 2013
Speaker Rebecca Liu (University of Sussex)
Title Absorptive Capacity and Dynamic Capabilities: A Best Practice study from a *market* knowledge-based view

Abstract

Absorptive capacity (ACAP) and Dynamic Capabilities (DCAPs) are two models that highlight organisational and managerial abilities, directed toward learning and innovation. Derived from a market knowledge view, this study compares the similarities and differences from the prior studies that are driven from a R&D and technological view.

In the literature, the conclusions of these two models' effects are controversial. Some advocate the positive consequences from the usage of ACAP and DCAP, others empirically evidenced differently. We argue that this controversy is associated with different views on their underlying nature. This paper addresses these issues. A literature review was derived from 600 highly-cited scholarly journal papers. Survey research which was drawn from a market knowledge resource view, investigated 105 British companies on the extent of firms' practice of the respective model and their impacts on new product success. Finally, we conducted a 'Best Practice' study to better understand the more successful firms' practices.

Two un-reconciled dimensions emerge from the literature: Dimension One (D1) reflects historical path dependence; Dimension Two (D2) addresses the quality of exploration to avoid being trapped by a firm's past. This D1-D2 duality nature helps to explain why ACAP can be a DCAP; and why DCAPs are essentially different from ACAP. Results reveal that firms frequently practice ACAP and DCAPs in their new product development projects; yet Dimension Two DCAPs (D2-DCAPs) is the least used among four tested constructs. However, Our Best Performer samples suggest that it is D2-DCAPs, not ACAP nor D1-DCAPs, that contributes to new product success. More significantly, the study suggests that to apply D2-DCAPs in manipulating market knowledge may still a new concept to firms.