CALL FOR PAPERS
Special Issue of the Journal of International Business Studies
MAKING DYNAMIC CAPABILITIES ACTIONABLE
FOR INTERNATIONAL BUSINESS

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Introduction
All businesses, domestic and international, need dynamic capabilities to sustainably grow in complex and changing environments (Helfat et al., 2007; Zahra, Sapienza, & Davidsson, 2006; Teece, Pisano, & Shuen, 1997; Zollo & Winter, 2002). Yet, such capabilities are deemed to be even more important for multinational enterprises (MNEs), both nascent and established. As firms operate and compete globally, their adaptation to the changing conditions in their external environment becomes more challenging. Cross-border development, deployment, orchestration, and recombination of their critical resource bundles also become more sophisticated yet more vital. For the last two decades, and since the seminal article by Teece et al., (1997), research on dynamic capabilities has primarily been conducted in the mainstream strategic management field. Whilst research in international business (IB) has offered some preliminary insights into the role of dynamic capabilities in identifying and explaining the antecedents, processes, and consequences of cross-national business activities of MNEs and international new ventures (INVs) (e.g., Al-Aali & Teece, 2014; Augier & Teece, 2007; Lessard, Teece, & Leih, 2016b; Luo, 2000; Pitelis & Teece, 2010; Prashantham & Floyd, 2012; Sapienza, Autio, George, & Zahra, 2006; Teece, 2014; Weerawardena, Mort, Liesch, & Knight, 2007), these prior efforts have largely remained at the conceptual level.

In the IB literature, the concept of dynamic capabilities has been related by some to the concept of firm-specific advantages (FSAs) (Rugman & Verbeke, 2001; 2003), whereby FSAs, broadly defined, largely reflect bundles of resources combined into unique capabilities. Such capabilities, to the extent that they are non-location bound, are dynamic in nature, because of the need for continuous resource recombination when operating across borders, and can lead to evolutionary fitness (Helfat et al., 2007; Narula & Verbeke, 2015). As Rugman, Verbeke, and Nguyen (2011) have noted, the contemporary focus of IB research has moved towards a nuanced understanding of the manner in which MNEs in home and host countries interact to develop novel recombination of country specific advantages (CSAs) and FSAs.
possessed by globally dispersed MNE units. Several scholars have also recognized that dynamic capability thinking can lead to effective approaches for specifying and studying the nature, the role, and the effects, of future-oriented endowments of resources bundles – and related FSAs – in explaining IB processes and outcomes (Augier and Teece, 2007; Peng, 2001; Teece, 2014). Furthermore, dynamic capability thinking can also sharpen a company’s global vision toward knowledge improvement and resource deployment that captures both local adaptation and global integration (Luo, 2000). In this spirit, IB as a field of study can be greatly enriched by amplifying critical themes that are specific to MNEs and unveiling actionable insight for dynamic capability development through application of multi-disciplinary perspectives.

Despite the strong conceptual link between dynamic capability thinking and IB research questions, the extant research on dynamic capabilities in the IB realm remains very fragmented. There is a paucity of strong, nuanced, and actionable research for applying, operationalizing, testing, and extending the dynamic capability construct and its constituent elements in the IB context. Little research has investigated how the process of capability reconfiguration in the competing mandates of both localization and globalization really works. There is also an absence of empirically-based, systematic, structured, and practical approaches embodying both analytical rigor and practical relevance of dynamic capabilities research for MNEs. In other words, there has been a lack of work focused on making dynamic capabilities actionable, so as to help both scholars and practitioners navigate successfully the complex landscape of IB, and to delineate both the contributions and boundaries (or limitations) of the dynamic capability perspective for IB research and practice.

Compared with domestic firms, there are likely more opportunities as well as more challenges for MNEs to recombine (whether in the form of locally adapting, globally integrating, reconfiguring, or upgrading) those resource bundles needed for prevailing vis-à-vis rivals (Luo, 2000; Lessard et al., 2016b; Zollo, Bettinazzi, Neumann, & Snoeren, 2016). Any MNE must develop, deploy, orchestrate and recombine critical resource bundles across borders in a coordinated fashion to bolster the achievement of global economies of scale and scope in a cross-border context. Extended market opportunities resulting from internationalization provide MNEs with greater prospects to leverage and capitalize on both existing and new capabilities. MNEs also can garner and utilize more and better global input resources needed for capability upgrading. However, requirements for regional, national and subnational responsiveness typically call for creative and timely resource recombination. Making dynamic capabilities actionable for geographically dispersed, cross-border businesses is therefore complex, involving head office-driven planning and resources orchestration, but also internal differentiation and local adaptation (Birkinshaw & Hood, 1998; Dunning & Lundan, 2010; Jensen & Szulanski, 2004; Teece, 2014; Yiu, Lau, & Bruton, 2007). This complexity is further amplified by the fact that dynamic capability is a continuous and closed loop process for MNEs, such that newly upgraded capabilities need to be redeployed from global centers or hubs of excellence to other regions and countries, whereby the process of continuous reconfiguration becomes essential. This Special Issue welcomes submissions that advance theoretical and empirical understanding of the intrinsic processes, paths, conditions, catalysts, actions, and consequences of dynamic capability development and the related cross-border deployment, orchestration and recombination of critical resource bundles.

New global business realities prompt us to investigate how to make dynamic capabilities more actionable. New patterns of global competition (e.g., disruptive technologies, digitized globalization, new IB players,
fast market changes, catchup of foreign laggards, and institutional complexity) make a focus on cross-border resource development, deployment, orchestration, and recombination more imperative than ever before. For instance, new global connectivity – a digital form of globalization that connects nations, industries, companies, and individuals all over the world with flows of data, information and knowledge, as well as flows of goods, services, investment, and capital that are digitally supported – may result in new opportunities for MNEs (large or small, nascent or established) in digitally deploying their dynamic capabilities across business units situated in various countries and regions. This connectivity allows MNEs to better interact and coordinate with spatially distant corporate members and global partners, allowing for easier dissemination of information on dynamic capability development processes. MNEs need a new and dynamic connectivity capability to identify new opportunities in technologies, markets and partnerships, in order to provide new value propositions to global customers (Cano-Kollmann, Cantwell, Harrigan, Mudambi & Song, 2016). Furthermore, different organizational forms, ownership structures, and subsidiary types (e.g., IJVs, wholly-owned, cooperative alliances, partial acquisitions, minority equity investments, etc.) pose additional complexities in development and deployment of the MNE’s critical resource bundles. Capability deployment, including technology transfer, also becomes multi-directional through multiple centers or hubs of excellence rather than only one-directional from corporate headquarters or those units co-located at home. In order to better understand these emerging trends in the IB literature, we invite submissions that examine actionable strategic processes and behaviors of dynamic capability development, accounting for not only existing IB theories but also the new global reality that provokes MNEs to develop dynamic capabilities more effectively and efficiently.

Making dynamic capability actionable compels MNEs to organize global operations in ways that are efficient, resilient, integrated and streamlined. MNEs must deal with a diversity of network participants and an intricate web of inter-firm and intra-firm linkages in the course of cultivating dynamic capabilities (Teece, 2014). Frontier subsidiaries in various hubs or countries need to swiftly respond both locally and adaptively, and to utilize global platforms and architecture that ensures integration as well (Birkinshaw & Hood, 1998). Dynamic capability compels MNEs to progress toward a less hierarchical structure and an increased reliance on data and knowledge flows within the organization. Recombining critical resource bundles further requires MNEs to locate key activities closer to demand and critical markets. In this process, an MNE’s orchestration capability is vital. Orchestration requires the MNE to possess tacit expertise as well as procedural knowledge (Chetty, Eriksson, & Lindbergh, 2006; Dhanaraj & Parkhe, 2006). Yet, little research has sought to understand the appropriate organizational structure, organizational behavior and orchestration capability that are necessary to foster the dynamic capability development.

Making dynamic capability actionable is inherently an entrepreneurial pursuit. In fact, Teece (2016) suggests that entrepreneurial managers are key component of the dynamic capabilities framework, while Zahra et al. (2006) elaborate on the role of dynamic capabilities in understanding how new firms continuously create, discover and exploit entrepreneurial opportunities. As a result, entrepreneurial managers and entrepreneurial actions have been elevated to the central status in the development of dynamic capabilities in both established and new ventures (Teece, 2012, 2016). Challenges of operating in a cross-border environment coupled with the liabilities of foreignness, newness and smallness (Zahra, 2005) further amplify the need for understanding the role of entrepreneurs as well as INVs’ behaviors and processes that may foster or impede dynamic capability development. Yet, the fast growing area of international entrepreneurship has yet to recognize the importance of integrating dynamic capabilities in
its research. To better understand the complexities of dynamic capability development in INVs and other companies engaged in international entrepreneurship activities, this Special Issue encourages submissions that probe dynamic capability from multiple and cross-disciplinary perspectives such as organizational behavior, entrepreneurship, global value chain management, and human resources management, among others.

Even though Helfat et al. (2007) have acknowledged that evolutionary fitness of dynamic capabilities depends on the appropriate alignment with the context in which the organization operates, in their recent article Lessard, Teece, and Leih (2016a: 166) suggest that MNEs are becoming context independent. Furthermore, Zollo et al. (2016) suggest that as MNEs adapt, their dynamic capabilities span two very different internal contexts (i.e., enterprise models). All of these raise interesting questions regarding the role and effects that context plays in helping firms develop, deploy, reconfigure, and recombine critical resource bundles necessary to navigate the complexities of the IB landscape and to achieve sustainable competitive advantage in cross-border settings. This Special Issue invites submissions that could answer several questions in this regard: How does the IB context influence the role and effect of dynamic capabilities? What are the managerial actions that capitalize on the effect of this context? Relatedly, how do these actions and processes differ across contexts, such as born global and emerging market firms? Further, what is the relative importance of internal versus external contexts in this regard?

**Possible Research Topics**

This Special Issue invites submissions that provide significant contributions, whether conceptual, theoretical or empirical, to make dynamic capabilities thinking (more) actionable for IB. Below are some illustrative topics (not limitative) that would be suitable for inclusion in the Special Issue.

1) Does dynamic capability thinking truly represent a new paradigm that IB scholars and practitioners should embrace more fully and more systematically to advance IB theory and empirical work? Or is it just a differently conceptualized form of FSAs? How could this thinking be better integrated into future IB theories and empirical studies? Are there limits to the usefulness of the dynamic capability concept in international settings?

2) What insights from the vibrant IB literature can be particularly relevant for understanding, conceptualizing, and measuring the sensing and seizing of new opportunities and threats, and the reconfiguring of internal resources and assets, as the key processes for dynamic capability in IB? What is unique about these activities within companies competing globally, relative to those competing domestically or regionally?

3) How do geography, location, culture, institutions and history affect the set of critical resource bundles that firms competing in international markets need to develop, deploy, orchestrate, and recombine in pursuing global competitive advantages?

4) Does the IB context reveal or require additional types of resources for dynamic capabilities to be crafted through the processes of sensing, seizing, and transforming? What role does managers’ “entrepreneurial capability” play in this regard? Where does this capability come from, and how does it evolve in the international firm? What are the micro-foundations of this capability in international markets (e.g., Prashantham & Floyd, 2012)?
5) How do MNEs, nascent and established, learn as they deploy their dynamic capabilities in different international markets? How do they capitalize on this learning and experience in defining and developing their future dynamic capabilities? How does this learning make dynamic capabilities actionable? Is there co-learning between the focal MNE and its business eco-system partners in this process?

6) How do dynamic capabilities influence MNEs’ strategic choices (e.g., entry mode decisions, location selection, value chain integration, R&D localization, etc.), and, as a result, their performance? In contrast, will MNEs’ strategies in global entry, diversification, innovation, knowledge management, and business models affect their dynamic capability development and utilization?

7) How do entrepreneurial activities within MNEs or INVs influence dynamic capabilities and vice versa? What are the implications for the firm’s scope, governance and performance? In what ways do entrepreneurial orientation and opportunity seeking influence the ways, processes and sources of dynamic capability development? Can INVs’ learning advantages of newness spur their dynamic capability development? How can applying the dynamic capability perspective enrich the study of international entrepreneurship?

8) How do managers sequence the introduction of dynamic capabilities in different international markets to make them more actionable? How are these decisions synchronized in a cross-border context? How can MNEs’ ambidextrously achieve resource deployment (associated with global integration), uni-dimensional resource recombination (associated with localization), and multi-dimensional resource recombination (associated with simultaneous localization and integration)?

9) Cultivating a dynamic capability requires a multitude of organizational support mechanisms, such as organizational structure, information flows, knowledge sharing, autonomy delegation, talent and R&D management, alliance building, organizational renewal, digitized platforms, and cultural intelligence. How do these activities, jointly or separately, foster the successful development of a dynamic capability, or fortify the returns from such capability?

10) As some prior research suggests, dynamic capabilities are multi-dimensional and multi-level constructs, which makes empirical research and development of suitable proxies particularly difficult. How can we advance the empirical work on dynamic capabilities in IB to make future studies into their effects and constituent elements (e.g., various types of resources, routines and routine recombinations) particularly robust?

**Submission Process and Deadlines**
All manuscripts will be reviewed as a cohort for this Special Issue. Manuscripts must be submitted between **December 12–23, 2017**, at [http://mc.manuscriptcentral.com/jibs](http://mc.manuscriptcentral.com/jibs). All submissions will go through the JIBS regular double-blind review process and follow the standard norms and processes.
The Special Issue Editors will organize a formal workshop for the papers that pass the first round of reviews to discuss these further and to provide editorial guidance for additional revisions. This workshop will be organized just before the AIB 2018 annual conference (June 25–28, 2018) in Minneapolis.

For more information about this Call for Papers, please contact the Special Issue Editors or the JIBS Managing Editor (managing-editor@jibs.net).

References


**About the Guest Editors**

**Shaker A. Zahra** is the Department Chair, Robert E. Buuck Chair of Entrepreneurship and Professor of Strategy in the Carlson School of Management at the University of Minnesota. His research examines entrepreneurial knowledge and capability development in global industries as well as international
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**Olga Petricevic** is an Assistant Professor at the University of Calgary. Her research examines the nature and the role of dynamic capabilities in established as well as nascent firms. She served as the Co-Chair for the SMS Special Conference on “Transforming Entrepreneurial Thinking into Dynamic Capabilities.” She currently serves on the Editorial Board of the *Journal of Management*.

**Yadong Luo** is the Emery M. Findley Distinguished Chair and Professor of Management at University of Miami. He has published over 170 articles in major refereed journals in management and international business and also authored more than a dozen books. He is a senior editor of JIBS and a fellow of AIB since 2008.

**Maurizio Zollo** is the Dean’s Chaired Professor in Strategy and Sustainability at the Management and Technology department of Bocconi University and board member of the Center for Research in Innovation, Organization and Strategy (CRIOS). He is also visiting professor at the Sloan School of Management of the M.I.T. in the Management Science department. He is past president of the European Academy of Management (EURAM) and former editor of the *European Management Review*. He serves as editor and member of the board of several leading academic journals.