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Capabilities in business relationships and networks: An introduction to the special issue

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A capability refers to “the power to do something” (Dictionaries, Oxford, 2018). Understood in such terms, one could argue that capabilities are at the center of management, as management is always about doing something, making some changes, so that firms are able to perform better (Van de Ven & Poole, 1995). Capabilities represent an important contemporary research topic of the management literature in general, and of industrial marketing in particular. This is arguably for two main reasons. First, a focus on capabilities relates to the growing popularity of the resource-based view of the firm (RBV) in the strategy literature as an explanatory theory of competitive advantage (Barney, 1991; Day, 1994; Hamel & Prahalad, 1990). Second, the dynamic capability theory (DCT) (Eisenhardt & Martin, 2000; Teece, Pisano, & Shuen, 1997) allows academic research to address issues around environmental dynamism, resulting in strategic changes, i.e. capabilities inducing deep and systematic transformations of the resource base of a firm in order to adjust to changing environmental demands, thus achieving evolutionary fitness (Helfat et al., 2007). Although the DCT is still maturing (Ambrosini & Bowman, 2009; Barreto, 2010) and the literature is somewhat fragmented (Di Stefano, Peteraf, & Verona, 2014; Peteraf, Di Stefano, & Verona, 2013), the concept of dynamic capabilities has become one of the most influential stimuli in the whole discipline of strategy (Di Stefano et al., 2014; Schilke, 2014; Schilke, Hu, & Helfat, 2017) and permeates to related disciplines such as industrial marketing or supply chain management. Among the rare special issues published in the *Strategic Management Journal* over the last two decades (twelve in general in the years 1997–2017), two were dedicated to topics related to DCT (D’Aveni, Dagnino, & Smith, 2010; Helfat, 2000).

The above considerations provide the initial impetus for this special

issue in *Industrial Marketing Management* on the topic of capabilities in business relationships and networks. We integrate capabilities on the one hand, and business relationships and networks on the other based on the following considerations: While the RBV focuses on resources and capabilities internal to the organization, the relational view of the firm highlights the importance of collaboration with other organizations in order to mobilize external resources and capabilities (Dyer & Singh, 1998; Zaefarian, Henneberg, & Naudé, 2011). The resulting collaborations and cooperations between firms solidify into business relationships and wider networks, and require specific explanatory concepts and theories in the area of industrial marketing as well as purchasing and supply chain management (Anderson, Håkansson, & Johanson, 1994; Cousins, Handfield, Lawson, & Petersen, 2006; Palmatier, Dant, Grewal, & Evans, 2006). Extant research suggests that business relationships are complex phenomena which consist of multi-level actor and resource bonds between companies, and that managerial decision-making should take into consideration both the opportunities as well as threats and limitations embedded in these relationships (Håkansson & Ford, 2002; Ritter, Wilkinson, & Johnston, 2004). Consequently, utilizing business relationships, relationship portfolios, as well as wider networks, for the strategic benefits of a focal company received considerable theoretical as well empirical research interest (e.g. Ahuja, 2000; Dyer, Singh, & Kale, 2008). A focus of such research relates to companies implementing strategies to creating as well appropriating value from their business relationships and networks (Anderson et al., 1994; Lavie, 2007; Mesquita, Anand, & Brush, 2008).

The literature agrees on the importance of business relationships to mobilize resources. Thus, the activities, processes, and skills, i.e. the capabilities necessary to create, develop, sustain, but also to end these

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business relationships, have become an important research area in industrial marketing (e.g. Forkmann, Henneberg, Naudé, & Mitrega, 2016; Mitrega, Forkmann, Ramos, & Henneberg, 2012; Mitrega, Forkmann, Zaefarian, & Henneberg, 2017; Zaefarian, Forkmann, Mitrega, & Henneberg, 2017). We contend that companies develop specific capabilities related to managing in relationships and networks, that these capabilities represent a complex research phenomenon, and that the extant literature may benefit from better alignment with the strategy literature and its current debates to enable more rigorous and clearer concepts and theories, as well as empirical research. In particular, we hope that this special issue on capabilities in business relationships and networks contributes to strengthening the bridge between the strategy literature on (dynamic) capabilities on the one hand, and the industrial marketing and supply chain management literature on the other. Keeping in mind this motivation, we intended this special issue to be open to various methodological approaches and to different kinds of contributions, both conceptual and empirical. Through the articles in this special issue, we want to sensitize ourselves as well as our audience to the fact that the capabilities literature is not monolithic, but characterized by different perspectives with nuanced and subtle differences, especially relating to the concept of dynamic capabilities (Di Stefano et al., 2014; Peteraf et al., 2013).

This special issue had a longish gestation process; the initial deadline for submissions was October 2015. We interacted with the academic community already before that deadline by publishing a ‘Call for Papers’ through the normal channels (e.g. publisher’s announcements, ELMAR) as well as organized a special paper development session at the 7th Bi-annual International Conference on Business Market Management (BMM) which took place in July 2015 at Queen Mary University of London. Some of the papers presented during this session were later revised and submitted to the special issue. We have also distributed ‘Call for Papers’ among participants of the 31st Annual IMP Conference at the University of Southern Denmark in August 2015. We received 25 submissions, 16 of which were sent out for double-blind review with usually three expert reviewers. After the initial review round, ten submissions were invited to resubmit a revised version of their manuscript, based on reviewers’ and special issue editors’ comments. The reviewers and special issue editors continued to work through on average of four review rounds with the manuscript authors (with the last review rounds being mostly about polishing the argument). We finally accepted eight manuscripts, which form the substantive part of the special issue. In addition, we as the special issue editors contributed an argument outlining specific research directions, and we invited some influential academics in the field of dynamic capabilities to write a commentary.

A special issue does not come into existence without the help of many other academics who have helped us throughout the process with encouragement, critique, and expertise as well as by providing their invaluable time to review manuscripts. We would very much like to recognize the contribution of Peter LaPlaca, who encouraged us to do this special issue, as well as Anthony Di Benedetto and Adam Lindgreen, who as the current IMM editors showed an outstanding amount of patience for our work. We would also like to extend our thanks to the reviewers who contributed substantially to the quality of this special issue: Alexander Pflaum, Andreas Eggert, Andrew Pressey, Annalisa Tunisini, Anthony Francescucci, Artur Swierczek, Bahar Ashnai, Carla Ramos, Catarina Roseira, Daniel Baier, Daniel Kindström, Daniela Corsaro, Dariusz Siemieniako, Debbie Harrison, Espen Gressetvold, Frances Bowen, Frank Jacob, Gert Human, Ibrahim Abosag, Jens Geersbro, Katarzyna Czernek, Krzysztof Fonfara, Lars Huemer, Lars Witell, Lars-Gunnar Mattsson, Lutao Ning, Marko Kohtamaki, Matti Jaakkola, Michael Burkert, Michael Ehret, Michael Kleinaltenkamp, Morten Abrahamsen, Oliver Schilke, Panos Panagiotopoulos, Peter Naude, Ronika Chakrabarti, Sabine Benoit, Sabrina Thornton, Sergio Biggemann, Thomas O’Toole, Torsten Bornemann, Wojciech Czakon, Wolfgang Ulaga, Zbigniew Pastuszek, and Zsafia Toth.

Below we briefly introduce the articles of the special issue and summarize the insights each provides.

Ivens, Leischnig, Pardo & Niersbach

This is a conceptual article on ‘Key Account Management as a Firm Capability’, which links the concept of key account management (KAM) with issues around competitive advantage. By using a capability perspective on KAM, the article seeks to develop a theoretical basis to better explain the performance implications of KAM, in particular the value that a KAM system has in competitive situations.

Ford, Verreynne, & Steen

This article entitled ‘Limits to Networking Capabilities’ suggests that sometimes we can learn something about networking-related capabilities from observing the lack of such capabilities. This quantitative study demonstrates that companies working in the Australian oil and gas industry leverage innovations through their deep embeddedness with multiple channel partners. They find that, while focused relationships within each channel (deep embeddedness) supports innovation, increasing vertical embeddedness with suppliers and customers simultaneously lowers firms’ ability to introduce new products or services. The article outlines the organizational limits to the attention span necessary to fully leverage multiple network partners, and that increasing vertical embeddedness may lock firms into non-innovative network positions.

Hurmelinna-Laukkanen & Nätti

This conceptual article focuses on ‘Orchestrator Types, Roles and Capabilities’, i.e. inter-firm relationship structures with a particular focus on actors who orchestrate innovation networks. The authors combine the fragmented literature on innovation network orchestrators, their types and roles with capability-based strategy literature. This study proposes three types of orchestrator capabilities: role-implementation capabilities, role-switching capabilities and role-augmentation capabilities. Among these three, role-augmentation capabilities represent a specific and challenging form of dynamic capabilities as they allow the orchestrators themselves to change and acquire new sets of capabilities when necessary.

Leischnig & Geigenmüller

‘When does Alliance Proactiveness Matter to Market Performance?’ is the question asked by the next article, which uses fuzzy set Qualitative Comparative Analysis to enrich our knowledge about contingencies of networking capabilities, in particular alliance proactiveness. Using a sample of firms involved in technology transfer, the interplay between alliance proactiveness and two major sets of factors—organizational factors and environmental factors—is analyzed to identify configurations sufficient for market performance. Knowledge of these configurations yields novel insights into the complex pattern of causal factors and helps develop factor constellations in which alliance proactiveness is effective and enhances market performance.

Nordin, Raval, Möller & Mohr

The article with the title ‘Network Management in Emergent High-tech Business Contexts’ focuses on emerging high-tech industries as a complex and uncertain environment, and it argues that this environment needs special kinds of business capabilities for effective network management. The authors conceptualize three capabilities: context handling, network construction, and network position consolidation. They utilize a longitudinal case study of a start-up company in the smart energy sector to validate and illustrate a theoretical framework. The authors conclude that the identified capabilities cannot be easily incorporated into existing general frameworks of dynamic capabilities.

Oinonen, Ritala, Jalkala & Blomqvist

‘In Search of Paradox Management Capability in Supplier–customer Co-development’ focuses on the growing interest in managing difficulties and negative effects of business relationships. Specifically, the authors offer the concept of ‘paradox management capability’, indicating that co-development between customers and suppliers involves inherent challenges, contradictions, and tensions in the relationship.

Many of these take a form of paradox – a persistent contradiction between different alternatives in the co-development context. The authors outline a theoretical framework of processes and routines that coordinate company actions towards simultaneous and persisting contradictory elements in supplier-customer co-development, and provide a qualitative study about how specific capabilities have been applied among large companies with regard to paradoxes connected with relationship governance, knowledge protection, and development goals.

Schepis, Ellis & Purchase

Similarly to some other studies presented in this issue, this study enriches our understanding of networking-related capabilities by focusing on specific relationship structures that require specific organizational capabilities for its management. In case of this article on ‘Exploring Strategies and Dynamic Capabilities for Net Formation and Management’, the focus is on dynamic capabilities needed for managing nets, i.e. distinct sub-networks formed by actors around particular goals. The theoretical framework developed by the authors is enriched by a qualitative study conducted in the Australian mining industry. The study demonstrates that net orchestrators use three main capabilities, namely sensing, mobilizing, and maneuvering, and identifies micro-foundations of such capabilities.

Smirnova, Rebiagina & Khomich

‘When Does Innovation Collaboration Pay Off?’ This question is the starting point for an article using a survey of Russian firms to test a model of the influence of relational learning, treated here as a distinctive dynamic capability, on innovation-oriented collaborative projects. The authors findings provide support for the importance of such general, experience-based dynamic capability for leveraging innovation collaborations. The authors highlight differences in collaboration pay-offs depending on collaboration timing (early stage vs. late stage innovation collaboration).

The special issue starts with an overview article by us the special issue editors on ‘Capabilities in Business Relationships and Networks: Research Recommendations and Implications’:

Forkmann, Henneberg & Mitrega

While capabilities that allow firms to successfully manage (in) business relationships and networks have been an important research focus for industrial marketing, this article contends that there exist important opportunities for further knowledge generation. The article (i) outlines the current state of knowledge in the substantive literature relating to capabilities in business relationships and networks and identifies certain gaps that provide initial guidance regarding future research directions; (ii) extensively reviews the current discussions regarding (dynamic) capability theory in the strategy literature and derives recommendations based on the foundational theory that provide direction for the advancement of research on capabilities in business relationships and networks. The article argues for more alignment with research in strategy to guide impactful future research in industrial marketing. Bringing together the identified gaps in the substantive literature and the recommendations based on the developments in the foundational theory, the article (iii) singles out specific research directions in studying capabilities in business relationships and networks.

Following on from this overview article is an invited commentary on ‘A Relational Perspective of the Microfoundations of Dynamic Managerial Capabilities and Transactive Memory Systems’, which relates some state-of-the-art concepts from strategic management to issues of capabilities in business relationships and networks:

Martin & Bachrach

Drawing on current discussions in the strategy literature, this article relates the concept of networking capabilities on the organizational level to dynamic managerial capabilities on the individual level, i.e. the capabilities with which managers create, extend, and modify the ways for firms to make a living. Using an argument based on managerial microfoundations helps the authors to explain the relationship between the quality of managerial decisions, strategic change, and organizational performance. The article is organized around the three core

underpinnings of dynamic managerial capabilities: managerial cognition, managerial social capital, and managerial human capital, and incorporates transactive memory system theory to bridge dynamic managerial capabilities theory and the concept of networking capabilities.

We hope you will be enjoying the contributions in this special issue of *Industrial Marketing Management*. We encourage feedback, commentaries, or discussions around these issues.

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