

Effect of intellectual capital on dynamic capabilities

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Abstract

Purpose – The purpose of this paper is to examine the effects of intellectual capital (human, social and organizational capital) on dynamic capabilities (learning, integration, reconfiguration and alliance management).

Design/methodology/approach – A methodical review of relevant literature and the theory of resource-based view, knowledge-based view and dynamic capability view serves as a starting-point to develop a framework for linking intellectual capital with dynamic capabilities. A total of 241 managers from the public sector banks in India was selected as sample of study and structural equation modelling was applied to provide strong evidence for the hypothesis.

Findings – The study established a strong effect of intellectual capital dimensions on dynamic capabilities in the surveyed banking firms. Human and social capital had the most profound effect on learning, integration, reconfiguration and alliance management capabilities. As regards to organizational capital, an unexpected negative effect on reconfiguration and alliance management capabilities was observed.

Originality/value – The study clarifies the role of knowledge for various capability developments. One of the significant contributions is with reference to the linkages of structural aspects of knowledge and dynamic capabilities, a link that can barely be seen in the existing literature. To the author's knowledge the present study makes a preliminary effort to broaden the concepts appeal in new geographical boundaries and empirical context, thus making an original contribution to the Indian banking industry and strategic management literature, significantly.

Keywords Social capital, Dynamic capabilities, Human capital, Intellectual capital, Organizational capital

Paper type Research paper

Introduction

Due to the rapid global evolution of the knowledge economy and intensified competition, organizations are encountering gruelling challenges to sustain their competitiveness. In this challenging and dynamic business landscape, dynamic capability has emerged as a vital element for firms' growth, survival and competitiveness. This significance of dynamic capability has attracted a huge amount of responsiveness from the research communities (Ambrosini and Bowman, 2009; Ambrosini *et al.*, 2009; Eisenhardt and Martin, 2000; Helfat and Peteraf, 2009; Li and Liu, 2014; Teece, 2007; Zollo and Winter, 2002; Zahra *et al.*, 2006) not only in its native domain of strategic management, but also in logistics (Glenn *et al.*, 2005), risk management (O'Connor *et al.*, 2008) marketing and entrepreneurship (Barreto, 2010). From this overarching concern, dynamic capability becomes the common goal of every firm for achieving strategic agendas, and research on the dynamic capability factor turns out to be the need of the hour (Ambrosini *et al.*, 2009; Chien and Tsai, 2012; Eisenhardt and Martin, 2000; Helfat and Peteraf, 2009; Lin and Wu, 2014;