Organizations are entities with an ever increasing degree of complexity (Hall and Tolbert, 2006). The idea of organizational theories is not only to anticipate the structural and agentic antecedents and consequences, but also build metaphors that describe the organizations in particular ways. These metaphors then become composites of different genres of research.

**RESOURCES-BASED VIEW**

One such genre is the resource-based view, which focuses on organizational decisions and actions pertaining to resources, and suggests that such decisions and actions are taken within the ambit of organizational boundaries. Since these decisions are taken by organizational actors who are essentially human actors, an element of internal politics creeps in (Hickson, et al, 1971). The decisions that are being referred to here are the ones which help organizations deal with their environment better. This involves not only exploitation of the existing resources but also development of new resources for the growth of the organization (Wernerfelt, 1984). Wherever possible, attempts are made to actively manipulate the environment with an underlying goal of dealing with the environment better (Jacobs, 1974). The resource-based view places emphasis on decisions that need to be taken and actions that are urgently pressing the organization. An organization’s lack of ability to sustain itself presents before it numerous choices, and the organization has to then determine which choice will suit it best (Donaldson, 1987). This choice is contingent not only upon the environmental dynamics but also on the degree of alignment of internal functions (Venkatraman, 1990). The internal functions and resources are intricately linked to the sustained competitive advantage of the organization (Barney, 1991). Thus the choice actually becomes a strategic choice. In the resource-dependence view of organizations, internal power arrangements and external demands are important, but idea of goals is not significant (Hall and Tolbert, 2006).

Manipulation of the environment in achieving strategic choice (Chandler, 1962) can include mergers, cooperation, and movement of personnel. Within the organizational space, the dynamics of power, symbolic and explicit with the environment, and deliberations about the agency of managers often shape the emerging realities. Over a period of time, in the organizational context, perceptions become reality.
Hasenfeld, 1972). Legal and economic barriers, and the reality of dominant players present in the market, impose a restriction on strategic choice (Zook and Allen, 2003). The ability of organizations to design and implement retention strategies which have empirical value in terms of success must also take into account the institutional contexts encompassing legal and economic barriers and prevalent isomorphism. Some of these retention devices are bureaucratization, socialization, screening, and filtering the organizational actors as some of the organizational members move to leadership positions (Perrow, 1979). Finally, in the resource-based view, resource acquisition as a pursuit supersedes and there can be instances, wherein the urge for such acquisition takes precedence over the very paradigm of goals.

RATIONAL CONTINGENCY VIEW

By viewing organizations as a bundle of resources (Penrose, 1959), the resource-based view fails to take explicit cognizance of the existence of multiple goals within the organizational purview. This is despite the fact that goals are so intricately intertwined with organizational setup that they not only become a part of the culture of the organization but also affect and constrain strategic decision-making (Peterson and Lewin, 1998). The rational contingency view not only factors in the presence of goals but also acknowledges that organizations are characterized by multiple goals which are often conflicting. Within the ambit of environmental constraints coupled with conflicting goals (Langston, 1984), organizations understand that there is no one best way of doing things and taking decisions (Schoonhoven, 1981). Organizational members take decisions based on bounded rationality, and in an attempt to chalk out precedence of the goals (and even in the absence of such an attempt), dominant coalition emerges from within and amongst the organizational members (Thompson, 1967).

ORGANIZATIONAL DYNAMIC CAPABILITY

The dynamic capability framework suggests that in a rapidly changing environment, an organization can achieve sustained competitive advantage by creating, extending or altering pre-existing organizational capabilities (Teece, Pisano and Shuen, 1997; Winter, 2003). The concept may be seen as a natural extension of the concept of core competency suggested by Hamel and Prahalad (1989). The focus of this framework is on the development of management capabilities and a combination of closely linked technological and functional skills in such a way that they are inimitable. The development of such capabilities and skills is meant to address the challenges of a rapidly changing environment (Teece, 2007); continuous learning and subsequent integration of the learning is an essential component in the development of dynamic capabilities (Zollo and Winter, 2002).

Over time, different strands of research have emerged on the understanding of the concept of dynamic capabilities. Some researchers suggest that dynamic capabilities are higher-order in nature (e.g., Collis, 1994; Helfat, 1997; Zollo and Winter, 2002). It is the way in which these capabilities alter the existing functional capabilities that decides the success or failure of an organization facing environmental uncertainty. Others believe that dynamic capabilities reside in organizational routines, and are a result of learning (e.g., Pisano, 2000; Zahra, Saplenza and Davidson, 2006). Still other researchers feel that dynamic capabilities are essentially organizational processes; the nature of dynamic capabilities in organizations can be either simple routines or experiential processes, depending upon the degree of dynamism in the environment (e.g., Eisenhardt and Martin, 2000). This paper attempts to understand the dynamics that decide the design of these dynamic capabilities within the organizations. Even though the evolution of dynamic capability concept itself is a result of the static nature of the resource-based view, this paper views this concept through the integrated lens of resource-based and rational contingency views. It is proposed that such an approach helps in a more comprehensive understanding of the concept.

DOMINANT COALITION AND RESOURCES

Organizational capabilities not only represent the ability to utilize resources effectively in specific environmental contexts but also the possibility of attempting to determine linkages of technology, operational procedures, and managerial frames which align organizational actions with the environment (Drizin and Van de Ven, 1985). To retain the leadership position, the organization needs to ensure that such capabilities which lead to competitive advantages are constantly updated and altered in a way that other players are unable to imitate them; such capabilities are hence dynamic in nature (Peteraf, 1993). Capabilities are not independent of the
environmental context and need to be seen in the light of an organization’s constant attempt to adapt itself to the ever-changing environment (Tan and Litschert, 1994). However, adaptation might not be the exclusive imperative that determines the dynamism of capabilities (Bogner and Thomas, 1993). Many times, a reading of symptoms and signals can lead to a misinterpretation of the paradigm of change operating in the environment. Therefore, even before adaptation, recognition of change is important. Only then can an organization decide whether the change is transient or permanent, and design an appropriate response to the change. Even if the change is permanent, sometimes there may not be a need for fundamentally altering the existing capabilities. The re-drafting of capabilities is a decision that arises out of an understanding of the competitive shifts in the context of the industry.

For an organization to change/enhance its capabilities, it is important to recognize the genesis of those capabilities. Often, capabilities are a result of endowments procured by the organization (Barney, 1991); however, for these capabilities to give sustained competitive advantage, they should be interlinked within the organizational boundaries in such a way that co-specialization of those assets lead to synergistic effects (Caves, 1980). Once these interlinked assets start earning rents for the organization leading to competitive advantage, they are engulfed within the ambit of resources (Andrews, 1971). Resources are amenable to control by organizational agents and this control leads to emergence of power centers and politics (Nord, 1978). This is because of the inherent nature of resource endowments—they are already under the control of the organization (Garrette, Castaner, and Dussauge, 2009; Haynie, Shepherd and McMullen, 2009).

The power centre in the organization is comprised of the dominant coalition. It encompasses an organization’s major decision-makers (Thompson, 1967; Cameron, 1978), generally a small group of top level personnel; however, they need not derive their membership to the coalition by pure virtue of their supervisory role (Brass, 1985). The alliance between the members of dominant coalition is a result of reciprocal support over time such that it impacts strategic decision-making (Pearce II and DeNISI, 1983). Scholars (e.g., Pearce II and DeNISI, 1983; Brass, 1984 and 1985) have tried to identify an organization’s dominant coalition by considering the perception of organizational actors on existence of membership.

This dominant coalition decides the strategic choices with reference to the organization. Accordingly, the paradigm of an organization in terms of its goals, vision, mission, and technology is largely influenced by and sometimes even contingent upon the composition of dominant coalition existing in the organization.

Proposition 1: Capabilities of an organization are decided by resource endowments within the organizational boundaries and the resource endowments are in turn contingent upon dominant coalition and associated politics in the organization.

Essentially, capabilities and resources have to be placed within the idiom of purposive functioning of organization. This purposive functioning is later discussed within the realm of bounded rationality. Even with the constraint of bounded rationality, there is a need to have some sense of the goals and resources required for achieving them in an organization. As the dominant coalition has its interest in articulating a goal-resource linkage, it will tend to play a role in considering various goal-resource possibilities.

GOAL AND RESOURCE ACQUISITION

There exists a whole host of opportunities in the environment and an organization should constantly strive to scan the environment for tapping such opportunities—at least the ones which can be effectively levered upon using either the existing set of capabilities or new capabilities which can be acquired (Tan and Litschert, 1994). However, acquisition of new capabilities is constrained by the access to resources available in task environment of the organization (Duncan, 1972). Awareness of the environment is an imperative that keeps an organization informed of the realms of possibility in either retaining strategic formula derived from understanding the goal-resource linkages or thinking of amending it in the light of new environmental realities. Goals are instruments through which an organization is made aware of its raison d’être. In this way, goals also serve the purpose of dominant coalition in weaving its actions around the espousal of mechanism through which the raison d’être is reiterated (Nord, 2003). But goals are accompanied by resources that need to be made available in order to achieve those goals (Peteraf, 1993). Resources are more evident to organizations (Conner, 1991) and to the domi-
nant coalition present within them, as there is an almost everyday engagement with strategic decisions affecting acquisition, deployment, and upgrading of resources. On the other hand, the idea of goals is more subtle (Perrow, 1961) as the formal nature of the tasks that most employees are associated with makes it difficult for them to integrate their actions with the broad paradigm of a goal. The conception of capabilities in terms of its subtlety, lies somewhere between the organizational resources and goals. Capabilities are more amenable to discourse than goals because they represent the possibility of competitive advantage (Barney, 1986). Talks of competitive advantage are of interest to everyone, particularly the dominant coalition, as it has the opportunity of asserting its own control through projecting the achievement of such advantage (Adams and Zanzi, 2006).

Such recognition of competitive advantage can at best be based on claims of superior performance of the organization (Teece, Pisano and Shuen, 1997), the measure of which is decided by bounded rationality. In a few instances, dominant coalition may also be capable of trying to shift the prioritization of goals themselves if it discovers that such a shift will render them long-term control of the decision-making apparatus. When the dominant coalition advocates a shift in goals, it will have to be justified on the grounds of availability of relevant resources (Thompson and McEwen, 1958). Further, this justification may have to be strengthened by describing the emergence of dynamic capabilities which are perceived to be inimitable. When challenges to projection of dominant coalition emerge, it can successively upgrade the resources, and hence the capabilities, to meet those projections. Also, criteria and measures as evaluation parameters can be used for defending projections. Further, the fact that these criteria and measures and the decisions that flow from them are based on the premise of bounded rationality helps the dominant coalition to side-step much of the criticism by suggesting that there exists information asymmetry.

**Proposition 2:** Evaluation of different goal-resource linkages championed by the dominant coalition will determine the kind of resources sought and consequently, the kind of dynamic capabilities built which are inimitable within the ambit of bounded rationality.

**DOMINANT COALITION AND ORGANIZATIONAL EFFECTIVENESS**

Pursuit for resource acquisition by an organization is not only decided by the dominant coalition but is equally constrained by the choice of previous chain of resources acquired to build capabilities (Barney, 1991). Thus, there is a recursive relationship between the development of capabilities and the acquisition of resources. Such a recursive relationship emerges because organizations are not memory-less systems. In fact, operationalization of organizational vision and mission often rests on a historical legacy of successes and endeavours. Thus, most organizations have a keen sense of history and the historical pattern of resource acquisition sometimes builds in inertia (Kochan and Useem, 1992) that even dominant coalitions do not want to do away with because they may otherwise appear a-historical. Yet, dynamic alignment of political interests within the organization sometimes forces the hands of the dominant coalition to bring in change (Kanter, Stein and Jick, 1992). The dominant coalition positions this change in the mechanism of acquisition of resources in the form of an argument for building new capabilities and eliminating old weaknesses. In order to do so, the dominant coalition itself must make a serious attempt to establish the fact and credibility of these new capabilities (Barney, 1988). Typically, such an effort follows only from connectedness to the environment (Barney, 1986).

Thus, the dominant coalition will tend to include those organizational members who have multiple interactions with the environment when a change in mechanism for acquisition of resources is being proposed. The cooptation of such members makes it easier for the dominant coalition to advocate its cause within the organization as other political poles do not have access to similar kind of information about the environment (Janssens and Brett, 2006). But the effort of the dominant coalition need not always be seen from a Machiavellian manipulative perspective. It must be remembered that the dominant coalition can remain dominant only if the organization is doing well (Kochan and Useem, 1992). Else, it will easily be blamed for organizational decline. Thus, it is in the interest of the dominant coalition to monitor alternative ways of acquiring resources and linkages that they have with the development of capabilities.

As mentioned earlier, capabilities are equally determined by path previously traversed in building the ex-
isting capabilities. Acquisition of resources will often represent entrenched arrangements comprising formal and informal schemes of organizational coordination. These arrangements may be rehearsed so many times that they begin to represent a certain sort of strength for the organization. However, in times of environmental change and competitive pressure, new capabilities may need to be developed (Harrington, *et al.*, 2004). The development of such capabilities may be incompatible with the old arrangement which greatly facilitated resource acquisition. In this evaluation of determining the relative importance of the manner of resource acquisition *vis-à-vis* the development of new capabilities, the associated cost and benefits may need to be understood.

While the dominant coalition emerges stronger, it attempts to justify its strength through the enhanced effectiveness of the organization. Lewin and Minton (1986) provide a commentary of the literature on organizational effectiveness. Productivity is an important element of organizational effectiveness (Likert, 1961; Taylor, 1911). Increases in productivity may be matched by a sensible amalgamation of task specialization, technical excellence (Taylor, 1911), and cohesion (Likert, 1961). At the same time, cost minimization may appear to be another important feature of effectiveness (Taylor, 1911). The life cycle stage of an organization is an important factor deciding the apt measure of organizational effectiveness (Cameron, 1978).

Organizational researchers have also recognized the importance of an optimum use of resources, irrespective of considerations of goals (Simon, 1947; Taylor, 1911). Though employee satisfaction, loyalty, and open communication (Likert, 1961) are significant factors, eventually, efficiency, whether it be in information processing (Simon, 1947) or in conceptualizing an economy of scale, is vital (Simon, 1947; Sloan, 1963). Other considerations include congruence of strategy, competitive attainment, environmental control (Chandler, 1962), and divisional return on investment (Sloan, 1963). Thus, we are able to appreciate the central place of organizational effectiveness in the discourse surrounding organizations.

It is such a central place that dominant coalitions also acknowledge.

**Proposition 3:** Organizational effectiveness is enhanced when the dominant coalition keeps in mind the effect on capabilities while evaluating and choosing between different ways of acquiring resources.

**STRATEGIC CHOICE**

Manipulation of environment is only one aspect of strategic choice that organizations have to make. Other aspects of strategic choice include autonomy and perception and evaluation of the environment. The fact that an organization can make strategic choice is dependent upon the nature of decision-making that prevails. If decision-makers do not have autonomy in considering various alternatives, essentially, there is no strategic choice that is being made because lack of autonomy ensures the prevalence of *status quo*. Kelly (1995) has suggested that autonomy is an aspect closely linked to the functioning of the dominant coalition. Those who are already in power are the ones who desire autonomy the most (Michels, 1949). Then, those who are close to power centres also advocate autonomy because there are obvious incremental gains for them. And finally, those who are currently neither in power nor close to those in power but cherish aspiration of occupying one of these positions some day also advocate autonomy as it would be beneficial for them if they come to power.

Perception and evaluation of the environment is another significant aspect of strategic choice as it acknowledges the fact that the environment is eventually perceived by human actors (Peteraf, 1993). These human actors then interpret their perceptions and attempt to construct a reality of the environment as seen by them. Essentially, it is the perception and its evaluation and interpretation which gets subsequently transformed into a reality. The possible emergence of different conceptions of reality in this way drives strategic choice. Dominant coalition has to monitor and acknowledge these aspects of strategic choice as it may otherwise surrender the prerogative of strategy and eventually control of resources to others in the organization (Nord, 2003). Monitoring would mean setting up different alternatives on its own and evaluating them independently to see which is in its own and the organization’s best interest. Thus, the dominant coalition will have to allow for multiple perspectives to emerge. Emergence of these multiple perspectives is a testimony to the existence of dynamic capabilities within the organization in understanding and analysing problems from varied prisms. This dynamic capability is crucial because when changes in the environment occur, it may be necessary to look at the situation from a radically different perspective in order to remain relevant (Tan and Litschert, 1994). Therefore,
it is in the interest of the dominant coalition to nurture evolution of such capabilities.

If the dominant coalition remains restricted to a particular aspect of strategic choice, then it may leave room for others to capture the space with regard to other parameters of strategic choice. For instance, it may largely be concerned with operating strategic choice through perception and evaluation of the environment. This may leave room for those who still act as autonomous pockets within the organization to also influence strategy through their decision-making capacities. Thus, human actors representing autonomy may occupy a part of the strategic space in the absence of the dominant coalition realizing its importance. Instead, if the dominant coalition had focused on all aspects of strategic choice including autonomy by advocating what arenas of the organization should be autonomous in the light of its own interest, then it would not have lost a part of the strategic space. Though the dominant coalition can afford to be political in considering the different parameters of strategic choice (Hall and Tolbert, 2006), it must remember that eventually, it has to deliver in terms of enhancing organizational effectiveness by building dynamic capabilities. Politics alone in the absence of results will fritter away its reputation within the organization.

Proposition 4: Organizational effectiveness as influenced by dynamic capabilities through resource endowments is enhanced as attention given by the dominant coalition to strategic choice parameters such as autonomy, manipulation of environment, and perception and evaluation of environment increases.

Organizations exist in an environment that is characterized by complexity, dynamism, and munificence (Harrington, et al, 2004). Complexity represents degree of heterogeneity that prevails in the environment and is representative of the variety of interest, stakeholders, suppliers, distributors, and customers that an organization accesses. Dynamism refers to the degree of stability or instability prevalent in the environment in establishing behaviour and pattern, and uncertainty is a key component of environmental dynamism (Dess and Beard, 1984). Munificence refers to the support that the environment provides in terms of resources and other slack capacities to the organization. Thus, the three environmental dimensions together constitute a context, the task environment, in which organizations function and the development of dynamic capabilities is often a strategic response to the environmental dynamism. These dynamic capabilities allow the organization to achieve a better fit with respect to the three dimensions that we just discussed. Sometimes, a decision may have to be made about which of these factors is more important to the organization for achieving a better trade-off, as against the factors that are to be internalized. Organizational resources are scarce and an equal proportion of fit may not be possible with respect to all the three environmental factors. In such situations, a relative determination of which environmental factor is more important for the organization leads to a better allocation of resources (Eisenhardt, 1989). Typically, the dominant coalition would try to control the determination of importance of each factor and the consequent allocation of resources.

Thus, dominant coalition is located at the fascinating interaction of the environmental forces with the organization in that it has a very important role in determining the organizational response to the varied aspects of the environment (Drazin and Van de Ven, 1985). Dominant coalition tries to ensure that the task of scanning the environment rests with an individual who is a part of the coalition. If this is not so, the dominant coalition may attempt functional realignment such that those departments and functions controlled by the dominant coalition are entrusted with the task of scanning the environment. Such environmental connectedness is important for the dominant coalition as it endows it with a power on many organizational decisions. It also becomes incumbent upon the dominant coalition to read the environment accurately with some degree of consistency as a few high profile failures can lead to the dislocation of the coalition.

However, reading the environment alone is not sufficient. Sometimes, it may be very difficult for an organization to adapt to what is happening in the environment. In such a situation, it may actually be advisable or easier for the organization to manipulate environment in order to suit its purpose (Harrington, et al, 2004). Such manipulation of the environment could involve various forms of inter-organizational relationships such as partnerships, sharing of resources, strategic alliances, and mergers & acquisitions (Hambrick and Fredrickson, 2001). These manipulations manifest themselves in the organization building dynamic capabilities through ver-
tical or horizontal integration. When this happens, domi-
nant coalition becomes especially active as they have to 
reconcile themselves to new realities. New reality means 
that though dominant coalitions exist in all the organi-
izations and are a part of inter-organizational relation-
ships, eventually, an arrangement may arise where only 
one of them remains active and has the greatest control 
over a range of actions in the relationship (Pennings and 
Goodman, 1997). This is because that dominant coali-
tion is able to demonstrate that it has enhanced organi-
zational effectiveness by developing dynamic capabili-
ties which allow the organization to manipulate the en-
vironment.

Proposition 5: Development of relevant dynamic ca-
pabilities driven by the dominant coalition can enhance 
an organization’s ability to manipulate the environ-
ment for greater effectiveness.

Given in Figure 1 is a conceptual framework developed 
from the five propositions. Elements represented in the 
rectangular boxes reflect ontological states which inter-
act with each other to enhance organizational effective-
ness in a strategic sense. Elements represented by the 
hexagons represent bundles of actions which accumu-
late to form a distinct typology in informing organiza-
tional effectiveness. The interlinking of the propositions 
allows for the conceptual imagination of a theory where 
the reality of dominant coalition and political process 
operates through orientation pertaining to resources in 
building dynamic capabilities and enhancing organiza-
tional effectiveness. Constituent elements of this praxis 
which inform the way dominant coalitions unravel 
themselves in organizations include actions pertaining 
to the environment, strategic choice, resource acquisi-
tion process, and evaluation of goal-resource linkages.

CONCLUSION

Capabilities are dependent upon the resources that or-
ganizations are endowed with. The politics that exists 
within organizations is often driven around the resources 
that are essential to it. The dominant coalition attempts 
to gain an upper hand in this politics by projecting itself 
as the best possible agency in building the requisite ca-
pabilities. It has also been attempted to see how the 
dominant coalition protects its interest within an organi-
zation. Its interests exist in not only being concerned 
about the existing resources but also evaluating the im-
 pact that the new resources will have. While doing so, 
the dominant coalition attempts to legitimize its role by 
working towards the development of dynamic capabili-
ties which are inimitable. In this process, not only are 
the resources central but the mechanism through which 
they are acquired also becomes important. However, the 
effectiveness of the organization must forever be kept 
in mind if the dominant coalition is not to be displaced 
from its prominent role.

Figure 1: The Conceptual Framework
Implication for Managers

Dominant coalition and internal politics of an organization impact the development of dynamic capabilities and finally the organizational effectiveness. It is, then, in the interest of the dominant coalition to be constantly in touch with the environment for deciding the resource endowments. For organizational effectiveness, the dominant coalition must play a part in determining strategic choice which includes autonomy, and manipulation, perception, and evaluation of the environment. Thus, organizational decision-making pertaining to resources and goals has tremendous relevance for the dominant coalition in attempting to maintain its legitimacy by providing an impetus to dynamic capabilities.

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