

Dynamic Capabilities of Agricultural Enterprises in China: From A Network Perspective

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Abstract

The business environment in the Chinese agricultural industry has been constantly changing. Therefore, it is imperative for Chinese agricultural firms to develop their capabilities to adapt to the external changing environment. Theories on dynamic capabilities suggest that a firm's ability to deal with other organizations matters for its performance, competitive advantages and survival in the fast-changing world. However, literature on dynamic capabilities has often not focused on the network perspective. Additionally, the current dynamic capability framework (i.e., sensing, seizing, transforming capability) is insufficient to contain major activities and describe the whole picture of its three dimensions, especially in the context of the agricultural sector. Inspired by business relationship and network perspectives, this paper expands Teece's (2007) dynamic capability framework (i.e., sensing, seizing, transforming capability) and develops a dynamic network capability framework for agricultural firms in China. The thematic analysis of five focus group interviews (twenty-nine participants) was applied to identify eleven sub-capabilities that effectively contribute to the dynamic capabilities of these agricultural firms from a network perspective: four sub-capabilities in sensing capability, three sub-capabilities in seizing capability and four sub-capabilities in transforming capability. Moreover, our analysis also identified forty-one network activities for these eleven sub-capabilities. The dynamic network capability framework adds to the dynamic capabilities theory by conceptualizing how sensing, seizing, and transforming capabilities can operate across firm boundaries. The results of this paper also provide entrepreneurs of agricultural firms with practical recommendations on how to develop organizational capabilities to deal with inter-organizational relationships and networks.

Keywords: focus group interview, network activity, sensing capability, seizing capability, transforming capability