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Florian Andresen

# Exploring Meso-Level Dynamic Capabilities to Address the Capability Rigidity Paradox

A Longitudinal Case Study within  
the German Federal Armed Forces



Springer Gabler

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## Foreword

In today's world, many organizations face the central strategic challenge of adapting to highly dynamic, fast-paced, and complex environments. Simultaneously, most organizations seem to struggle with this constant need to renew their business models, capability endowment, and strategic resources. Especially, large incumbent organizations, due to efficiency reasons often coordinated hierarchically and comprised of deep bureaucratic processes, seem to face even more barriers adapting to this new era as they are susceptible to being caught in specific paths.

Therefore, the mechanism of dynamically adapting to such environments poses a core field of inquiry for strategy scholars. During the past two decades, the dynamic capability framework has been one of the most promising approaches to explain how organizations can continuously and systemically adapt to complex high-velocity environments. Although the dynamic capability framework has received enormous recognition both in academia and practice, the construct of dynamic capabilities remains elusive and logically paradox. Notably, the attempt to explain capability adaptation by introducing meta capabilities is a core weakness of this approach. The built-in logic of this argument is known as the "capability rigidity paradox," relating to path-dependency ingrained in routines and capabilities. In other words, how can a dynamic capability be responsible for path-breaking behavior while at the same time being applied continuously and repetitively, which in turn would lead to new path-dependencies?

Scholars have tried to address this paradox by invoking capability hierarchies, managerial or entrepreneurial creativity, and organizational learning mechanisms. Despite all these efforts, the capability rigidity paradox remains unsolved. One reason is that the capability rigidity paradox, although it has received some attention, has hardly ever been the sole focus of conceptual inquiries. Additionally,

the lack of empirical studies investigating the processes and practices underlying continuous adaptation in the sense of dynamic capabilities can be seen as another reason why scholars fail to tap into the black box of the capability rigidity paradox.

This book, presented by Dr. Florian Andresen, is addressing these shortcomings. It provides one of the first literature reviews regarding the capability rigidity paradox, continues with an in-depth empirical study based on an extreme case within a highly bureaucratic and hierarchical organization—the Federal Armed Forces, to finally develop a sound reconceptualization of the capability rigidity paradox between the micro-, meso-, and macro-foundations of dynamic capabilities. Thus, the author provides a first grasp on how to solve this core challenge within research on dynamic capabilities.

The author starts to pursue this ambitious goal by presenting an impressive literature review on the mechanisms discussed within the DC literature to overcome the capability rigidities. Doing this, the author provides a structure distinguishing between macro-level constructs as a starting point of the dynamic capability research on the one hand and the micro-level approaches focusing on individual managers on the other hand. He concludes that this macro-level perspective is not able to overcome the capability-rigidity paradox, nor does the often discussed micro-level perspective. Differing from existing literature reviews such as Di Stefano et al. (2014), the author presents an elaborate framework and proves that recent years have witnessed a sharp managerial (micro) turn. Nevertheless, referencing learning theory, as well as complexity theory, the author points out that the capabilities of managers are not sufficient to explain the adaptation necessary. Furthermore, he emphasizes that the links between the micro- and macro-level perspectives are missing. The author assumes that the key to solving the capability rigidity paradox is rooted in institutions on the meso-level and hence the interconnectedness of the constructs on the macro-level and the agents on the micro-level. This comprehensive discussion of the possibilities and drawbacks to solve the capability rigidity paradox alone makes this book worth reading.

The second pillar of this study investigates a dynamic capability in a remarkable deep case study regarding the process of realizing the importance of a culture capability within the Federal Armed Forces during missions abroad. Grounded on a vast database, the author is able to substantiate a bottom-up process of emerging strategic awareness (sensing) followed by a process of emerging capability configurations (seizing) run by a self-organized community of practice, and realized with the help of an additional “adaptive community.” The depth of this description is striking and uncovers many case details and causalities which remain in the

black box in most other case studies. The reader can relate to the development of the culture capability. The roles of every level involved are described and explained in detail as well as the interaction between the micro- and the macro-level, and with it, the adaptation of the capabilities on the meso-level. The author describes the core elements of this “adaptive community” at the meso-level as well as the mechanisms of knowledge sharing amongst their members. This “adaptive community” offers an aggregating and integrating mechanism that is not one-sidedly based on either abstract meta-capabilities or individual entrepreneurs. Instead, the “adaptive community” represents a discursive space continuously questioning and reinforcing (new) ideas and capabilities.

In summary, this study offers remarkable contributions to overcoming the capability rigidity paradox. It emphasizes the role of frontline experts on the micro-level—as individuals and as a community of practice—for sensing changed requirements and seizing new solutions, and it accentuates the adaptive community as an integrating mechanism on the meso-level. Additionally, it contributes an in-depth case study to the research on dynamic capabilities, which explains the sensing, seizing, and transforming of an essential capability in a longitudinal perspective over 27 years. Due to these remarkable contributions, I hope that this study gets the attention and recognition in management practice and particularly in theory that it deserves. Certainly, readers will have an exciting, inspiring, and enriching experience.

Prof. Dr. Hans Koller

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## Acknowledgements

This dissertation evolved during my time as a research associate and project officer at the Institute for Technology and Innovation Management at the Helmut-Schmidt-University in Hamburg. Although my tenure at the University started in late 2012, I was preoccupied with establishing training courses for the foreign area specialist section to facilitate the “*culture capability*” of the German Federal Armed Forces until 2014. Unbeknownst to me, this episode can now be regarded as the prequel to my dissertation. In 2015, as part of a research project for the German Ministry of Defense, I reaccessed this “*culture capability*” to study how informal communities of practice can improve the old and sluggish knowledge management processes in the Armed Forces. Due to the ethnographic approach, it took an additional year before the first delicate signs of a research direction could be presented at the Academy of Management 2016, representing the starting point of this dissertation on dynamic capabilities.

Having worked extensively on dynamic capabilities in general and the capability rigidity paradox in particular for over four years, I am firmly convinced that the latter is one of the fundamental challenges of strategic management. It is the potential breaking point for the extensive research efforts over the last three decades. And to this day, there is no answer to the capability rigidity paradox embedded in dynamic capabilities. The core question behind this paradox, guiding my dissertation, is how routines like dynamic capabilities can be responsible for breaking up path-dependent operational capabilities without falling for the very same path-dependencies. Scholars have proposed quite sophisticated explanations and tried to solve the puzzle with complex models, none of which provided a satisfying answer.

However, I remembered Richard Dawkins arguing in the “The God Delusion” that something so complex and intricate as the universe can not be explained by



something even more complex (e.g., God) but needs to be explained by its most elemental parts. Therefore I dug deep into the culture capability to get to the bottom of dynamic capabilities and to uncover the essential practices and processes responsible for continuous adaptation in the sense of dynamic capabilities. In the end, the scientific community has to decide whether the practices and processes found, as well as their connection within the meso-level of dynamic capabilities, provides a plausible solution to the capability rigidity paradox. Still, I am confident that the meso-level of dynamic capabilities, which I highlight in the form of an adaptive community, can be considered a first step in the direction of at least opening up the lid to this particular scientific black box.

Although my contributions might be small in the face of the challenges still pillaging through the valleys of strategic management, I am proud that I have climbed to this outlook to provide some more details to our understanding of dynamic adaptation. However, this would not have been possible without the many companions I met on this journey. It is my gratitude to them, I want to express first and foremost in this preface:

First, there is my doctoral father, Professor Hans Koller. I am in debt to him for having invited me to support one of the most significant change management initiatives of the German Federal Armed Forces. It was during these intensive months in 2012, where the idea of the research project, which ultimately led me to my topic, was born. Hans Koller also encouraged and supported me in getting back to the Helmut-Schmidt-University in that year. Without his intercession on my behalf, I would not have been transferred back the Helmut-Schmidt-University. I am also in debt to my second reviewer Professor Matthias Wenzel from the Leuphana University of Lüneburg. He agreed on short notice, and without knowing me to participate in the final stage of my dissertation. I sincerely appreciate his speed and precision, as well as his insights that provided me with the opportunity to improve my defense quite substantially. In this regard, I am also grateful to Professor Stefan Duschek and Professor Christina Schaefer from the Helmut-Schmidt-University. Both volunteered to take part in the defense of my doctoral thesis, providing challenging but interesting questions, ultimately leading to an insightful discussion on dynamic capabilities in public organizations.

Over the past seven years, I have met and worked with a lot of great people. I cannot possibly name all of them here. However, I want to highlight some who were explicitly connected to the success of this dissertation. First, I want to mention my colleagues Michael Zeng, Reimo Jahn, and Dominique Groß. Although they were working on other topics and in different offices, we regularly discussed questions and challenges related to empirical research.

Furthermore, I want to thank my two close colleagues, André Kreutzmann and Benjamin Schulte. Within our “small combat community,” we developed our dissertation topics and managed the empirical work, which at times was challenging, frustrating, and extremely time-consuming. I especially want to thank Benjamin. I guess it is no exaggeration to say that we pushed ourselves in terms of research quality and rigor to heights we both would not have reached alone. The countless discussions and heated arguments we had were a continuous reminder that I needed to be careful not to lock in on a specific scientific path without a second thought. Thank you, Ben!

Finally, I want to thank my family. Although they are not specialized in my field of research, it helped enormously trying to explain my ideas in simpler terms. Explaining my research to people outside of my occupation, showed me if I already understood what I was trying to develop. I am also thankful for their patience and their willingness to listen to me when I was frustrated as the research was not progressing as planned. I especially want to thank my wife, Haixia. You have been there for me during these exciting but also depriving and chaotic times, you stood by my side and boosted my confidence. I dedicate this dissertation to you as it would not have been printed without you being there for me. I thank you with all my heart!

Florian Andresen

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# Contents

<b>1</b>	<b>Introduction</b>	1
1.1	Research Approach	6
1.2	Research Contribution	10
1.3	Structure of the Study	11
<b>2</b>	<b>Theoretical Framework</b>	15
2.1	Dynamic Capabilities and the Capability Rigidity Paradox	18
2.2	Macro-Level Capability Constructs and Hierarchies: The Innate Paradoxes	23
2.2.1	Resources, Capabilities, and Dynamic Capabilities	23
2.2.2	Capability Hierarchies	25
2.2.3	Routines as the Core Building Blocks of Dynamic Capabilities	28
2.2.4	Learning Mechanisms, Routines, and the Dynamic Capability View	29
2.3	Methodological Debates and the Rise of Microfoundations	35
2.3.1	Micro-Level Perspectives on Dynamic Capabilities	40
2.3.2	Who is the Agent: Revisiting the Knowledge Core of Dynamic Capabilities	43
2.4	Micro-Level Dynamism: The Managerial Turn Within Dynamic Capabilities Research	55
2.4.1	Micro-Processes: An Interlude to the Managerial Turn	62
2.4.2	Dynamic Managerial Capabilities: The Core of the Managerial Turn	65

2.4.3	The Entrepreneur as a Dynamic Extension of the Managerial Turn .....	69
2.4.4	The Managerial Turn: Falling Short of Explaining Dynamism? .....	72
2.5	Framing the Empirical Study: Something Old, Something New, and a Connection .....	77
2.5.1	Something Old: Strategy Process Research and the Integration of Different Agents .....	78
2.5.2	Something New: Meso- and Multilevel Perspectives ....	82
2.5.3	A Connection: The Strategy-as-Practice Lens .....	87
<b>3</b>	<b>Empirical Methodology</b> .....	<b>93</b>
3.1	Empirical Setting: From an Overarching Research Project to the Culture Capability .....	94
3.1.1	Identifying the Case .....	94
3.1.2	Getting to Know the Organization, the Context, and the Culture Capability .....	96
3.1.3	Military Organizations as Appropriate Setting for Strategic Management Research .....	100
3.2	Research Design .....	103
3.2.1	Grounded Design and Research Questions .....	104
3.2.2	Longitudinal Case Study .....	107
3.2.3	Ensuring the Quality of the Research Design .....	110
3.3	Data Collection .....	111
3.4	Analyzing the Data .....	120
<b>4</b>	<b>Findings</b> .....	<b>125</b>
4.1	Findings Part I: Prologue and Development .....	127
4.2	Findings Part II: Capability Development as a Process From 1990 Until 2017 .....	139
4.2.1	New Challenges and Experimental Problem Solutions .....	140
4.2.2	Emerging Patterns and Forming Interconnections .....	145
4.2.3	Emerging Capabilities and Stabilizing Structures .....	152
4.2.4	Changing Strategic Mindset: Organization-Wide Transformations .....	166
4.2.5	Preliminary Summary: Emergent Capability Development .....	174
4.3	Findings Part III: Processes Regarding Sensing and Seizing ....	175

4.3.1	Experiencing New Challenges: Dimension 1 (Frontline & Middle Management) .....	178
4.3.2	Experimenting With (New) Resources: Dimension 2 (Frontline) .....	180
4.3.3	Reallocating Internal Resources: Dimension 3 (Middle Management) .....	184
4.3.4	Creating New Resources: Dimension 4 (Frontline) .....	186
4.3.5	Facilitating Frontline Activities: Dimension 5 (Middle Management) .....	191
4.3.6	Supporting Lower Level Activities: Dimension 6 (Top Management) .....	196
4.3.7	Integrating New Resource Combinations: Dimension 7 (Middle & Top Management) .....	198
4.3.8	Preliminary Interpretation: A Process Model of Capability Emergence .....	201
4.4	Findings Part IV: Practices of Enacting an Adaptive Community .....	213
4.4.1	Mutual Adjustment Part I: Practices of Knowledge-Sharing .....	214
4.4.2	Mutual Adjustment Part II: Practices Facilitating Shared Interpretation .....	218
4.4.3	Preliminary Interpretation: The Adaptive Community as the Meso-Level .....	222
<b>5</b>	<b>Discussion</b> .....	<b>239</b>
5.1	The Micro-Level Perspective and the Capability Rigidity Paradox .....	246
5.2	The Meso-Level Perspective and the Capability Rigidity Paradox .....	253
5.2.1	Connecting Decoupled Pockets of Dynamism .....	254
5.2.2	Advancing Current Concepts of Meso-Level Dynamic Capabilities .....	256
5.3	Dynamic Capabilities Revisited: Multilevel Research to Back the Original Concept .....	263
<b>6</b>	<b>Conclusions</b> .....	<b>271</b>
6.1	Limitations and Future Research .....	274
6.2	Practical Implications .....	275
	<b>References</b> .....	<b>277</b>

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# Abbreviations

AJFC	Allied Joint Force Command Brunssum
CEIC	Coordination Element Intercultural Competence
CIMIC	Civil Military Cooperation
Com	Commander
CSC	Command and Staff College
DGI	Department for Geoinformation
DMHR	Department for Military-History Research
FAF	German Federal Armed Forces
HQ	Headquarters
ISAF	International Security Assistance Force
ISS	Institute for Social Studies
JOC	Joint Operations Command
JSC	Joint Support Command
KFOR	Kosovo-Force
LANDCENT	Allied Land Forces Central Europe
LDCEC	Leadership Development and Civic Education Center
MoD	Ministry of Defence
PAU	Psychological Analyst Unit
PsyOpsC	Psychological Operations Center
SD	Staff Department
SHAPE	Supreme Headquarters Allied Powers Europe
SOR	Staff for Organization and Revision

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# List of Figures

Figure 1.1	Structure of the study	13
Figure 2.1	Article metrics on dynamic capabilities retrieved from the ISI Web of Science Database from 1994 until mid-2018	16
Figure 2.2	Schematic representation of dynamic capabilities based on Teece et al. 1997	19
Figure 2.3	Coleman’s bathtub following Felin et al. (2015)	38
Figure 2.4	Method for literature review	44
Figure 2.5	Agents within core articles on dynamic capabilities: A comparison	51
Figure 2.6	Analysis of the dataset of 142 articles regarding their methodological standpoint and their agency concept	59
Figure 2.7	Comparison between different datasets of 15, 13, and 142 papers regarding their understanding of agency	60
Figure 2.8	Research clusters with the literature on micro-foundations	60
Figure 2.9	Schematic representation of dynamic capabilities based on Teece (2007)	62
Figure 2.10	Schematic representation of dynamic capabilities based in Teece (2007) and Adner & Helfat (2003)	66
Figure 2.11	A process model of internal corporate venturing from Burgelman (1983: 230)	81
Figure 2.12	SECI and dynamic capabilities framework from Nonaka et al. (2016: 178)	83
Figure 2.13	A multi-level framework of dynamic capabilities from Salvato & Vassolo (2017: 7)	86

Figure 4.1	Structure of findings section .....	126
Figure 4.2	Summary of resource developments and structural adaptations focussed in the case study .....	175
Figure 4.3	Coding structure Part I—Emerging Strategic Awareness .....	176
Figure 4.4	Coding structure Part II—Emerging New Capability Configurations .....	177
Figure 4.5	Overall curriculum of the foreign area specialist summer school presented by Captain Andresen at the PsyOpsC in 2013 .....	189
Figure 4.6	Official program of the Coping with Culture Conference 2013 at the National Defence University in Warsaw Poland .....	190
Figure 4.7	Translated PowerPoint slide used to introduce the foreign area specialist section in 2011 .....	194
Figure 4.8	Process model of capability evolution .....	202
Figure 4.9	Role differentiation with regard to the capacities to sense and seize .....	208
Figure 4.10	Data structure of practices underlying the meso-level of dynamic capabilities .....	213
Figure 4.11	Adapted PowerPoint slide on the “Academic Expert Network” used as a basis for discussion between frontline experts .....	216
Figure 4.12	Model of the adaptive community as a meso-level dynamic capability .....	235
Figure 4.13	Two mechanisms of the emergence of an adaptive community .....	235
Figure 5.1	Major literature streams in the field of dynamic capabilities and their core challenges regarding the capability rigidity paradox .....	242



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## List of Tables

Table 2.1	Capability hierarchy concepts .....	26
Table 2.2	Agency concepts of core papers as presented by Di Stefano et al., (2014: 314) .....	42
Table 2.3	Agency concept within core articles of the dynamic capability view .....	46
Table 2.4	Clustering the dataset of the 142 most influential papers on dynamic capability regarding their methodological standpoint .....	56
Table 3.1	Abbreviations of military structures and concepts .....	101
Table 3.2	Directly interviewed informants .....	113
Table 3.3	Indirect informants .....	115
Table 4.1	Top strategy documents and their relation towards the culture capability .....	128
Table 4.2	Out of area missions of the FAF since 1990 (compiled from the official website of the FAF) .....	137