

Integrative Managerial Capabilities; a New Managerial Mechanism to Achieve a Firm Competitive Response

Lecturer Dr. Hamdan O. Mansoor
College of Administration and Economics
University of Fallujah

Dr. Richard H. Weston
University of Leicester
England

Dr. Husam Mohammed Kamel Al Halbusi
College of Economics and Political Science
Sultan Qaboos University

Abstract:

Aims: Companies that should operate in competitive business environments must be able to sustain competitive responses over time. Making such responses, however, typically necessitates the firm's managerial capacity to constantly integrate its properties, ensuring that they are all matched with changing market needs. Based on the literature of Knowledge Management and Dynamic managerial capabilities, this paper contributes to our understanding by developing an Integrative Managerial Capabilities concept, which refers to “managers’ ability to orchestrate a firm resource base through the processes of search, selection, configuration and deployment to achieve and sustain a firm competitive response”. Integration mechanisms are described which provide a key managerial capability. According to the literature on strategic management, limited past studies research has focused on facets of the firm's integrative capabilities. In the current literature, there is a notable lack of comprehensive insight into how companies actually orchestrate "integrate" resources and principal to achieve sustained success in complex environments.

Method/Approach: To answer the research questions, the study employed two data collection strategies: qualitative interviews; “semi-structured interviews”, and an open-ended survey, “online questionnaire”.

Findings: The relationship among managerial integrative capabilities and various levels of a firm's systemic structure, in particular, has never been clearly explained. The research concludes that the incorporation process is highly relevant to the case study examples, and that middle management can be seen to have a substantial effect on company change as a result of top and lower-level management integration.

Originality: this study argued that better and faster integration between the three main integrative mechanisms “search and selection, configuration and deployment” should itself be a potential source of sustained competitive respond; and that usually that integration will need to traverse “high, middle, and low managerial levels” of management structure.

Implications: we recommend that future research into managerial integration processes, such as particular types of transition programs, be undertaken.

Keywords: Managerial Integrative Capabilities, Dynamic Managerial Capabilities, and Knowledge Management.

القدرات الإدارية التكاملية؛ آلية إدارية جديدة لتحقيق استجابة تنافسية حازمة

م.د. حمدان عبيد منصور	د. ريتشارد ويستون	د. حسام محمد كامل الحلبوسي
كلية الإدارة والاقتصاد	جامعة لستر	كلية العلوم الاقتصادية والسياسية
جامعة الفلوجة	انكلترا	جامعة السلطان قابوس
hamdan.obeed@uofallujah.edu.iq	rickweston@btinternet.com	Hussam.mba@gmail.com

المستخلص:

الأهداف: يجب أن تكون الشركات التي يجب أن تعمل في بيئات عمل تنافسية قادرة على الحفاظ على الاستجابات التنافسية بمرور الوقت. ومع ذلك، فإن إجراء مثل هذه الاستجابات يتطلب عادةً القدرة الإدارية للشركة على دمج خصائصها باستمرار، مما يضمن مطابقتها جميعاً مع احتياجات السوق المتغيرة. استناداً إلى الأدبيات المتعلقة بإدارة المعرفة والقدرات الإدارية الديناميكية، تسهم هذه الورقة في فهمنا من خلال تطوير مفهوم القدرات الإدارية التكاملية، والتي تشير إلى "قدرة المديرين على تنظيم قاعدة موارد الشركة من خلال عمليات البحث والاختيار والتهيئة والنشر لتحقيق واستدامة استجابة تنافسية ثابتة". تم وصف آليات التكامل التي توفر القدرة الإدارية الرئيسية. وفقاً للأدبيات المتعلقة بالإدارة الاستراتيجية، ركزت أبحاث الدراسات السابقة المحدودة على جوانب القدرات التكاملية للشركة. في الأدبيات الحالية، هناك نقص ملحوظ في الرؤية الشاملة حول كيفية قيام الشركات فعلياً بتنسيق "دمج" الموارد والمبادئ لتحقيق النجاح المستدام في البيئات المعقدة.

الطريقة/المنهج: للإجابة على أسئلة البحث، استخدمت الدراسة استراتيجيتين لجمع البيانات: المقابلات النوعية. "مقابلات شبه منظمة"، واستبيان مفتوح، "استبيان عبر الإنترنت".

النتائج: العلاقة بين القدرات الإدارية التكاملية والمستويات المختلفة للهيكلة النظامية للشركة، على وجه الخصوص، لم يتم شرحها بشكل واضح. يخلص البحث إلى أن عملية التأسيس وثيقة الصلة بأمثلة دراسة الحالة وأنه يمكن رؤية أن الإدارة الوسطى لها تأثير كبير على تغيير الشركة نتيجة تكامل الإدارة العليا والمستوى الأدنى.

الأصالة: جادلت هذه الدراسة بأن التكامل الأفضل والأسرع بين الآليات التكاملية الرئيسية الثلاث "البحث والاختيار والتهيئة والنشر" يجب أن يكون بحد ذاته مصدراً محتملاً للاستجابة التنافسية المستمرة؛ وعادة ما يحتاج هذا التكامل إلى اجتياز "المستويات الإدارية العليا والمتوسطة والمنخفضة" من هيكل الإدارة.

الكلمات المفتاحية: القدرات الادارية التكاملية، القدرات الادارية الديناميكية، إدارة المعرفة.

1. Introduction:

A knowledge-based perspective of the firm has initially emerged from the field of strategy. This perspective builds upon and extends the resource-based view (RBV) of the firm, which considers knowledge as substantial organizational capabilities "resources" (Alavi and Leidner, 2001).

According to the literature on the resource based view of firms Barney (1991), Wernerfelt (1984), strategy is about matching a firm "co-

specialized resources and combinative capabilities” to opportunities in external markets (Kim and Mahoney, 2008). Particularly, research on dynamic capabilities underlines the significance of firms’ adaptation to rapidly changing business environments in order to sustain their competitive advantage (Teece et al., 1997). Making such strategic choices requires special managerial skills, In particular this research approach emphasizes the important role of managerial dynamic capabilities as the vital mechanism to accomplish a fit “integration” between the firms’ limited resources and changing market needs (Adner and Helfat, 2003; Al Halbusi, Williams, Ramayah, Aldieri, and Vinci, 2020).

Furthermore, Chirico et al., (2011) highlighted the fact that without a processes of co-alignment and coordinating mechanisms, the vulnerability to organizational conflict and negative consequences would be considerable. Internal integrative capability, described as "the capability for efficient integration and collaboration of practices, assets (including knowledge) and skills, investments, and priorities within firms," is emphasized by academics (Helfat and Campo-Rembado, 2016). However, Helfat and Campo-Rembado study concluded that realizing the benefits of entrepreneurship in some types of firm can be a complicated matter, as affected by the synchronization of top managers’ orientation, multi-level involvement and participative strategy. Alternatively, Taylor and Helfat (2009) stressed the value of middle managers as corporate mediators between the high and low management positions in the successes or failures of technological advances (Al Halbusi, Ruiz-Palomino, Jimenez-Estevez, & Gutiérrez-Broncano, 2021). Moreover, Helfat and Campo-Rembado (2016) describe managerial integrative capability as “internal integration skill, such as teamwork, leadership, and organisational structures that facilitate optimal interaction among organizational subunits” in the sense that these abilities promote efficient internal interaction and support mechanism coordination (Helfat and Campo-Rembado, 2016, cited from Iansiti and Clark (1994 P: 565)

In this paper, we define Integrative Managerial Capabilities as “a managerial capacity to integrate a firm’s resource base through the search, collection, setup, and deployment procedures to respond to business change hence sustained their competitive responses”. Particularly, the dynamic capabilities define as the ability to modify the resource base or the ability to

ensure that an organization's substantive capabilities change over time. A large volume of research highlights the critical strategic role of managers in this endeavour (King & Tucci, 2002; Zahra et al., 2006)

According to this insight, supervisors at all levels of the organization must work collectively be involved in resource integration activities, and these efforts should be synchronized to realise "integrated" multi-level management.

In regards to the research gap and questions, With respect to the preceding literature, many scholars emphasised the role of managers in resource integration processes (Helfat et al., 2007, Sirmon et al., 2011). For example Holcomb et al. (2009) contend that capacity alignment plays a significant role in managers' output effects. Synchronization involves "the balance and alignment of interdependent packages to ensure the operations complement and match with the firm's competitive and strategic setting" (Holcomb et al., 2009 P: 264). Holcomb asserted that a firm with effective and well-integrated resource orchestration will reinforce high performing behaviours through synchronous asset orchestration. Through realising synchronization, it is too difficult for rivals to imitate and copy strategy realisation.

The present study discovered a major knowledge gap about how complex, multi-level AO management decision making can be ousted, distributed, and fully integrated into a consistent and efficient whole. In reflection of the above criticism about the applicability of AO theory, this thesis proposes a "study reference model" which suggests three managerial levels "high, middle and low level", three managerial AO process "search and selection configuration and deployment" and three kinds of firm resources "strategic, complementary and operational assets". To fill such a gap, the study adopts its research questions and has the objective of conceiving a systemic method of applying the reference model and developing methods of utilising the same. Markedly, our study showed that the integration process is more focussed within the top-level management in small companies. Nevertheless, middle management is more important in big and medium companies in terms of practising the integration action.

Furthermore, Chirico et al., (2011) highlighted that without a processes of a co-alignment, with underpinning coordinating mechanisms, a vulnerability to organizational conflict and negative consequences will be

high. Yet, they concluded that realizing benefits from entrepreneurship in some firms is a complicated matter affected by the synchronization of top managers' orientation and multi-level involvement and participative strategy. Taylor and Helfat (2009) middle managers, as organizational connectors of high management positions with those of lower managerial levels, are critical to the success or failure of technological transformations, according to the study.

Drawing on the preceding critical review of the literature, this study emphasised the significant important of managerial role to achieve adaption between any given firm and its business environment in order to gain superior long-term performance. However, only a small amount of previous study has focused on aspects of the firm's integrative capability. Accordingly, this study argues that the literature has some limitations; Firstly, we have a lack of a well-integrated view regarding the integration mechanisms as they are realised through the managerial levels. A lack of integration is linked to the issue of integrating different thought worlds and their different perspectives to gain new and holistic insights regarding ways in which firms achieve adaption to strategic change. Secondly, there are no appropriate reference models in the literature that have enhanced our knowledge of the natural relations in firms between "asset integration behavior or procedures" and associated "hierarchical management levels". Therefore, we need to conceive and represent mechanistic aspects of managerial integration capabilities to provide a simple and visual illustration of how our model be extensively applied in a variety of dissimilar companies. Seeking to address this literature gap with reference to case study firms we have considered the research question: What forms of integration mechanism can support collective multi-level managerial activities: such that those mechanisms link primary integration processes (of "search and select", "configuration" and "deployment") and support the firm in creating and deploying 'fit for purpose multi-level assets', which sustain the firm's competitive responses?

2. Theory and Literature Review:

Drawing on the literature, the overall strategy of the firm, according to this research, involves managerial decisions about the structure of the firm's resource portfolio. Consequently, this paper builds on Mansoor et al. (2018) and adopts their study reference model that stresses the effects of two factors, (please see Figure 1); **Firstly**, the impact of the resources and

capabilities which a firm possesses (Barney, 1991, Wernerfelt, 1984). **Second**, the effect of existing managerial decisions about the firm's asset package configuration, as well as the instrumentation and implementation of these resources in particular industries (Adner and Helfat, (2003), and Helfat et al. (2007).

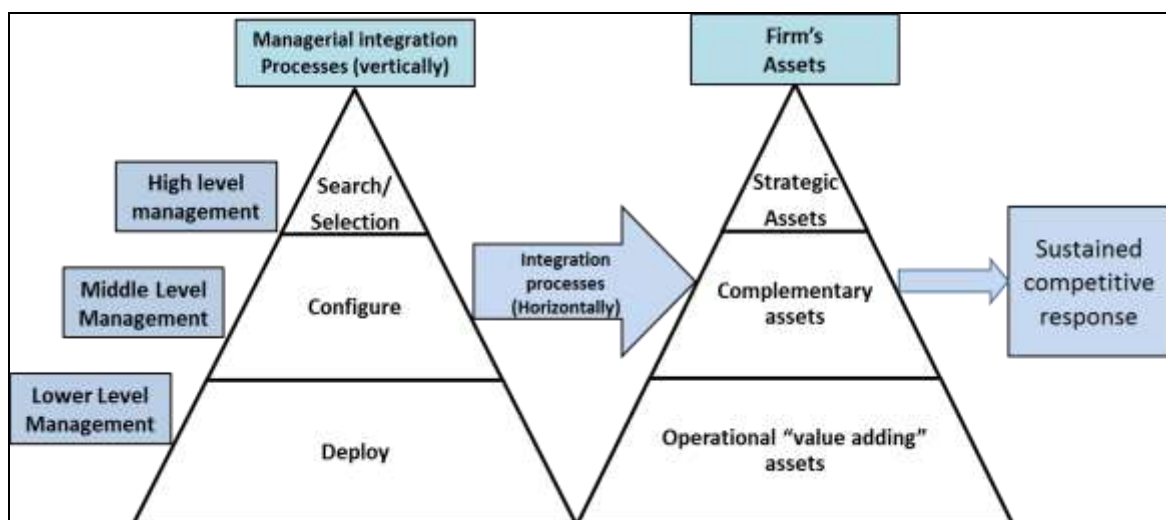


Figure (1): Study Reference Model

Source: adopted from (Mansoor et al., 2018).

The study reference model seeks to position managerial roles performed during episodes of significant change as the managers concerned reconfigured the affected firm's assets accordingly. The study model considers there to be three main levels to the managerial process. At the highest level, 'Search and Select' processes are expected to dominate; at the middle level, asset and resource 'configuration' processes may be of primary concern; and at the lowest level we presume that mainly asset and resource 'deployment' processes will be of particular concern. The model also suggests that a firm has three levels of resources "strategic, complementary and operational assets". The model has also assumed the effective orchestration of these assets, with managers operating at all of these levels needing to co-ordinate their decision making and action taking with each other, such that overall effective and timely change can be effective within the firm.

3. Methods:

A case study procedure, according to Eisenhardt (1989), is a research method in which a specific phenomenon is examined in detail. Furthermore, according to Yin (2009) and Yin (2003), case studies are the

preferred method when: 'How' types of research problems are being developed, when a new hypothesis is being investigated in a (or its) real-life situation, and when the boundaries between phenomena and settings are not always apparent.

Case studies may be used to accomplish a variety of objectives, including providing explanations, testing hypotheses, and generating theories. One of the appealing features of case study methods is that they are always linked to real evidence, which is not always the case with other research methods, allowing for the creation of testable and empirically based theory (Eisenhardt) (1989). Thus, cantered on the exploratory nature of this research in a modern environment, and provided the aim of getting a close-up look at the phenomena of instructional strategies, and building on Eisenhardt (1989), Helfat et al. (2007), Yin (2003), the central methodology of this study is that of building theory from case study research. To answer the research questions, the study employed two data collection strategies: qualitative interviews; "semi-structured interviews", and an open-ended survey, "online questionnaire".

In particular, the context for empirical research in this paper involved a group of companies from sectors including consultancy, IT, and manufacturing. These companies were based in the UK. The managers of these businesses were the subject of the investigation. most responsible for the change process. As a result, this study environment was useful in gaining insight into how the managers structured themselves (re-combined, extended) their supply bases complete the managerial search and collection, and configuration and deployment processes toward sustaining their competitive responses in the business market.

4. Findings:

Our theorizing highlights the rich interplay between the three managerial levels in the form of integration processes to achieve and sustain the firm's competitive responses. In particular, the research demonstrates how senior and middle management teams will start to harmonize their decision-making processes. These findings suggest that the study reference model was also found to usefully position multi-level descriptions of integration processes. Hence, the model provides an integrating framework for developing the integrative managerial capabilities perspective at structural levels. The proposed approach

therefore facilitates and integrates decision making through the various managerial levels, and consequently action taking via a proposed semi-generic road map. More significantly, our theoretical and practical model points to the important role of the integration strategy that activates the processes of integration and links the search and selection, configuration and deployment processes over the organization's structure to align the managerial activities and the execution of their competitive responses.

Middle management has meaningfully been the integration process is shown to have a substantial impact on organizational transition. Yet, middle management play a significant role in the successful incorporation of top and lower-level management. The findings also suggest that in a change situation, middle managers are best characterized as change intermediaries, achieving two roles during the implementation of change: interpretation of the change intent and using the complementary assets.

5. Discussion and Conclusion:

Our study explicitly recognizes that multiple levels of management must cooperate and contribute to the realization of a firm's pursuit to adapt to change. However, in order for a firm to revenue filled benefit of their resources "strategic, complementary and operational resource", managers at all levels must orchestrate their actions so as to be in concert with each other to achieve proper integration. It should be borne in mind that the need to integrate actions is more significant during a time of change (Taylor and Helfat, 2009). Hence, the issue of integration processes has been widely highlighted in this study. In this regard, numerous scholars have emphasised the significance of the alignment of managerial decisions in allowing firms to compete and respond effectively to strategic change.

The most important of the proposed integration mechanisms methods is that consisting of a collection of procedures and processes that support successful integration. Therefore, our study agrees with Helfat and Campo-Rembado (2016) in that the integrative capabilities consist of the ability to integrate activities in a repeated and reliable manner, which is considered part of the asset orchestration capabilities. Furthermore, Moeen (2017) demonstrates that "integrative skills" can be seen both vertically among institutional levels and horizontally along all department economic activities. Thus, the study proposed reference model serves as a coordination mechanism across the organization's structural levels, both

vertically and horizontally. However, the issue of whether the integrative actions should be run by high-level management or middle management is a controversial issue that needs further consideration. According to our analysis, the integration capabilities have two phases, **the first phase**, where this study assumed that the process of search and selection are a function of high-level management. Herein, the integration process is a part of the process of search and selection of delivering new knowledge and information. This point of view matches the perspective of Li et al. (2013) when they suggest that high-level managers serve a vital role in the search process. Based on the preceding discussion, when the integration process is related to the identification of new knowledge and information “search and selection” from the external business environment, it should be completed by top-level managers. According to this point of view, the idea of “fit” is integrated within such a company's asset and capability portfolio search and selection.

The second phase is when the integration actions include the ability to integrate activities, which mostly involves middle management who are responsible for the process of asset configuration through the use of complementary assets. This job requires them to be involved with different activities, mostly linking the upper management level with the lower level. Yet, they have a significant role in sharing information and knowledge across the firm's structural levels. Herein, the middle managers, as “integrators”, serve as facilitators of coordination mechanisms between the firm's departments by confirming shared understanding “knowledge and information” over the structural levels as well as synchronizing the change activities over the structural levels, for example when GMS middle managers were involved in change projects “the release into global production of a new products design.

To conclude, our framework elucidates the role of managers in creating a specific package of services as well as implementing those assets (through search and selection, configuration and deployment actions), as a result, there are variations in firms' strategies in adapting to change. Accordingly, in order to have an effective strategy that helps the business become more responsive, managers at all levels of a firm essential be carefully arranged, coordinated, and supported in their activities “orchestrated by top, middle and low-level management”. The planned approach therefore facilitates and integrates decision making through the

various managerial levels, and consequently action taking via a proposed semi-generic road map. More significantly, our theoretical and practical model points to the important role of the integration strategy that activates the processes and links the search and selection, configuration and deployment processes over the organization's structure to align the managerial activities and the execution of their competitive responses.

In this study, we argue that better and faster integration between the three main integrative mechanisms "search and selection, configuration and deployment" should itself be a potential source of sustained competitive respond; and that usually that integration will need to traverse "high, middle, and low managerial levels" of management structure. We investigate the usefulness of a proposed integration model of integration processes in a real case study, where the results indicate that the middle management level has significant effect on managerial integration processes. This perspective highlights the need for further research, which explores the essence of competitive advantage based on ways in which managers orchestrate firm's assets.

References:

1. Al Halbusi, H., Ruiz-Palomino, P., Jimenez-Estevez, P., & Gutiérrez-Broncano, S., 2021, How upper/middle managers' ethical leadership activates employee ethical behavior? The role of organizational justice perceptions among employees. *Frontiers in Psychology*, 12, 719.
2. Al Halbusi, H., Williams, K.A., Ramayah, T., Aldieri, L. and Vinci, C.P., 2020, Linking ethical leadership and ethical climate to employees' ethical behavior: the moderating role of person-organization fit. *Personnel Review*, Vol. 50 No. 1, pp. 159-185. <https://doi.org/10.1108/PR-09-2019-0522>
3. Adner, R. & Helfat, C. E., 2003, Corporate effects and dynamic managerial capabilities. *Strategic management journal*, 24, 1011-1025.
4. Barney, J., 1991, Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17, 99-120.
5. Alavi, M. and Leidner, D.E., 2001, Knowledge management and knowledge management systems: Conceptual foundations and research issues. *MIS quarterly*, pp.107-136.
6. Chirico, F., Sirmon, D. G., Sciascia, S. & Mazzola, P., 2011, Resource orchestration in family firms: investigating how entrepreneurial orientation, generational involvement, and participative strategy affect performance. *Strategic Entrepreneurship Journal*, 5, 307-326.
7. Eisenhardt, K. M., 1989, Building Theories from Case Study Research. *Academy of Management Review*, 14, 532-550.

8. Helfat, C. E. & Campo-Rembado, M. A., 2016, Integrative capabilities, vertical integration, and innovation over successive technology lifecycles. *Organization Science*, 27, 249-264.
9. Helfat, C. E., Finkelstein, S., Mitchell, W., Peteraf, M., Singh, H., Teece, D. & Winter, S. G., 2007, *Dynamic capabilities: Understanding strategic change in organizations*, Malden, Mass, USA, Blackwell
10. Holcomb, T. R., Holmes JR, R. M. & Connelly, B. L., 2009, Making the most of what you have: Managerial ability as a source of resource value creation. *Strategic Management Journal*, 30, 457-485.
11. Iansiti, M. & Clark, K. B., 1994, Integration and dynamic capability: evidence from product development in automobiles and mainframe computers. *Industrial and corporate change*, 3, 557-605.
12. KIM, S. & Mahoney, J. Resource Co specialization, Firm Growth, and Organizational Performance: An Empirical Analysis of Organizational Restructuring and IT Implementations. Atlanta: Atlanta Competitive Advantage Conference, 2008.
13. LI, Q., Maggitti, P. G., Smith, K. G., Tesluk, P. E. & Katila, R., 2013, Top management attention to innovation: The role of search selection and intensity in new product introductions. *Academy of Management Journal*, 56, 893-916.
14. Mansoor, H. O., Weston, R. H., Abdullah, R., King, S., Jackson, P. & Foley, P., 2018, systemic approach to applying asset orchestration theory. *Int. J. Agile Systems and Management*, 11, 315–339.
15. Moeen, M., 2017, Entry into nascent industries: disentangling a firm's capability portfolio at the time of investment versus market entry. *Strategic Management Journal*, 38, 1986-2004.
16. Sirmon, D. G., Hitt, M. A., Ireland, R. D. & Gilbert, B. A., 2011, Resource Orchestration to Create Competitive Advantage: Breadth, Depth, and Life Cycle Effects. *Journal of Management*, 37, 1390-1412.
17. Taylor, A. & Helfat, C. E., 2009, Organizational linkages for surviving technological change: Complementary assets, middle management, and ambidexterity. *Organization Science*, 20, 718-739.
18. Teece, D. J., Pisano, G. & Shuen, A., 1997, Dynamic Capabilities and Strategic Management. *Strategic management journal*, 18, 509-533.
19. Wernerfelt, B., 1984, A resource-based view of the firm. *Strategic Management Journal*, 5, 171-180.
20. YIN, R. K., 2003, *Case Study Research: Design and Methods*. edition. Thousand Oaks, California: Sage Publications.
21. YIN, R. K., 2009, *Case study research : design and methods*, Thousand Oaks, California, Sage Publications.
22. King, A. A., & Tucci, C. L., 2002, Incumbent entry into new market niches: The role of experience and managerial choice in the creation of dynamic capability. *Management Science*, 48(2), 171-186.
23. Zahra, S. A., Sapienza, H. J., & Davidsson, P., 2006, Entrepreneurship and dynamic capabilities: A review, model and research agenda. *Journal of Management Studies*, 43(4), 917-955.