

The Liability of Renewal: The Impact of Changes in Organizational Capability, Performance, Legitimacy and Pressure for Change

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Abstract : Organizational change has remained an important subject for many researchers in the field of organizations theory. We propose the importance of organizational liability of renewal through a model that examines how an organization can overcome potential rigidities in organizational capabilities from learning by changing capabilities. We examine whether an established organization can overcome liability of renewal by changes in organizational capabilities and how the organizational renewal process reflect on the balance between the dynamic aspect of organizational learning as demonstrated by changes in capabilities and the stabilizing aspects of organizational inertia. We found both positive relationship between organizational learning and performance, and between legitimacy and performance. Performance and legitimacy have, however, a negative relationship on the pressure for change.

Keywords : organizational capabilities, organizational liability, liability of renewal, pressure for change

Conference Title : ICBM 2015 : International Conference on Business and Management

Conference Location : Tokyo, Japan

Conference Dates : May 28-29, 2015