

Influence of a Company's Dynamic Capabilities on Its Innovation Capabilities

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Abstract : The advanced concepts of strategic and innovation management in the sphere of company dynamic and innovation capabilities, and achieving their mutual alignment and a synergy effect, are important elements in business today. This paper analyses the theory and empirically investigates the influence of a company's dynamic capabilities on its innovation capabilities. A new multidimensional model of dynamic capabilities is presented, consisting of five factors appropriate to real time requirements, while innovation capabilities are considered pursuant to the official OECD and Eurostat standards. After examination of dynamic and innovation capabilities indicated their theoretical links, the empirical study testing the model and examining the influence of a company's dynamic capabilities on its innovation capabilities showed significant results. In the study, a research model was posed to relate company dynamic and innovation capabilities. One side of the model features the variables that are the determinants of dynamic capabilities defined through their factors, while the other side features the determinants of innovation capabilities pursuant to the official standards. With regard to the research model, five hypotheses were set. The study was performed in late 2014 on a representative sample of large and very large Croatian enterprises with a minimum of 250 employees. The research instrument was a questionnaire administered to company top management. For both variables, the position of the company was tested in comparison to industry competitors, on a fivepoint scale. In order to test the hypotheses, correlation tests were performed to determine whether there is a correlation between each individual factor of company dynamic capabilities with the existence of its innovation capabilities, in line with the research model. The results indicate a strong correlation between a company's possession of dynamic capabilities in terms of their factors, due to the new multi-dimensional model presented in this paper, with its possession of innovation capabilities. Based on the results, all five hypotheses were accepted. Ultimately, it was concluded that there is a strong association between the dynamic and innovation capabilities of a company.

Keywords : dynamic capabilities, innovation capabilities, competitive advantage, business results

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