

ORGANIZATIONAL CHANGE CAPABILITY: A CASE OF WHAT?

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Abstract: Capabilities supporting the management of organizational change are critical for modern organizations, navigating through constant change. Research on organizational change capability (OCC) is growing rapidly but the subject is yet relatively new as a focus of study. As recent advances show, definitions and descriptions on organizational change capability suffer from lack of preciseness. Furthermore, empirical studies on organizational change capability appear significantly underrepresented. In this paper, shortcomings about research on organizational change capability are approached via an empirical qualitative case study, mapping how organizations' change-makers view organizational change capability. The findings from this paper's case study suggest that the concept of organizational change capability is linked to four clusters of capabilities: the individual and the culture supporting individuals in change; a functioning framework; enabling processes and coordination and; two-way systems. This paper is the first to study organizational change capability from the organizations' viewpoint. The paper contributes to studies on organizational change capability by further developing organizational change capability towards a more inclusive concept, incorporating the organizations' voices into the discussion.

Keywords: organizational change, capability, change capability, planned change

INTRODUCTION

As Edith Penrose noted already 1959 in “The Theory of the Growth of the Firm”, the success of a firm – especially in uncertain times – relies heavily on flexibility and innovation skills of management (so-called entrepreneurial skills, as opposed to so-called managerial skills maintaining routines). Best in class skills, capabilities, abilities and competences of individuals and organizations are being called for – especially when facing organizational change. Because today, ever-increasing market pressures require organizations to manage change effectively and to vigorously consider the development of change capability (Rahman *et al.* 2023; Fredberg *et al.* 2011; Higgs & Rowland 2000). For organizations to survive and thrive within the context of constant change, it is important they build and maintain change capability (Albrecht and Roughsedge 2023). In a context where organizations must deal with several changes at the same time, there is a call to fully understand and implement the necessary actions to lead organizational change (Montreuil 2022).

Why is change capability of importance? Because capability provides the basis for effective action; “*when you develop capability in [managing] change, your knowledge on what to do enables you to focus on the most important things; you use your skills and resources more efficiently*” (Turner & Crawford 1998, p. 9). Thus, organizations benefit from developing change capability when navigating through changes. It is argued that organizational change capability (OCC) should be seen as a primary ability of organizations (Montreuil 2022).

Jones and Recardo (2013, p. 115) define a change-capable organization as one “*whose members are continually engaged in building their knowledge of the challenges and opportunities of their industry in parallel with their change management skills*”, also having an organizational culture that sees change as vital to its health. It is suggested that the more senior management recognizes the need to develop change capabilities in an organization, the sooner change can become “a part of everyday life” (Cameron & Green 2015). The role of organizational change capability is also key when organizations choose their direction, since an organization’s change capability influences the choices of change path available for the organization (Balogun & Hope Hailey 1999). However, developing organizational change capability might be easier said than done since, as this paper aims to demonstrate, the topic is not easy to approach as concepts and definitions are blurry.

When examining studies of capabilities related to change, on one hand we see that studies focusing on *individuals’ capabilities*, competences and abilities needed in change are plentiful (e.g., Stensaker and Meyer 2012; Crawford and Nahmias 2010; Battilana *et al.* 2010; Higgs and Rowland 2000; Balogun & Hope Hailey 1999; Ulrich *et al.* 1989; Fossum & Crisp 1989). To add, for example, in many models of planned organizational change especially managerial/leadership capabilities needed for change are often enlisted (e.g., Beckhard & Harris 1987; Carnall 1990; Kotter 1996). From a practitioner point of view, instances such as the Change Management Institute’s (CMI) or Prosci’s capability and competency models for change managers suggest various sets of capabilities for change professionals in different phases of their careers.

On the other hand, when discussing *organizational* change capability, studies are not abundant. Recent advances (Montreuil 2022; Supriharyanti and Sukoco 2023; Montreuil 2024) have provided excellent literature reviews and helped pave the way for more precise definitions. This paper’s literature review however indicates that paucity in precise definitions and categorizations regarding organizational change capability prevails. What is more, organizational change capacity and capability appear to be treated as synonyms in many cases (Albrecht and Roughsedge 2023, p. 393), further amplifying concept blurriness. To add, empirical advances seem to be non-existent (except for Turner and Crawford 1998), and we still do not seem to know much about how organizations themselves approach the concept of organizational change capability.

With respect to previous studies on organizational change capability, the definition of the concept has mostly been done by academics and scholars, omitting the organizations’ points of view. Here lies an important knowledge gap, which this paper’s research addresses. Consecutively, the research question guiding this paper is: *what does organizational change capability consist of (from an empirical point of view)?* In this paper, the concept of organizational change capability is addressed via a qualitative study of “organizational change capability” involving fifteen informants who are dedicated with organizational change management in their respective organizations.

This paper’s results indicate that from an empiric perspective, organizational change capability can be approached via four clusters of capabilities: the individual and the culture supporting individuals in change; a functioning framework; enabling processes and coordination and; two-way systems.

As a first contribution, these four capability clusters replenish current definitions on organizational change capability by giving voice to the organizations themselves: by incorporating empirical voices to existing, academic-based definitions and concepts on organizational change capability. Following these four clusters of organizational change capability, studies on organizational change capability may be approached from a novel angle. This is an important step towards a clearer and more inclusive concept of organizational change capability in general, paving way for more research on this important contemporary topic.

Second, in practice, the results of this paper provide organizations with much-needed guidance for better assessing their capabilities in change. Ideally, this leads to better choices regarding organizational change; more fit-for-purpose strategies and less “...*examples of organizations which either implemented inappropriate change designs, or attempted change designs that were too sophisticated for their levels of change competence*” (Balogun & Hope Hailey 1999, p. 79).

The paper is structured as follows. The next section provides a short summary of the main literature on organizational change capability. Section three presents the methods and research setting. In section four,

findings from the empirical study are presented. Section five presents this paper's theoretical contribution, research limitations, and future research directions are suggested.

2 CHANGE CAPABILITY

2.1. ROUTINES, SKILLS, COMPETENCES AND CAPABILITIES

What can be seen from previous literature is that concepts such as routines, skills, competences and capabilities are often treated as synonyms. Therefore, for this paper's purposes, it is essential to first briefly look at these concepts and discuss their meanings.

To begin with, routines are clusters of organized activity with a repetitive character (Dosi *et al.* 2000, p. 4). Since routines are repetitive and somewhat predictable, they make an important building block of capabilities (ibid.). Organizational routines can be built around skills (skills as "quasi-modular components of routines", Dosi *et al.* 2000, p. 4). Dosi *et al.* (2000) suggest reserving the concept of "routines" for the organization and linking the concept of "skills" to the individual, stating that the skills of the organization should indeed refer to the collective skills possessed by individuals of the organization. Consecutively, organizational routines can be described as "the skills of an organization" (Nelson & Winter 1982, p. 124). Organizations can, of course, establish or use existing routines also for managing change. With change, routinizing can mean using structures and processes that are already in place in the organization, or trying to institutionalize structures and processes that can be applied in multiple change processes (Meyer and Stensaker 2006, p. 226).

To continue, organizational competence can be viewed as a cluster of capabilities (Dosi *et al.* 2000, p. 5-7). From another angle, Turner and Crawford (1998, p. 10) see the capability-competence hierarchy differently by stating that capabilities are "*the embodiment of a number of contributing but lower-level competencies*". In turn, Prahalad and Hamel (1990, p. 82) describe competence as the collective learning in an organization an organization's core competencies as the management's ability to consolidate corporatwide technologies and production skills to adapt to changing circumstances. Core competences are described as the roots of the organization, nourishing and stabilizing the whole entity. Through this rather poetic description, Prahalad and Hamel (1990) assert that competencies are indeed systems encompassing multiple processes and actors, involving various skills and functions. Turner and Crawford (1998, p. 10) note that the terms "capability" and "competence" appear to be used as synonyms substantially.

Finally, the term "capability" can also bear multiple meanings, and definitions may not always be consistent, as literature reveals. Beginning with corporate capabilities, these can be in an organization's processes, systems, structures, culture, values, know-how and technologies (Turner & Crawford 1998, p. 15). On the other hand, organizational capabilities can be seen to reside in an organization's routines ("organizational memory", Nelson & Winter 1982, p. 99). However, organizational capabilities are not a mere collection of routines – some form of structure ("architecture") is needed to assure efficiency and coordination (Narduzzo *et al.* 2000, p. 48).

Organizational capabilities can include many kinds of capabilities such as project management, mass production, systems management, established standards, policies and procedures for performance specialized functions (Ansoff 1987). Chandler (1990), in turn, proposes facilities and skills as the basic building blocks of organizational capability for the modern industrial enterprise. Dosi *et al.* (2000) assert that as organizational capabilities are complex, intentions and outcomes may not always be as straightforward to link also due to the complexity of organizations in general. Organizational capability can be viewed as organizational knowledge that accounts for the organization's ability to perform and extend its output (ibid.). From this perspective, also Leonard-Barton (1992, p. 113) defines a core capability as "the knowledge set that distinguishes and provides a competitive advantage". Here, knowledge is essentially linked to capabilities.

Capability can also be viewed as action and having the capacity to fill the gap between intention and outcome (Dosi *et al.* 2000, p. 2). With Dosi *et al.*'s definition, two aspects arise. First, capability has a

recognizable purpose (what organizational outputs should be enabled) and second, capability is substantially shaped by conscious decision both in the development and execution stage. Here, Dosi *et al.* (2000) state, lies a major distinction between organizational routines and capabilities, although they acknowledge that some “routines” may fit the description of capabilities. From a similar perspective, Stalk, Evans and Schulman (1992) see organizational capabilities as rooted in business processes and organizational practices, with managerial action supporting these behaviors. These form the basis for strategic capability-based competition (and success). In other words, capabilities are “sets of business processes strategically understood” (Stalk *et al.* 1992, p. 62). To add, Ulrich and Lake (1990, p. 40) have defined organizational capability as “*a business’s ability to establish internal structures and processes that influence its members to create organization-specific competencies and thus enable to business to adapt to changing customer and strategic needs*”. With this definition, the process view of capabilities is strong.

When discussing organizational capability, one has to take into account the dynamic capabilities approach (Teece *et al.* 1997, Eisenhardt & Martin 2000). As Jones *et al.* (2005) affirm, the concept of organizational capabilities has solid foundations in the competitive advantage literature. “*Dynamic capabilities are the firm’s ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments*” (Teece *et al.* 1997, p. 516). Teece *et al.* (1997) refer to an organization’s dynamic capabilities as first, the capacity to renew organizational competence in changing market environment and second, to the important role of strategic management in “*appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment*”. Organizational processes, constructed via the company’s asset positions and result of paths that the company has taken, are at the core of dynamic capabilities. With this definition of capabilities, both knowledge and processes are vital.

In many cases, it might be difficult to find core differences between competence, capacity and capability. With the before-introduced definitions, it becomes clear that organizational capabilities can be approached from many angles. As we next shift focus on organizational *change* capability, table 1 summarizes main features of concepts related to organizational routines, skills, competences and capabilities. To clarify this paper’s stance on how it approaches the concept of capability, this paper discusses organizational capability as mainly referring to “*strategic processes and practices, organizational knowledge allowing the organization to perform and extend its output, distinguishing organizations from each other and providing a competitive advantage*” (see table 1). These capabilities are of a dynamic nature (Teece *et al.* 1997; Eisenhardt & Martin 2000).

Concept	Explanation	See e.g.
Routines	Clusters of organized activity with a repetitive character	Nelson and Winter (1982), Dosi et al. (2000)
Skills	Components of organizational routines, referring more to individuals than organizations	Dosi et al. (2000)
Competences	Clusters of capabilities, systems, the collective learning in an organization	Prahalad and Hamel (1990), Turner and Crawford (1998), Dosi et al. (2000)
Capabilities	Strategic processes and practices, organizational knowledge allowing the organization to perform and extend its output, distinguishing organizations from each other and providing a competitive advantage	Leonard-Barton (1992), Dosi et al. (2000), Stalk, Evans and Schulman (1992)
	Dynamic capabilities are the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments	Teece, Pisano and Shuen (1997), Eisenhardt & Martin (2000)

Table 1. Clarification of concepts: organizational routines, skills, competences and capabilities.

2.2. ORGANIZATIONAL CHANGE CAPABILITY

As a concept and subject of study, organizational change capability (OCC) is all but straightforward to define, as the following chapter illustrates. Definitions lack preciseness and studies are not yet plentiful in the field of OCC, although more recent developments are promising (Montreuil 2022; Montreuil 2024; Sanchez-Medina 2020; Supriharyanti and Sukoco 2023).

To begin with, for example Beckhard and Harris (1987) discuss “reshaping capabilities” which involve the knowledge, skills, and abilities of the organization to carry out the necessary requirements for successful change implementation. Although Beckhard and Harris do not label “reshaping capabilities” as change capability, the capabilities listed could easily be seen as change capabilities. And, as another example, the dynamic capabilities approach was indeed born to address the issue of how firms achieve competitive advantage in light of rapid change. Although Teece *et al.*, (1997, p. 516) define dynamic capability as, “*the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments*”, dynamic capability and organizational change capability are not synonyms per se. The OCC literature often lists change capability as a dynamic capability (instead of resource-based), but change capability may be perceived as one dynamic capability amongst others. Thus, acknowledging that multiple sets of capabilities can encompass capabilities that could be perceived as an organization’s change capability, this literature review focuses on the concept of organizational change capability (OCC) as it is present in literature.

What needs to be addressed is a widely used term in OCC literature: “organizational capacity”. Capacity and capability appear to be treated as synonyms in many cases (Albrecht and Roughsedge 2023, p. 393). Looking at definitions, organizational capacity considers how many resources the organization can invest in the proposed change, both in terms of financial and human resources (including the time that managers have to devote for the change) (Balogun & Hope Hailey 1999, p. 83). Meyer and Stensaker (2006, p. 218) define

change capacity as a state, where organizations can implement large-scale changes without compromising daily operations or subsequent change processes. They believe that organizations that have a capacity for change must have the ability (e.g., resources and capabilities) to change the organization successfully, but they must also have capability to maintain daily operations and implement subsequent change processes (ibid.). The beforementioned definitions seem to be coupled to a resource-based viewpoint.

From another angle, Soparnot (2011, p. 642) defines change capacity as “*the ability of the company to produce solutions (content) that respond to environmental evolution (external context) and/or organizational evolution (internal context) and to implement these change processes successfully within the company (process)*”. In this definition, intentionality and process are key, resources are not focal. Continuing, Ulrich and Lake (1990) divide organizational capability into four elements: a shared mindset (the people within an organization and shareholders have common ways of thinking), management and human resources practices (tools for generating, reinforcing and sustaining competencies), *capacity for change (empowered individuals, managers who manage change, and developing competencies)* and leadership (leadership must be present at all levels of the organization, and these competencies must be developed). They emphasize the strong link between competitiveness and people management. Ulrich and Lake define a company having “change capacity”, when it succeeds in learning how to reduce the time that going through a change process (current state – plan for change – transition management/changing - results). Also, Ulrich and Lakes definition of change capacity leans more towards a dynamic view of a capability than a resource-based view of capacity. With the capacity for an organization to change, Ulrich and Lake (1990) are proposing following organizational principles: symbiosis (the ability to remove boundaries between external threat and internal action), reflexivity (the ability to learn from previous actions), alignment (the ability to integrate tasks, structures, processes and systems at the technical, political and cultural levels) and self-renewal (the ability to change over time). All of these principles and abilities entail knowledge, intentionality, learning and action – they are active processes and practices, thus could be considered as capabilities (Leonard-Barton 1992; Dosi *et al.* 2000; Stalk *et al.* 1992).

With recent approaches on organizational change capability, authors like Supriharyanti *et al.* (2024), Thanh and Phong (2024) and Talaja *et al.* (2023) refer to sets of previous studies on organizational change *capacity* as studies on organizational change *capability*, utilizing these terms somewhat interchangeably. However, capacity and capability are not the same. In their excellent literature review on organizational change capability, Montreuil (2022) concludes that change capacity is the latent ability to manage all types of change. They continue by asserting that consequently, the organization has the resources to change but still needs to manage these resources strategically and dynamically to achieve a set target. Montreuil (2022, p. 1187, 1189) asserts that capacity can be defined as “*the latent abilities of an individual or an organization which are called to be developed to unfold the full potential*”, whilst capability refers to “*the actions that an individual or an organization takes on their capacity to realize this potential*”. Albrecht and Roughsedge (2023, p. 393) state that change capability differs from change capacity in that change capacity in part focuses on the immediate availability of additional resources required for the implementation of distinct changes, whilst change capability is more focused on an organization’s “*deliberate, purposeful, and preemptive investment in building the organizational and system-level resources that will enable the successful navigation of current and future change*”. Consequently, change capability centers around an organization’s latent ability to successfully manage ongoing organizational change, compared to an organization’s capacity to provide resources required for a particular change. Thus, a clear distinction between the two concepts can and should be made.

Notwithstanding, moving towards discussions utilizing the concept of “organizational change capability”, Balogun and Hope Hailey (1999) have proposed their People Process Model as means to approach (and to assess) levels of change capability within an organization. Their model assesses three areas of capability: organizational transformation, transformation of future leaders, and the ability to transform the workforce. The model is based on assessing the strength of linkage between individual behavior and corporate strategy (through the usage of people management processes and systems). The model makes a distinction between capabilities needed for “big bang” change (e.g., change that is implemented at once) and incremental change (e.g., change that is implemented in smaller parts), which is notable. Capabilities that companies with the ability to manage “big-bang” change possess are two-fold: they know which levers to pull to achieve big bang change, and they possess abilities (e.g., specialist change units) to both design and execute big bang

change. From another angle, with companies capable of managing incremental change, the following capabilities are listed: constantly scanning the external environment, using management systems as information and communication systems, promoting flexible organizational structures and cultural values that are relatively stable (yet, implicit). What Balogun and Hope Hailey (1999) also note is that during organizational change (whether “big bang” or incremental), change capabilities need to exist at three levels: individual, managerial and organizational. The authors succeed in making a distinction between different capabilities coupled with different types of change, and with various change capabilities needed at different organizational levels.

To add, Waldersee, Griffiths and Lai (2003) add that different types of organizations may possess distinct sets of change capabilities: there are capabilities which dispose the organization to dynamic flexibility and adaptability, and there are capabilities that incline an organization to change through resources such as expertise. Since different organizations may have various forms and structures, a simplistic distinction versus operational and reshaping capabilities (as suggested by Turner and Crawford, 1998) may not be enough, Waldersee *et al.* (2003) state, but the types of organizations need to be considered. The authors make distinctions between a “mechanistic” organization as one with “highly defined tasks and roles, a hierarchical structure of control, authority, downward communication, and formalised reporting and systems”. As another type, “organic” organizations are characterized by “informal, open channels of communication, flexibility and adaptability in terms of tasks, responsibilities and the choice of the best person for the job, and a network structure of control, authority, and communication” (Waldersee *et al.* 2003, p. 68). As their conclusion, Waldersee *et al.* (2003) state that capabilities associated with mechanistic organizations incline to the effective implementation of technical-structural changes, but so-called organic organizations have capabilities that enable both types of changes to be implemented. Thus, organizational change capability is not static but depends on the organization and type of change that it is facing.

From a more fixed perspective, organizational change capability can be viewed as determining an organization's effectiveness in implementing incessant change and with change, implementing its strategy (McGuinness and Morgan 2005, p. 1307, p. 1310). Since change does not stop but is ongoing, change capability is a more permanent organizational capability. McGuinness and Morgan state that organizational change capability has three components from where it is built: a suitable foundation for constant change, the ability to shape it and the energy to sustain it (*ibid.*, p. 1313).

What is notable is that as a concept, organizational change capability is bound to other concepts, sometimes forming processes and hierarchies. Montreuil (2022) states that the development of change capability is a process and there is an organizational state before and after the development of a change capability. Building on an extensive literature review, Montreuil defines organizational change capability as “*the actions that an organization takes on its change capacity to realize its latent ability*” (a dynamic capability, Teece *et al.* 1997). Montreuil (2022) treats change capability, change capacity and change competence as different process phases in the hierarchy of organizational maturity; they offer a maturity framework, where organizations develop their change capability as a process. Maturity starts from level 1 (not present), to level 2 (change capacity), to level 3 (change capability) and to level 4 (change competency). As their conclusion, Montreuil (2022) defines change competency as the state in which the organization has achieved full mastery of the change. With this state, they continue, the organization demonstrates high proficiency in managing *all types of change* by mobilizing and making the most of its capabilities to develop a sustainable skill (p. 1194). From a totally other angle, Turner and Crawford (1998) state that change capabilities consist of lower-level competences. Montreuil (2022) and Turner and Crawford (1998) thus position “capability” and “competence” differently in their respective hierarchies. The former sees competence as superior concept to capability, and the latter vice versa.

Montreuil (2022, p. 1194) emphasizes the dynamic nature of organizational change capability by reminding that having resources to drive change or having change facilitators does not automatically lead to effective organizational change management. They see that there must be a process of maturity that develops over time – organizations have to take steps forward and use their resources efficiently. To add, based on an

extensive literature review of the OCC field, in recent advances Supriharyanti and Sukoco (2023, p. 55), define organizational change capability as *“the repetitive, patterned and routine ability of an organization, consisting of learning ability, change process capability and changing context ability to deliberately move from a present state to the desired future state (change) in the face of continuous environmental change”*. In their definition, Supriharyanti and Sukoco also emphasize conscious action for moving from a state to another, desired state. Here, the concept of capability is associated with a set of routines (“routine ability”), forming patterns of actions or, if you will, processes. Having resources is not focal. Thanh and Phong (2024, p. 159), in addition, define organizational capability for change as a dynamic: a holistic competence of an organization to recognize internal aspects needed to be changed, to realize new opportunities to be seized and to respond effectively to changing situations for organizational development. Montreuil (2024) concludes by stating that organizational change capability contains five dynamically and temporally interrelated dimensions: learning from past change experience, managing continuous change, managing episodic change, managing change without compromising core organizational activities as well as anticipating future change.

Organizational change capability is indeed a dynamic concept, developing and unfolding more and more with every approach and study on the subject matter. But, as recent comprehensive literature reviews on organizational change capability (e.g. Montreuil 2022; Supriharyanti and Sukoco 2023; Montreuil 2024), show is that the concept of OCC is often addressed via various already existing concepts and definitions (such as “capacity”, “competence”, “learning”, “reshaping”), and that these concepts and definitions are juxtaposed with varying hierarchies, dichotomies and combinations. Again, as present studies reveal, there do not seem to be established definitions or conceptual clarity, although recent literature reviews have paved way for more precise definitions to be built.

From an empirical viewpoint, studies on organizational change capability suffer from paucity. In their pioneering work of studying 243 cases of corporate change, Turner and Crawford (1998) identify capabilities that organizations possess for managing effective change. These capabilities, in turn, are composed of competences that grouped together, formulate a capability. With empiric studies on organizational change capability, Turner’s Crawford and work is to date one of the most comprehensive approaches on the subject matter stemming from an empirical point of study.

The five core capabilities identified by Turner and Crawford are further split into two main groups: reshaping capabilities (allowing an organization to change effectively) and operational capabilities (providing the basis for current performance and results). Reshaping capabilities, “organizational change capabilities”, contain engagement, development and performance management competences. Engagement involves getting the people throughout the organization informed, involved, committed and motivated to act (towards the achievement of the firm’s purpose and future directions). Development involves developing all resources (personal, physical, technological and systems) needed to achieve the firm’s future directions. Performance management involves managing the factors that drive the process of change. Of the five capabilities introduced by Turner and Crawford (1998), Performance management is an overlapping capability, meaning that it belongs both to reshaping and operational capabilities. Further, of the two remaining operational capabilities, biztech involves competencies involved in directing and understanding technologies, processes and mechanisms related to product/service delivery to markets. Marketing and selling refers to the capability of understanding a firm’s markets, identifying customer needs and effective sales of the firm’s products/services.

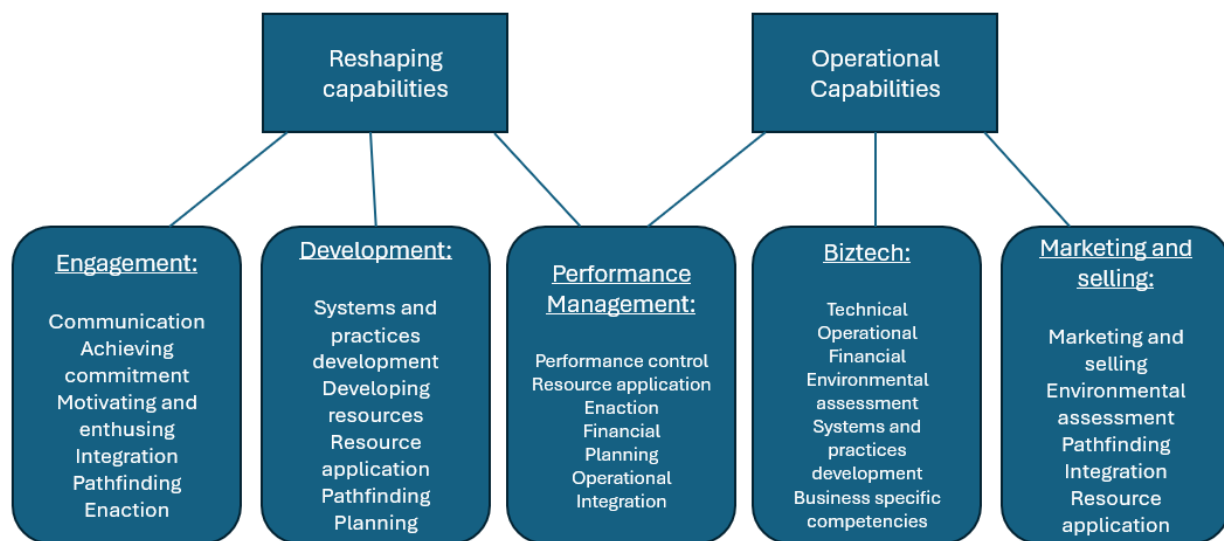


Figure 1. The five core change capabilities of an organization. Reshaping capabilities (securing change effectiveness) and operational capabilities (securing current business performance. Performance management capability belongs to both groups. Capabilities and grouping adapted from Turner & Crawford (1998; p. 16). Turner's and Crawford's (1998) data shows that capabilities needed to change and to sustain current performance vary considerably. For long-term performance, both groups of capabilities are needed.

Turner and Crawford (1998) assert that for an organization possessing reshaping capabilities, the organization has practices, processes, systems, mechanisms and cultures supporting and promoting both individual and collective behavior and action in change. In turn, if an organization does not possess adequate reshaping capabilities, the success of change depends more heavily on the reshaping capabilities of individuals holding key positions in the organizations. Successful change is more difficult to achieve in the latter instances. Turner's and Crawford's reshaping capabilities, securing efficient change, are of a dynamic nature, but the authors also find that resources play a key role in reshaping capabilities.

From other empirical approaches, Sanchez-Medina (2020) studies organizational change capability in artisanal businesses in Mexico. Sanchez-Medina's study is important since it studies how OCC could benefit artisanal businesses in practice but the concept of OCC in this study is derived from previous literature, although the research setting is "in the field" - within small businesses. Albrecht and Roughsedge (2023, p. 393), in turn, define organizational change capability as the availability of systems, processes, resources, policies, and procedures that prime organizations to be ready for change. As such, change capability requires organizations to have frameworks and methodologies in place that support a common understanding of how to manage change, as well as the physical, technological, and human resources it needs to deal effectively with ongoing change. They develop an organizational change capability measure by combining previous research with practice-based insights, stating OCC could be approached via eleven dimensions of organizational change capability. These dimensions were validated and tested with two samples of individuals having experience of change. Albrecht's and Roughsedge's study is an important step to incorporate practitioners in defining measures and, whilst doing so, also participating in concept definition, of organizational change capability. However, also with this approach, previous literature and research were used as a starting point.

As this literature review demonstrates, what is missing from the bulk of OCC literature is the voice of the organizations. Although some empiric advances on organizational change capability have indeed been made (Turner and Crawford 1998), none of the previous research focuses on adding to the organization's viewpoint to the concept of organizational change capability. Incorporating organizations is much needed – otherwise we risk discussing and shaping the concept of organizational change capability purely from an academic standpoint, leaving out the organizations themselves. Here lies a great deficit, which this paper's research addresses.

3 METHODS

3.1. QUALITATIVE RESEARCH AND CASE STUDIES

It must be noted that this paper's study is part of a larger research project, where case companies' organizational change management is studied from a wider angle. Hence, the larger study entails multiple cases companies and within these companies, more informants than the fifteen informants for this paper's study, have been interviewed.

As the nature of this paper's study is inductive, research began with a broader aim to discover “what is going on” and “what is this a case of”. Thus, an important phase of the research was the careful selection of a suitable approach “*for getting from here to there*” (Yin 1994, p. 19). As pondering between a qualitative approach versus a quantitative one, a quantitative approach seemed to incorporate too many risks of missing out something meaningful. As qualitative research is suitable when searching for complex interrelationships among matters (Stake, 1995), when studying a relatively novel field (namely, organizational change capability), a quantitative study might have left the researcher with too many “why” and “how” questions compared to qualitative methods. As the aim was to gather in-depth data and explanations on organizational change capability, a qualitative approach was regarded suitable.

Qualitative work often favors an inductive, interpretative approach, relying on multiple sources of information (Van Maanen 1998; Yin 1994). To be able to answer the research questions guiding this paper, *what does organizational change capability consist of (from an empirical point of view)*, real-life units from the field (namely, organizations) are needed as cases to study. Case studies give weight to the rich real-world context where reality happens (Eisenhardt & Graebner, 2007). To add, compared to studying multiple informants in one case company, having multiple companies as cases can fortify the base for theory-building (Yin 1994) and provide more robust, generalizable and testable theory than single case studies (Eisenhardt & Graebner 2007). Following suggestions from distinguished qualitative researchers such as Yin (1994), Eisenhardt (1989) and Eisenhardt and Graebner (2007), this paper's study was thus structured around a qualitative multiple case study methodology, involving informants from ten case companies.

With the lack of prior research on organizational change capability, an inductive theory-building approach was selected. Inductive methods rely on a grounded theory-building process (Eisenhardt *et al.*, 2016) where theory emerges as a process. Inductive theory building from cases with rich empirical data is likely to produce theory that is accurate, interesting and testable (Eisenhardt & Graebner, 2007). A grounded theory approach (Glaser & Strauss, 1967; Eisenhardt *et al.*, 2016; Gioia *et al.*, 2012) was selected since investigating a relatively novel field of study (organizational change capability).

3.2. DATA COLLECTION

Inductive theory building relies on theoretical sampling (Glaser & Strauss, 1967), where cases are selected based on the perception that their ability is “*to illuminate and extend relationships among constructs*” (Eisenhardt & Graebner 2007, p. 27). A multiple case design (“*maximizing what can be learned*” Stake, 1995, p. 4) enabled to gather data from distinct industries, organizational levels and organizational functions. Thus, the viewpoint on organizational change capability is not restricted to for example human resources' or change managements' functions views but the data provides a more holistic approach to the concept.

As part of the larger study where case companies' change management was studied, companies from the "top 100 largest companies in Finland" (based on Finnish *Asiakastiето*, i.e., customer information ranking in year 2020) were approached. When studying organizational change management and organizational change capability, Finland's largest organizations were chosen as focus based on the hypothesis that if some Finnish companies would have developed, designed or defined organizational change capability – probably some of the economy's largest companies would have invested though and/or resources on these. All of this paper's case companies are large companies, from over 1000 to over 20 000 employees and an annual income ranging from 500 million euros to over 1 billion euros.

The research design of this paper consists of ten case companies representing different industries. From these companies, fifteen informants are studied. Although the researcher acknowledges that data from informant interviews is always to some extent "*partial, incomplete, and always being retold and remembered*" (Jackson & Mazzei 2013, p. 263), following Gioia *et al.* (2012, p. 17) it was presumed that people in organizations "*know what they are trying to do and can explain their thoughts, intentions, and actions*". Following Stake's (1995) suggestions, all informants interviewed were selected based on being professionals best placed to help understand each case company. Informants hold a role responsible for change in their organizations, representing functions like change management, HR, strategy, general management or project management office. Informants' organizational levels vary from the executive board of the company to a specialist level. Informant companies, roles and organizational functions can be seen from table 2.

Company (total: 10)	Industry	Organizational level(s) of informant roles (total N: 15)
A	Infrastructure and building	Executive Board member (responsible for Transformation and Change)
B	Telecommunications	Executive Board member (HR director), Director (Change and Development), Specialist (Change Manager)
C	Food and consumer goods	Specialist (Change Manager), Specialist (HR Manager)
D	Airline	Manager (Development)
E	Energy	Specialist (Change Manager)
F	Facility services	Specialist (Development Manager)
G	Chemistry	Director (Development)
H	Finance and insurance	Director (Development), Manager (HR Development Manager), Specialist (Development and Change Manager)
J	Retail	Manager (HR Development Manager)
K	Gaming and gambling	Manager (Development and PMO Manager)

Table 2. Overview of participant companies, industries and informants interviewed regarding organizational change capability. Executive Board member = executive board of the company, Director = director (not in the executive board), Manager = leads other people, Specialist = does not lead other people.

With the recruitment of informants, two alternative approaches were utilized:

- 1) approaching a previous contact inside the company by e-mail or
- 2) directly approaching a previously unknown key decision maker via e-mail.

The informants primarily targeted were executives (executive board level or director level) with the word “change”, “transformation”, “development” or “strategy” in their respective titles. After the initial contacts or first interviews with targeted persons, a “snowball-method” within case companies was utilized for further recruitment of informants. In this technique, the primary contact person or interviewed informant provided a reference to (an)other person(s) who could be interviewed – i.e., persons who were responsible for organizational change and/or organizational change capability in their respective companies. By having internal staff refer the researcher with the best informants to interview, trust was established rapidly, and people were very cooperative and helpful.

Data was collected primarily via 1) recorded semi-structured informant interviews of an open-ended nature (Yin, 1994), containing also close-ended questions. In interviews, the aim was to collect the informants’ experiences and viewpoints. As advocated by Gioia *et al.* (2012, p. 19), the researcher “*got in there and got hands dirty —madly making notes on what the informants are telling, conscientiously trying to use their terms, not ours, to help us understand their lived experience*”. Other data sources were 2) documentation such as organizational charts, (change) process/program descriptions, policies, scorecards, KPI-charts and project portfolio materials 3) secondary sources such as company internet-pages and 4) archival records such as old surveys about personnel satisfaction were displayed by some of the informants. The interviews were organized between January and August 2020. The first third of the interviews were held face to face, yet due to the COVID-19 pandemic in spring 2020, two thirds of interviews were held via video meeting tools (Microsoft Teams or Zoom).

In informant interviews, rapport building and the relationship between researcher and informant bears a meaningful role. Informants were generally cooperative (Stake, 1995) and open towards inquiry. On a practical level, rapport formation has usually been successful when the informant is relaxed and reassured of their role and confidentiality (Dundon & Ryan, 2010). Here, the relationship of the researcher and informant plays an important role. Concerning senior managers as informants, rapport building can be more affected also by practical matters, such as time constraints, or managers having knowledge of sensitive information that involves their roles personally (Laurila, 1997).

The process of building theory that is grounded includes not only data gathering but also adjusting data collection in real time, to adapt to changing circumstances or requirements (Eisenhardt *et al.*, 2016; Glaser & Strauss 1967) and that the interview questions can change as the research advances (Glaser & Strauss 1967; Gioia *et al.* 2012; Pratt *et al.* 2020). Since the research seeks to understand the concept of organizational change capability from an organization’s viewpoint, the researcher first asked informants “*how would you define organizational change capability*”. Already at an early phase it became evident that the topic of organizational change capability is far from easy to grasp from an informant point of view. Informants seemed to struggle with how the question should be approached. Thus, during the first interviews, it was noticed that the subject of organizational change capability was perhaps easiest to approach via individual change capability. For these purposes, the researcher noticed that first discussing the topic of individual change capability with informants provided the informants more ease in approaching the topic of organizational change capability. By asking: “*how would you define change capability with individual persons*”, the topic of OCC was made accessible. This approach resulted in lengthier responses and richer, more fruitful discussions on OCC compared to the approach of diving into the topic of organizational change capability straightforwardly. This realization was important for the informant interviews and data collection.

3.3 DATA ANALYSIS

As the Gioia methodology is widely established, in this paper’s study it was decided to utilize a well-established framework that provides “*a systematic approach to new concept development and grounded theory articulation that is designed to bring “qualitative rigor” to the conduct and presentation of inductive research*” (Gioia *et al.* 2012, p. 15). Although acknowledging that also other approaches may have been suitable, the “Gioia methodology” was consciously selected to be used for data analysis in this paper’s context. As the topic of study itself is relatively ambiguous, it was deemed to be beneficial in having clear structure of methodology.

The data was analyzed with the following steps.

As all interviews were recorded, after each informant interview an initial synthesis about the interview was made, reviewing the researcher's notes and the recording. The synthesis provided initial observations and helped the researcher to see if some subjects were left unclear or missing, or if interview questions needed to be adjusted. For instance, as described previously, after first informant interviews it became good of a strategy to first discuss individual change capability with the informants, and to then delve into the topic of organizational change capability.

Following the Gioia-methodology (Gioia *et al.* 2012), an analytical framework (first-order coding) was formulated whilst still conducting interviews. Here, initial observations could be put into broader categories. Informants were enthusiastic to speak about organizational change capability, so first-order concepts were plenty. As further interviews progressed, following Glaser and Strauss' suggestions (1967) categories were discovered by examination of the data, and more themes emerged. As the research progressed, the classification and coding were adjusted accordingly – emerging themes, narratives and dimensions were surfacing (i.e., second-order themes, *ibid.*). The analysis was iterative, working back and forth between the data and the emerging strategies (Strauss & Corbin 1990, p. 56).

After all interviews were performed, data analysis was conducted in three rounds.

1. The first round of data analysis included the transcribing of interviews from audio recordings to written transcripts with corresponding timestamps.
2. In the second round of analysis, the researcher reviewed their notes from informant interviews, contrasting notes to the recorded information and replenishing transcripts accordingly. This round strengthened observations made in the first round.
3. In the third round of data analysis, the researcher reviewed their notes related to other data sources (documentation such as organizational charts, (change) process/program descriptions, policies, scorecards, KPI-charts and project portfolio materials) and included relevant data to transcripts. No major additions to the master data were made after the third round.

Due to these three data analysis rounds, the individual transcripts were detailed, abundant and conclusive. At this stage of the data analysis process, second-order themes (Gioia *et al.*, 2012) had also been fortified. After second-order themes were fortified, the researcher returned to their notes and revisited literature on organizational change capability to see to what extent findings were present in existing literature or if new concepts were emerging. Following this stage, aggregate dimensions were identified. As Gioia *et al.* (2012, p. 21) affirm, there is some value in “semi-ignorance” of the literature: “*not knowing the literature in great detail, because knowing the literature intimately too early puts blinders on and leads to prior hypothesis bias (confirmation bias)*”. Overall, the process occurred via iteration loops among the case data, emerging findings, and later, also extant literature (as also suggested by Eisenhardt & Graebner 2007, p. 25).

The data structure, as seen in table 3, follows Gioia *et al.*'s (2012) suggestion of providing a graphic representation of how the researcher progressed from raw data to terms and themes in conducting the analyses.

First-order coding

Second-order themes

Aggregate dimensions

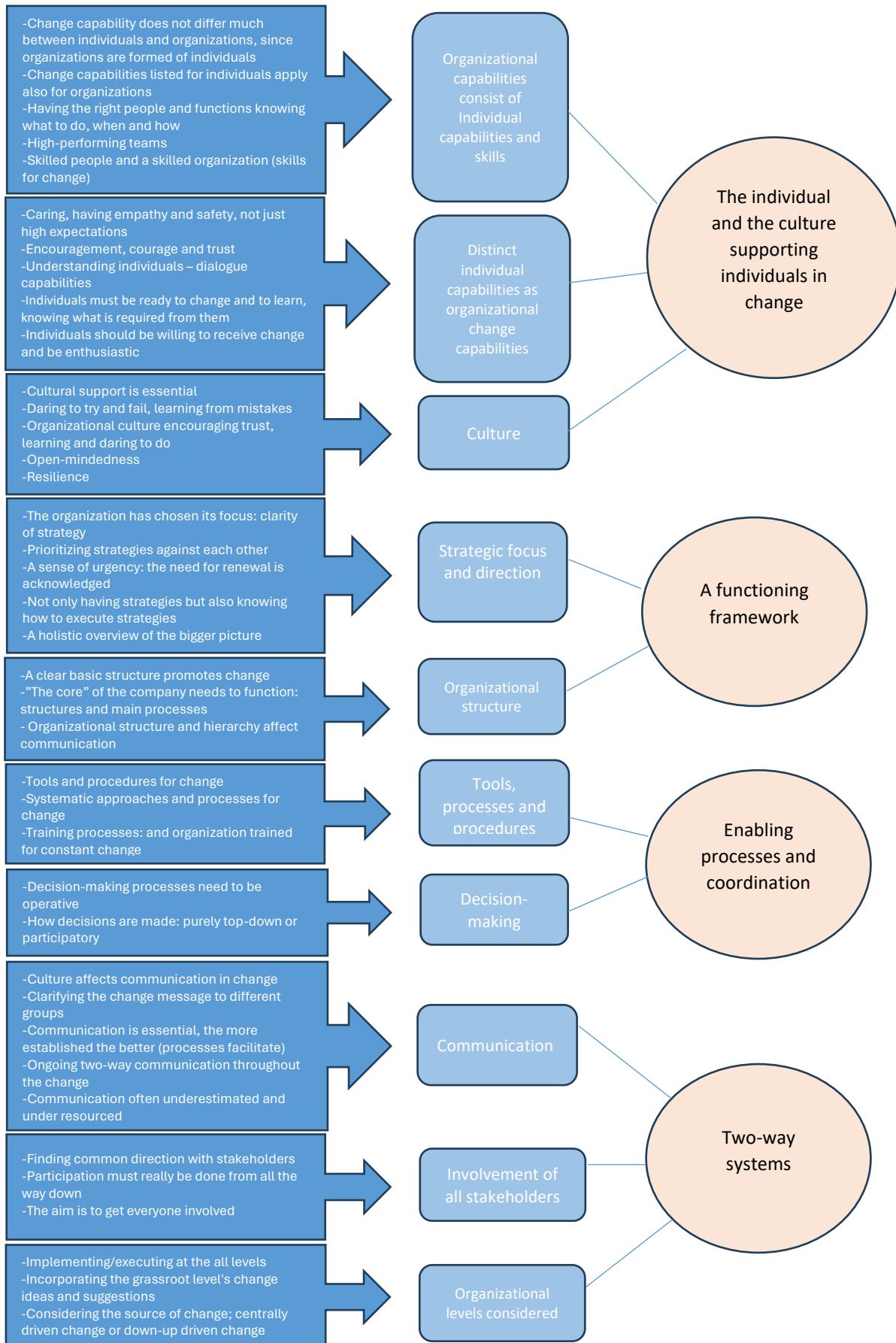


Table 3. Data analysis and structure, based on the Gioia (Gioia *et al.* 2012) framework. First-order codes, second order themes and aggregate dimensions.

When it comes to the basic standards of quality for case study research designs (namely, research construct validity, internal validity, external validity and reliability, Yin 1994 p. 33), all conditions were, to the best of the author's efforts, considered and fulfilled in this paper's study.

4 CHANGE CAPABILITY IN ORGANIZATIONS

As illustrated in table 3, a total of ten second-order themes were identified based on the data analysis. These themes represent informant's viewpoints on organizational change capability as a whole, but also reveal distinct capabilities linked to organizational change capabilities. The following aggregate dimensions represent four clusters of capabilities as building blocks of organizational change capability.

The individual and the culture supporting individuals in change. The first cluster of capabilities emerged through second-order themes covering individuals and organizational culture. As informants described, organizational change capability may not differ much from individual change capability, and same characteristics can be found in both. After all, organizations are made of people. It is also essential to have the right people with right skills, at the right place. This provides basis for organizational change capability. Many informants singled out individual change capabilities that they felt related strongly to organizational change capability, such as: empathy, courage, trust and dialogue. Willingness to learn and change were valued in informant answers, as the below quote exemplifies.

"[Change capability is] the understanding that we, everyone as individuals, have to be ready to change and to learn." -Change Manager, company B

Here, organizational values and culture come to play: informants state that cultural support is an essential aspect or, enabler, of change capability. A culture where change is embraced and encouraged supports individuals in their own change journeys. Examples of a change-supporting culture are described by words such as a "learning" culture, a "daring" culture, "open-mindedness" and "resilience". Thus, when analyzing organizational change capability from the organizations' point of view, individuals and organizational culture make an essential component.

"Organizational culture - being a cliché or not - comes first" -Change Manager, company E

A functioning framework. The second cluster of capabilities refers to frameworks and structures that make up organizational change capability. First of all, informants state that the organization's strategic focus and direction must be clear. The organization needs to have a comprehensive overview of where it stands and where it is going, also creating a sense of urgency for change and renewal. With strategies, it is also essential to be able to prioritize and select focus: competing strategies may not be executed, at least not simultaneously. So here, change capability is also about choosing the strategy and direction and executing selected choices accordingly. Informants stress that it is not enough to have strategy but possessing organizational change capability involves the accomplishment of strategies.

As another theme belonging to this cluster of capabilities, organizational structure is brought up by some informants. With organizational change capability, it is of utmost importance that organizational structures are such that promote and enable change. Clarity of structure and well-functioning core processes are key, as

the quote below demonstrates. Some informants also make an important note that how the organization is structured, has effect on change management practices such as communications.

“The [organization’s] foundations must be in good shape; this makes change controlled.” -Manager, Development, Company D

Enabling processes and coordination. An important part of organizational change capability are the tools, processes and methods set in place for the systematic management of change. These processes can include a vast array of varying frameworks, approaches, practices and tools – also encompassing training processes so that the individuals of the organization possess needed know-how in changes. Two aspects arise related to processes and tools for the management of change: first, it is imperial that they exist. Second, several informants advocate for the systematic nature of these processes and tools.

As a distinct process, informants raise the organization’s decision-making processes and policies to the discussion. Two main lines of consideration rise with this statement. Firstly, how decisions are made. In some organizations, decision-making processes are more hierarchic and initiated top-down. In contrast, other organizations may foster more inclusive decision-making practices making the process more participative or down-up than directive. Secondly, informants bring forth that decision-making needs to be functioning. This means that organizational change capability involves making clear decisions and advancing matters intentionally.

Two-way systems. The last cluster of capabilities is built around two-way systems, illustrating that organizational change capability is about involving people and making sure that they are informed. First, communication surfaced as the single biggest topic of discussion regarding organizational change capability as a concept. Informants described that communication is a necessity, emphasizing that established communication processes and procedures are of importance. Nevertheless, communication is admittedly often under resourced and communication efforts underestimated. The essence of communication is considered to be the clarification of the change message towards different groups of stakeholders. What is to be noted is that communication is dialogical, a two-way process that should be conducted throughout the change lifecycle. The organization’s culture and, as previously mentioned, also organizational structure affect change communications. The following quotes are examples of the vivid discussions round communication:

“The organization has to have good communication capabilities and the capability to “write the change down” so that the message can be replicated regardless of the communicator. This is a capability, I feel. Otherwise, the change is just hearsay. It’s not enough that management discusses change, you have to be able to communicate the message forth. Concretely, in an articulated and understandable manner. What changes, what is left out, what is the expectation.” -Development and Change Manager, company H

“Change capability is communicating the essential, making also complicated matters understandable.” -HR Development Manager, company J

The second theme in the cluster of capabilities of “two-way systems” addresses the involvement of all stakeholders. Here, the aim is finding common direction with stakeholders across the organization, from top level to the floor level. The aim must be to get everyone involved. Methods of participation can vary and are plentiful, but the overall aim is clear: all on board the change train.

“[Change capability is] to get everyone involved”. -Development and PMO Manager, company K

Related to the second theme, the third and final theme of this capability cluster addresses the involvement of all organizational levels. Multiple informants name “the grassroot level” of the organization, meaning that the lowest levels of the organization must be considered when implementing change. Here, the grassroot level’s ideas and suggestions should be acknowledged and treated respectfully, incorporating them into the changes being made. Thus, the change can be centrally driven (top down), grassroot-driven (down up) or a combination of both.

With these four clusters of change capability that were identified as this paper's empiric case study results, the voice of the organizations regarding the concept of organizational change capability are brought to life. Eloquent discussions with informants proved that the concept of OCC was of great importance and an extremely intriguing topic of conversation.

DISCUSSION

Concept definition must not be done hastily and without proper grounds. Inevitably, concepts evolve as time goes by, but one could look at examples such as McGuinness and Morgan (2005) and the thorough justification they have done as explaining where their definition of organizational change capability comes from. As the concept of organizational change capability has evolved in nearly 20 years, contemporary approaches need to be built exhaustively. A house will not endure if its foundations are not built meticulously and with the greatest care. The same should apply to concept definition: groundwork needs to be done so that concepts are based on clear definitions and capacity does not become capability or vice versa.

As this paper's literature review and empirical study proves, organizational change capability (OCC) is still a challenging concept to approach since definitions are yet not precise. Furthermore, also from interviewed informants many found the topic difficult to approach, even stating out loud that the subject matter was hard to discuss since not knowing exactly what should be discussed in the first place, when discussing OCC. As Balogun and Hope Hailey (1999) affirm, individual change capabilities can be evaluated via psychometric testing etc. but at the organizational level, such diagnostic tools do not exist. Nevertheless, in order to evaluate something, one would need to know *what* to evaluate. So, what is organizational change capability?

As recent promising advances (e.g., Montreuil 2022; Supriharyanti and Sukoco 2023; Montreuil 2024) demonstrate, there are multiple attempts of concept clarification by examining previous studies on OCC. Most advances agree that organizational change capability is a dynamic capability, associated to multiple clusters of capabilities (or competences, depending on semantics used). However, we still need substantial work to narrow the field and find established concepts, encompassing OCC from a holistic perspective. In addition, we do not know much about how organizations themselves approach the concept. This paper makes a contribution to the discussion of organizational change capability by adding to the concept via the perspective of the organizations themselves, a much needed extension towards a more inclusive concept. Or – to be more precise – as organizations *“do not think, make decisions, or allocate resources; people do”* (Ulrich & Lake 1990, p. 39), this paper's informants are representing their respective organizations' perspectives in concept building.

This paper's results show that organizational change capability can be addressed via four clusters of capabilities: the individual and the culture supporting individuals in change; a functioning framework; enabling processes and coordination; and two-way systems. When looking at Turner's and Crawford's (1998) reshaping capabilities (allowing an organization to change effectively), this paper's four capability clusters appear to have evolved from their definition of engagement, development and performance management change capabilities. “Engagement” contains communications and involvement mechanisms similar as this paper's “Two-ways systems”. However, this paper's approach appears much more comprehensive than Turner's and Crawford's, encompassing cultural aspects and dialogic means of communicating. “Development” entails systems, practices and resources, whilst this paper's “functioning framework” and “enabling processes and coordination” are characterized by strategic focus, organizational structure, tools, processes and decision-making – suggesting dynamic capabilities compared to a resource-oriented view of “development” capabilities by Turner and Crawford. Last, Turner and Crawford's “performance management” describing performance control and resource application, cannot be straightforwardly found from results presented in this paper. Although from this paper's capability clusters, “a functioning framework's” strategic focus and direction capabilities contain planning and structuring activities, they do not involve matters like financial performance, as suggested by Turner and Crawford.

Turner's and Crawford's study is over 25 years old, and the world is not the same as it was in 1998. Thus, this paper's results reflect on organizations in the 2020's, and definitions of organizational change capability mirror contemporary developments.

This paper answers the research question it was set to discover, namely, what organizational change capability is from the viewpoint of organizations. The four identified capability clusters are presented as a novel approach to organizational change capability, both replenishing the concept and providing an empiric starting point for further studies on the subject matter.

Limitations. The present study of this paper bears some limitations. As informants of this study view organizational change through the lens of planned change approaches (Rosenbaum *et al.* 2017), they mainly consider organizational change capability as associated with the management of planned change initiatives. It is thus worthwhile to note that the four organizational change capability clusters may not be applicable to all types of change. What is more, as the sample size represented only fifteen informants from ten large companies, studying organizational change capability with a wider sample of informants might add to identified organizational change capability clusters or bring divergent results. Since studied organizations represent Finnish large companies (in a stable, developed, democratic economy), generalizations to "all large companies" cannot be made.

Further research directions. As the topic of organizational change capability is relatively novel, future research directions are plentiful. What is especially missing from the field is more empirical research – both on the concept of OCC but also testing current OCC approaches and measures "in the field". Another interesting research direction would be to study the relationships between the four clusters of organizational change capability identified in this paper. This way, generalizability of this paper's results would be tested. From an empirical point, the identified four clusters of organizational change capability could further be studied, for example following Albrecht and Roughsedge's (2023) aspirations for measuring organizational change capability in organizations. As OCC studies are beginning to raise more and more interest, further research directions are indeed plentiful.

Practical relevance. Organizations strive for achieving organizational change capability, as it gives competitive advantage in a turbulent world. This paper makes the topic more approachable for organizations, since the results are derived *from organizations*, speaking their language. Balogun and Hope Hailey (1999) affirm that while an organization's change capability affects the choice of paths for the organization to choose from, it also affects change roles within the organization. In other words, if internal capability is missing, it is more likely that e.g., consultants may need to be involved. And this, in turn, costs money – especially if changes are constant and own change capabilities are immature. What is more, Ulrich and Lake (1990) assert that simply hiring the best persons available does not guarantee organizational capability. Organizational change capability is something to be developed systematically – by the organization and for the organization. In today's rapidly changing environment, organizational change capability is of utmost interest to organizations.

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