ABSTRACT

Although there is vast literature about the contemporary mobile services (m-services) phenomenon, there is a lack of focus on the strategic processes through which m-services are developed. The dynamic capability framework which lends itself as an appropriate theoretical means of exploring this research gap also lacks empirical testing within the m-service research space. The purpose of this paper is to begin to address these gaps in the literature by drawing on how a Ghanaian m-services developer develops capabilities to create m-services. This case study gathered qualitative data through key informant interviews, participant observation and a review of accessible company documents, and e-mail correspondence. Based on literature on dynamic capabilities, this study draws three conclusions. First, there are four types of m-service capabilities that can be developed i.e. informational, interactional, transactional, and transformational m-service capabilities. Further, the type of m-service capability determines the type of m-service that can be provided. Second, political change determines the type of m-service capability that an m-service provider develops. Third, the extent to which an m-service impacts on its intended market is dependent on the extent of market readiness for that particular m-service type. This study’s contribution lies in the operationalisation of the dynamic capability framework in the m-service context. This paper is the first to adapt the dynamic capability framework within the m-service setting to unearth an understanding of how m-service providers create capabilities to develop m-services.

Keywords: Capabilities, Critical Realism, Dynamic Capabilities, m-Service, Qualitative Case Study

1. INTRODUCTION

The post-PC era underlies a collection of research about mobile services (m-services). However, existing m-service research seems more focused on consumer issues. Such studies provide understanding about factors influencing consumers’ adoption of m-services (e.g. Shim, Ahn, & Shim, 2006; Kumar & Lim, 2008; Riquelme & Rios, 2010; Gomez-Barroso et al., 2012; Tobbin, 2012). Others have explored the organisational aspects of m-service e.g. business models and creating customer value in m-services (Methlie & Pederson, 2007; de Reuver & Haaker, 2009; Johansson et al., 2012; Ghezzi, 2012; Gonçalves & Ballon, 2011). These studies fall short of explaining the development of such m-services.
The observed knowledge gap needs exploring mainly for the reason that we cannot have m-services without development first taking place. Also, m-services make a significant share in non-voice revenue in the mobile ecosystem, are considered as growth drivers, a revenue source, and a growth booster when the mobile market is declining due to low average revenue per user per month, intense competition, and fall in voice tariffs (Jasrai, 2014). Further, companies that undertake the development of m-services, hereinafter referred to as m-service providers, have been largely ignored as research settings by m-service literature in favour of other companies such as mobile network operators. In striving towards a comprehensive understanding of the m-services phenomenon it is important to understand m-service development.

The high adoption of m-services suggests the presence of high competition within the ecosystem of mobile technology-related companies (Bose & Chen, 2010). Meanwhile, rivalry resulting from innovation, price, and performance also create the need to continuously create and evolve strategies to achieve goals (Feurer & Chaharbaghi, 1996). M-service providers’ tendency to continue creating rent-generating m-services that possibly overcome their competitors increase their innovative propensity to combine resources — theirs or others — to create m-services (Wang & Lin, 2012). The dynamic capability framework is the prevailing paradigm for understanding how firms in highly competitive environments evolve strategies to achieve competitive advantage (Teece, Pisano & Shuen, 1997; Eisenhardt & Martin, 2000). The evolution of such firm strategies usually result in capabilities. However, due to the context-dependent nature of such capabilities (Collis, 1994; den Hertog, van der Aa, & de Jong, 2010), research has attempted to contextualise the capability creation in terms of where they are being created e.g. marketing capabilities (Ali, Peters, & Lettice, 2012; Evers, Andersson, & Hannibal, 2012); dynamic capabilities in institutional entrepreneurship (McKague, 2011), and technological capabilities (Figueiredo, 2008; Zhou & Wu, 2010). The dynamic capability framework currently lacks empirical testing from a very competitive and dynamic environment such as which exists in the mobile ecosystem. More importantly, prominent reviews argue for alternative conceptualisations for dynamic capabilities based on “the nature, role, relevant context, heterogeneity assumptions, and purpose of dynamic capabilities” (Barreto, 2010, p. 270). In terms of nature, there is an existing challenge to make the construct “nondichotomous to allow varying degrees of dynamic capability across firms, which seems more compatible with real-world situations than a “have it or not” approach. In addition, Barreto (2010) points out a raging challenge about the purpose of dynamic capabilities i.e. to “formulate a concept that avoids the specification of a purpose without attracting criticisms of being vague or intractable”.

This paper provides responses to the foregoing knowledge gaps. The paper combines the dynamic capability framework and Molla and Licker’s (2004) hierarchical model of e-commerce capabilities to arrive at a set of m-service capabilities. Qualitative evidence from a Ghanaian m-service provider shows the existence of m-service capabilities, which are created in response to the market dynamics.

The paper is structured into six sections, beginning with the introduction. The second section discusses the creation of m-services using the dynamic capabilities framework. The third and fourth sections present the research methods used in collecting data and a case study of the experiences of a Ghanaian company in developing and deploying m-services, respectively. The fifth and sixth sections present the analysis and conclusions from the study.

2. CREATING CAPABILITIES TO DEVELOP M-SERVICES

Dynamic capability (DC) asserts that firms within highly dynamic and competitive environments, acquire and deploy resources that enable such firms to match the changes which characterise their environment. The firms continu-
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