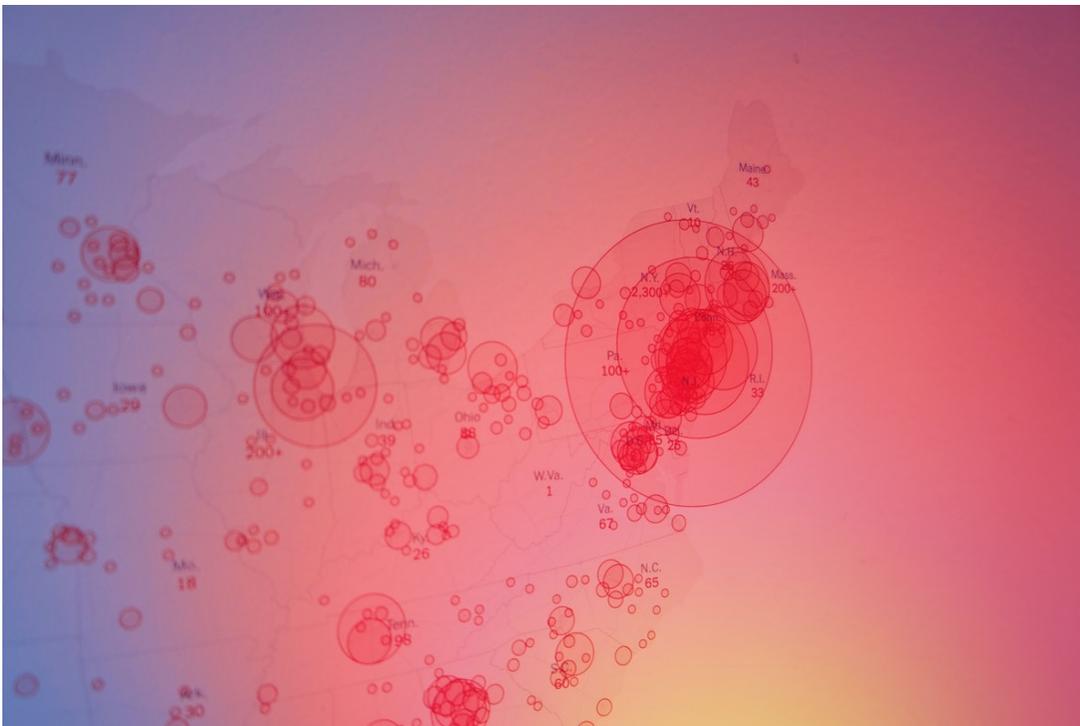


MANAGEMENT

# Knowledge-Based Dynamic Capabilities: The Panacea for Pandemic

by Vaneet Kaur



*COVID-19 has led to an increased need for dynamism among organizations.*

✔ **INSIGHT** | NOTE 28 Apr 2020

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Even though the predicaments of pandemic are all-pervasive, businesses are more likely to bear the maximal brunt. Corona's concomitants have compounded convolutions of corporations - and dark clouds are now looming large on business organizations. In this

milieu, the secret to untying the endlessly entwining gordian knot lies in developing transmuting corporate competencies called “**Knowledge-Based Dynamic Capabilities.**” These superior competencies formed by underpinning Higher-Order Dynamic Capabilities with Knowledge Management Process Capabilities can aggrandize plausibility of organization success in the present epoch.

Dynamic Capabilities are the abilities of an organization to utilize its idiosyncratic permutations of resources as well as processes to modify, integrate, and renew the existing organizational competencies. An organization can develop knowledge management processes as first-order dynamic capabilities. The tripartite Knowledge Capabilities that can facilitate the free flow of knowledge in these crucial times are *Knowledge Acquisition*, *Knowledge Combination* and *Knowledge Protection Capabilities*.

**Knowledge Acquisition:** New opportunities can emerge when firms come up with novel use of available knowledge reservoirs. For instance, **OptimizeRx**, a digital health firm realized the value of acquiring crucial knowledge shared by CDC and transmitting it to healthcare organizations by embedding health alerts into cloud-based platforms and deploying them at health firms.

**Knowledge Combination:** Businesses can gainfully combine their knowledge resources to become alluring partners in this fight against virus. **Moderna**, a biotech firm, is collaborating and combining knowledge resources with several US government health agencies to create Covid-19 vaccine.

**Knowledge Protection:** The proprietary nature of knowledge assets must be retained by ensuring legal protection. Wuhan Institute of Virology, China filed for a national patent on the use of remdesivir, an experimental antiviral drug used to treat COVID-19 which was **first developed by a US company called Gilead**. The legal battle between both the organizations for winning the right to the drug underscores the pivotal role of patents.

After laying a strong foundation with First-Order Capabilities, organizations must work towards building Higher-Order Dynamic Capabilities which enable instantaneous responsiveness to altered conditions. The three instrumental Higher-Order Capabilities are Adaptive Capability, Absorptive Capability, and Innovative Capability.

- **Adaptive Capability:** An organization must swiftly synchronize and reconfigure its resources in alignment with the changes in the business landscape. For example, **Nike's store in New York's SoHo** has made it possible for its customers to try on shoes in various simulated sporting environments before making purchase decisions.
- **Absorptive Capability:** These capabilities can assist companies in creating proactive guidance and support plans for employees. China's kitchenware manufacturer, **Supor**, chalked out specific operational guidelines and procedures for its employees, such as instructions for limiting exposure while dining in canteens and instituting emergency plans for abnormal situations. These measures equipped the company to reopen most of its production lines as early as second week of February.
- **Innovative Capability:** Innovativeness becomes evident when an organization achieves milestones in translating creative ideas into new products and processes. For instance, **Slightly Robot**, a Seattle based company, has come up with an iPhone and Android app, called Immunutouch, **designed for wearable devices that encourages users not to touch their face.**

The benefits for each set of capabilities are far reaching, however, when these different levels of capabilities are used in tandem which each other, the results are synergistic. Take the case of **Master Kong**, a beverage producer of China. The company reviewed industry dynamics daily by acquiring and combining knowledge resources which helped it in predicting hoarding and stock-outs. The company swiftly adapted itself by shifting to alternate channels like Online to Offline (O2O), e-commerce and smaller stores. Company also kept a track of retail outlets' re-opening plans simultaneously and modified its supply chain accordingly. As a result, company's supply chain recovered by more than 50% in just a few weeks after the outbreak, and it was able to gainfully supply to 60% of the stores that were reopened during this period. This figure is three times more than what its competitors could supply, hence demonstrating the fact that Knowledge-Based Dynamic Capabilities can indeed serve as the panacea for this pandemic.

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Vaneet Kaur

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Vaneet Kaur is an Assistant Professor of Management and Information Systems at Kent State University. Previously, she was a Visiting Assistant Professor at JSOM, University of Texas at Dallas in Organizations, Strategy and International Management (OSIM).