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Digitalisation and Organisational Value: A Digital Capability Renewal Framework

Full research paper

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Abstract

The rapidly changing business environment compels businesses to invest in digitalisation. Whilst the investment in digitalisation is growing, businesses struggle to realise the strategic benefits of digitalisation. To address this problem, this paper introduces a digital capabilities renewal framework. Drawing from the dynamic capability theory, we argue that to generate and sustain business value, an organisation's effort must be directed to the capability renewal process – a process of reconfiguring and realigning digital capabilities to develop higher-order dynamic capabilities. We present this argument in a nomological net that binds together the ordinary capabilities and managerial actions, the digital capability renewal process, and the dynamic capabilities and organisational value constructs. We further develop a set of propositions. The paper lays the foundation for investigating the activities and impacts of the digital capability renewal process. Future research can test and validate the proposed framework in empirical settings.

Keywords

Digital capability; digitalisation; dynamic capability theory; ordinary capability; dynamic capability; organisational value

1. Introduction

Organisations globally are investing in various technologies such as machine learning, artificial intelligence, and blockchain to transform their operations (Legner et al. 2017). This phenomenon of transforming organisational operations, functions, models, and technological capabilities through the adoption of digital technologies is often referred to as digitalisation (Legner et al. 2017; Parviainen et al. 2017).

The investment in digitalisation is growing at a rapid pace. For example, IDC (2022) suggests that the investments are likely to reach up to USD 1.8 trillion in 2022, an increase of 17.6% from 2021. Whilst the investment in digitalisation is growing, businesses struggle how to realise the strategic benefits of digitalisation (Gartner 2019). A report by Tabrizi et al. (2019) estimate that out of \$1.3 trillion spent by organisations on digitalisation initiatives in 2020, about \$900 billion was lost with almost 70% organisations failing to achieve their digitalisation goals. Thus, the investment in digitalisation is characterised by unpredictable outcomes, illusive return on investments (Ebert and Duarte 2018), fluctuating revenue growth (Bughin et al. 2021), uncertain competitive advantage (Davenport and Westerman 2018), and falling short of objectives (Issa et al. 2018). Despite this uncertainty in the value of digitalisation, which could make organisations less confident, digitalisation investment is continuing unabated as indicated in the IDC (2022) report. Therefore, the question of how organisations can generate value through digitalisation is of importance to research and practice.

Many studies have been conducted to answer this same question. These studies have taken broadly three perspectives - the resource-based, the capability-based, and the governance-based perspectives. The resource-based perspective assesses the changing nature of digital resources triggered by digitalisation as a source of creating value (Mubarak et al. 2019; Nwankpa and Roumani 2016; Wielgos et al. 2021). The capability-based perspective evaluates the impact of capabilities developed through and by digitalisation on organisations' performance (Bag et al. 2020; Yu and Moon 2021; Zomer et al. 2018). The governance-based perspective shifts the source of value to how well organisations manage and govern digitalisation programs (Ferreira et al. 2019; Kroll et al. 2018; Llopis-Albert et al. 2020). Although these studies have demonstrated a positive relationship between digital resources, digital capabilities, and organisational value, the insight has yet to prevent or minimise digitalisation failures. This leads us to question some of the underlying assumptions of the studies and motivate this paper.

First, many studies assume that digitalisation triggers the development of digital resources that translate to organisational value in long term without having to undergo a renewal process (Buer et al. 2020; Wielgos et al. 2021). However, digital resources are non-rare and non-imitable. Organisations, in order to remain competitive, need to regularly redevelop them systematically through a renewal process (Truant et al. 2021; Zhai et al. 2022). As a result, there is a need to explain how organisations renew their digital capabilities in the unpredictable and rapidly changing business environment to create significant sources of long-term competitive advantage. Second, digitalisation studies highlight the relationship between digital capabilities and organisational value as mostly direct and linear (Sousa-Zomer et al. 2020). They neither explain the capability renewal process nor the difference between ordinary and dynamic capabilities of digitalisation (Danneels 2008; Winter 2003) and how they contribute to enhance the organisational performance. Ordinary capabilities focus on spontaneous and routine responses to the changing environmental conditions through use of existing resources (Schilke 2014; Teece 2018a). Whereas, dynamic capabilities reconfigure ordinary capabilities to generate competitive advantage and create new areas of growth triggering higher value for organisations (Teece 2018a). Third, how organisations evaluate the need for capability renewal and the management of the capability renewal activities are yet to be theorised.

To address these problems, this research proposes a conceptual framework that facilitates the evaluation of how organisations would generate value from digital capability renewal process. The paper focuses on the influence of ordinary capabilities and managerial actions on digital capability renewal process. It evaluates the ordinary and dynamic capabilities and their impact on organisations, and the influence of digital capability renewal process on organisational value. The research question that guides this study is formulated as: *How can organisations generate value through the digital capability renewal process?*

The rest of the paper is organised as theoretical background on digitalisation, and the impact of digitalisation on organisational value, discussion on conceptual framework development, and conclusion and future research direction.

2. Literature Review

To guide the development of the digital capability renewal framework, this section reviews the literature on digitalisation, and on the impact of digitalisation on performance from the digital resources, digital capabilities and governance perspectives .

2.1 Digitalisation

Digitalisation refers to the process of adopting and exploiting digital capabilities to transform organisational processes, functions, and business models for better organisational value (Legner et al. 2017). The process of digitalisation is complex, evolutionary, and stage based. The strategy development stage looks into addressing the business challenges and opportunities through the exploitation of digital capabilities (Hess et al. 2016). The integration stage is about the adoption and utilisation of digital technologies in organisations to support the digitalisation strategies (Henriette et al. 2015). The operations stage focuses on the remodelling of the operational activities in organisations through the exploitation of digital capabilities (Reis et al. 2018). The customer engagement stage concentrates on revamping the interaction mechanism between organisations and customers by exploiting digitalisation capabilities (Berman 2012). The business model enablement stage captures the changes in the revenue model, cost structure and customer value proposition of an organisation to facilitate digitalisation (Westerman et al. 2012). The governance stage looks into the management of budgeting, resourcing, risk, change and governance processes of digitalisation in the organisations (Kane et al. 2015; Westerman et al. 2012).

Digitalisation induces several strategic imperatives for organisations at various levels. At a resource level, it allows organisations to redefine the way they create and deliver value for customers by assessing, acquiring and developing digital capabilities (Kotarba 2018; Verhoef et al. 2019). The transformation of digital resources has an ability to trigger digital agility to respond to the changing digital environment by enabling digitalisation and develop digital capabilities to integrate and utilise digital technologies in various organisational functions (Li et al. 2019; Lindner and Leyh 2018). At a business functional level, it facilitates the restructure of organisational functions looks into the composition and the interaction between various organisational components such as people, culture, business functions and customers (Verhoef et al. 2019). At an organisational value level, digitalisation can enable organisations to generate financial value through digital business models, (Kotarba 2018), new digital revenue streams (Hess et al. 2016), and new products and services (Hinings et al. 2018). It can also lead to non-financial value by improving the efficiency of internal business processes streamlining operations, infrastructure and technology, and enhancing customer experience (Hess et al. 2016; Hinings et al. 2018).

2.2 Digitalisation and Organisation Performance

Digitalisation can influence various areas of an organisation to generate value. For example, the integration of digital technologies can change the technological infrastructure and support the improvement of business processes (Ratia et al. 2018). Digitalisation can induce analytic capabilities, leading to the improvement of operational efficiencies (Buer et al. 2021; Viale and Zouari 2020). It allows organisations to transform their operations through adopting digital technologies. Such changes can be translated to distinct levels of organisational value (Andriole et al. 2017; Bag et al. 2020; Salvi et al. 2020). IS studies examine the influence of digitalisation on organisational performance by inspecting (a) digital resources, (b) digital capabilities and (c) digitalisation governance.

Digital Resources

Digitalisation enables organisations to redefine the way they create and deliver value by acquiring, developing, and transforming digital resources (Kotarba 2018; Verhoef et al. 2019). The enablement of digital resources plays an important role in executing strategies for organisations undergoing digitalisation. It drives immediate business value impacting multidimensional performance at various levels, consisting of operational efficiencies of business processes that can be measured as customer service, automation, flexibility, and accuracy (Mubarak et al. 2019; Ratia et al. 2018; Viale and Zouari 2020) , financial performance defined by profits and return on investment (ROI) (Nwankpa and Roumani 2016; Ratia et al. 2018) and business performance improvement through innovation and new business models (Mubarak et al. 2019). Overall, the relationship between digital resources and organisation performance is primarily driven by the integration and transformation of digital resources (Nwankpa and Roumani 2016; Ratia et al. 2018; Viale and Zouari 2020).

The integration of digital resources focuses on incorporation of digital resources which impacts an organisation`s structure such as business functions and business processes, resulting in performance

enhancement. Most of the researchers find a positive association between digital resource integration and organisational performance (Mubarak et al. 2019; Ratia et al. 2018). The integration of digital resources allows organisations to respond to the external business demand to reduce operational cost and improve efficiencies and thus gaining competitive advantage (Ratia et al. 2018). However, it overlooks the long-term value derived by the digital resource integration and constantly changing business environment. The transformation of digital resources focuses on responding to environmental changes through configuring existing organisational resources (Salvi et al. 2020). Such configuration of resources enables organisations to revamp the resources for creating new products and service and improving business activities to achieve higher organisational value.

Digital resources, although, demonstrate changing and adapting nature which influences organisational value, they cannot be generalised for long-term competitive positioning of an organisation. It is assumed that digital resources are rare, valuable, and imperfectly imitable, and the value generated from digitalisations remains fairly constant throughout the life cycle of the digital resource. However, such an argument is valid within a limited time span. Therefore, digital resources need to undergo a renewal process to be sustainable in long-term.

Digital Capabilities

Organisations to continuously deliver high performance need to continuously learn, adapt and realign their resources which help them to effectively respond to the challenges and opportunities (Arkhipova and Bozzoli 2018; Teece et al. 1997). Such a process enables organisations to create a dynamic operating environment which plays an important strategic role towards success (Wimelius et al. 2021). Hence, organisations are in constant look out to reconfigure their digital resources and develop new capabilities to be competitive and sustainable (Warner and Wäger 2019). Digital capabilities constitute of micro-foundations and macro-foundation which can impact organisational performance. The micro-foundations explain the nature of digital capabilities at a granular level including digital savvy skills, culture, individual or organisational actions, and digital intensity (Sousa-Zomer et al. 2020). The macro-foundations refer to the broader characterises of digital capabilities which have a specific task in-relation to performance (Bag et al. 2020; Nasiri et al. 2020).

Both the creation and exploitation processes of new digital capabilities influence organisational value. The creation of new capabilities are mainly driven by embracing new digital technologies to innovate which assists in creating digital capabilities (Caputo et al. 2019; Khin and Ho 2019). Studies suggest that digital orientation and digital capability encourage organisations to embrace emerging digital technologies to innovate and improve organisational value (Khin and Ho 2019). Organisations, in order to establish new capabilities, transform digital capabilities can influence the business operations and induce positive changes to the business functions, triggers improvement in organisation's operating performance (Joensuu-Salo et al. 2018). The transformation is driven by organisation's aspiration to change the business operations and business model which can lead to better performance and long-term sustainability. The transformation of digital capabilities has a capacity to influence the business operations and induce positive changes to the business functions, triggering improvement in organisation's operating performance (Joensuu-Salo et al. 2018).

The focus of most of the digitalisation studies is on ordinary capabilities which are routine responses for external environmental demand. Ordinary capabilities lean on the basic characterises of existing resources without revamping them to be competitive (Zollo and Winter 2002). They focuses on the spontaneous responsiveness in novel situations and in recessionary conditions (Schilke 2014; Teece 2018a) and require reconfiguration of pre-existing capabilities and creation of new capabilities to respond to the changing environmental conditions (Schilke 2014; Winter 2003). Dynamic capabilities, on the contrary, is about creating a mature process in organisations to exploit new opportunities through revamping previous capabilities and change the market dynamics by creating new capabilities through innovations (Karimi and Walter 2015; Teece 2018a). The implication of dynamic capabilities derived from the capability renewal process on organisations has got limited attention by explorers. There is also a limited emphasise on how organisations identify and perform the capability renewal to upgrade the digital capabilities which can return higher value.

Digitalisation Governance

The governance of digitalisation focuses on the management capabilities of an organisation to effectively align people, business goals, and culture (Ferreira et al. 2019; Rossato and Castellani 2020). It plays a key role in managing digital resources, digital capabilities and can influence organisational value (Ahmad and Murray 2019; Lin et al. 2020; Rossato and Castellani 2020). The governance of digitalisation includes the administration of digitalisation activities and strategy planning and execution of digitalisation. The administration of digitalisation encapsulates the management of digitalisation

activities (Kroll et al. 2018), capabilities (Li et al. 2018) and organisational processes (Ferreira et al. 2019) influenced by digitalisation. The management of digitalisation activities explains how better management capability are generating value for organisations by incorporating various aspects of management thinking such as managerial cognition, team building and decision making (Kroll et al. 2018; Llopis-Albert et al. 2020). The capabilities management, on the other hand, have focus on administrating digital and process capabilities developed by digitalisation (Li et al. 2018). The management of organisational processes is influenced by organisational variables such as business functions and services and the influence they can create on performance such as productivity and competitiveness (Fernandes et al. 2019; Rubio et al. 2020).

The strategic planning and execution of digitalisation look towards long term sustainability of organisations, driving higher organisational value (Rossato and Castellani 2020). It evaluates the market conditions and assess the need to execute digitalisation more effectively (Cillo et al. 2019). The key focus of strategic thinking to better govern digitalisation is defined by leadership ability (Yip et al. 2020), entrepreneurial mindset (Rossato and Castellani 2020) and decision making (Feng et al. 2020). In addition, the strategic view also contributes to organisation`s longevity by planning the improvement in operational efficiencies, enhancement of customer experience, and capability landscape and digital technology adoption (Yip et al. 2020; Rossato and Castellani 2020; Feng et al. 2020).

The governance of digitalisation, although has depicted the need be competitive by better executing digitalisation process, it has shown limitations in examining the strategic planning and execution for constantly rebuilding digital capabilities to trigger competitive advantages for organisations. Specifically, there are two areas which are underexplained. First, understanding the need for organisations to undergo a capability renewal process to upgrade their digital capabilities. This includes examining the existing value and assessing the value against the opportunities and business conditions. Second, managing the process of capability renewal for generating higher value.

3. Conceptual Framework Development

This section develops a framework to better understand the value generated by organisations undergoing digitalisation through the digital capability renewal process. This research focuses on exploring the need for constant rebuilding of digital capabilities through a capability renewal process and its persistent impact on organisations. Scholars draw extensively from the dynamic capability theory (DCT) to examine the changes that digital resources and capabilities induce in an organisation to generate value (Mubarak et al. 2019; Nwankpa and Roumani 2016). The DCT allows to explain how organisations constantly revamp digital capabilities to capture superior value and sustain competition. Hence, this research primarily draws from the DCT to understand the process of capability renewal for organisations undergoing digitalisation and the order of digital capabilities influencing organisational value.

The digital capability renewal process refers to the process to continuously learn and reconfigure existing digital resources, capabilities, processes, skills and managerial decisions, and create new ones in order to respond to market challenges and opportunities (Warner and Wäger 2019). The conceptual model draws from four fundamental concepts of DCT. The first concept is related to the assessment and sensing of the opportunities for organisations to enhance organisational value by reconfiguring capabilities (Teece 2007; Teece 2014). It is evident that organisations cannot reap a constant value from digital capabilities without reconfiguring them in accordance with the dynamically changing business demand. Therefore, it is essential for these organisations to assess the opportunities which could enable the improvement in organisational value by undergoing the capability renewal process which would transform their organisational capabilities to a higher level. Such actions are at a strategic level, mainly driven at management actions. This concept assists in understanding the internal and external business forces that trigger organisations to undergo capability renewal process.

The second concept is about seizing the opportunities by improving the capabilities and resources (Teece 2007). Once, the need to undergo a renewal process is sensed, it must be addressed through improving the existing capabilities. The seizing of opportunity is driven by management decision to introduce new capabilities. This DCT concept forms an understanding of digital capability renewal process by inspecting organisation`s structure, procedures, processes, and designs with respect to the digital capabilities.

The third concept is about recognising the influence of various micro foundations of dynamic capabilities and their interactions at different levels (individual, processes, managerial) for developing organisational level dynamic capabilities driving sustainable performance outcomes (Helfat et al. 2009; Teece 2007; Teece 2014). The individual levels actions captures the interactions and behaviours of

individuals within a structure in shaping the dynamic capabilities in organisations resulting in organisational level outcomes (Teece 2012). The process level explains the interaction between various organisational processes and with individuals and structures that contribute to the aggregation and emergence for forming routines and capabilities (Foss et al. 2012). The managerial level includes the cognitive capabilities of managers and their interactions with other organisational micro foundations around sensing, seizing and transforming dynamic capabilities (Teece 2012; Helfat and Peteraf 2015). This concept will abet the conceptual framework with the understanding of the drivers and the influencing factors of capability renewal process.

The fourth concept this research uses from the DCT is related to different capabilities organisations develop by buying, renewing and reconfiguring resources to either respond to a business demand or to change the market dynamics (Teece 2014; Teece 2018a). According to (Teece 2014), these capabilities can be categorised under two classes – ordinary and dynamic. The ordinary capabilities focus on accomplishing tasks which define the performance of administrative, operational and governance functions in an organisation (Di Stefano et al. 2014; Teece 2014). These capabilities bring short term competitive advantage for organisations. Dynamic capabilities involve higher-level activities which direct ordinary capabilities towards superior outcomes (Teece 2014; Teece 2018a). These high paying endeavours are driven by integrating, building and reconfiguring internal and external resources to produce differentiating products and services that address new and existing robust market demands (Peteraf et al. 2013; Teece 2018a). Hence, strong dynamic capabilities have an ability to produce highest organisational value in continually shifting business environment. Such a concept is useful to form the understanding of the relationships between the two capability classes (ordinary and dynamic) and their influence on organisational value. Based on the four concepts of the DCT and literature analysis, **Figure 1** reflects the theorisation. The five key constructs of the conceptual framework is defined in **Table 1**.

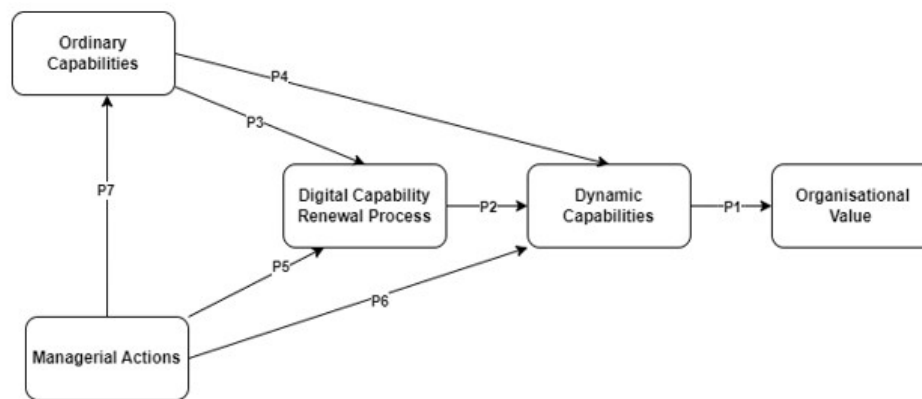


Figure 1 The digital capability renewal framework

Construct	Definition	Reference
Ordinary Capabilities	The routines responses through reconfiguring the organisational resources.	Teece (2014); Winter (2003)
Managerial Actions	Executives actions towards strategy planning, execution and governance of digital capability renewal process in organisations.	Teece (2007); Helfat and Peteraf (2015)
Digital Capability Renewal Process	The process of reconfiguring ordinary capabilities to develop higher order capabilities to sustain superior performance.	Karimi and Walter (2015); Teece (2018a)
Dynamic Capabilities	The capabilities that produce highest organisational value in continually shifting business environment.	Karimi and Walter (2015); Teece (2018a)
Organisational Value	The value generated from the dynamic capabilities and digital capability renewal process.	Schilke (2014); Wilden et al. (2013)

Table 1 Constructs of the digital capability renewal framework

The organisational value draws from the theoretical lens of the DCT which informs that the renewal of capabilities can contribute to the enhancement of organisational performance (Schilke 2014; Wilden et al. 2013). The development of dynamic capabilities can lead market, organisational, and process level values. The market level focuses on measuring organisation's success with respect to the business ecosystem such as market growth (Bag et al. 2020) and competitiveness (Ferreira et al. 2019). The organisational level considers factors that contribute to measure organisational success such as financial performance, innovation performance and customer related performance (Wielgos et al. 2021). The process level focuses on improving the operational efficiency of organisations (Warner and Wäger 2019). Therefore, it is proposed that dynamic capabilities contribute to organisational value.

The dynamic capabilities construct represents capabilities derived from reconfiguring the ordinary capabilities through the capability renewal process. It refers to the DCT by focusing on building competencies to respond to the shifting business conditions (Teece 2018a). Dynamic capabilities enable organisations to build and reconfigure ordinary capabilities to generate competitive advantage and higher value for organisations (Teece 2014). They focus on assessing and seizing opportunities to improve performance, and integrating, leveraging, and releasing ordinary capabilities including organisations resources (Schriber and Löwstedt 2020). The dynamic capabilities have an ability to drive persistence performance and uplift the competitiveness for organisations. Based on the literature review, digital innovation (Khin and Ho 2019), collaboration capabilities (Nasiri et al. 2020), market orientation (Joensuu-Salo et al. 2018), business model innovation (Martín-Peña et al. 2019; Rachinger et al. 2019), digitalisation strategy (Wang et al. 2020) and management capabilities (Li et al. 2018) can be developed from the capability renewal process. Therefore, this research proposes the following proposition:

P1: Dynamic capabilities influences organisational value

The digital capability renewal process includes the activities performed by organisations in order to revamp the ordinary capabilities into dynamic capabilities (Teece 2014). These activities refer to the micro foundations of the DCT related to organisational structure, processes, procedures, skills, and managerial decisions to support long-term organisational performance (Teece 2007). The digital capability renewal process enables business enterprises to reshape the business ecosystem through innovations, collaborations with other external entities, and creating, deploying and protecting capabilities in the organisation (Teece 2007; Teece 2014). It focuses on sensing, shaping and sieging of the opportunities to drive sustainable organisational performance (Teece 2007). The implications of the digital capability renewal process can lead organisations to create new highest-order dynamic capabilities which will enable them to sustain superior performance (Teece 2018b). To theorise such a phenomenon, this research develops a proposition as:

P2: The digital capability renewal process influences dynamic capabilities

The ordinary capabilities refer to an organisations ability to use and co-ordinate tangible and in-tangible resources with an aim to reach a desired goal (Teece 2014). These are routines responses which an organisation would consider responding the business demand through reconfiguring the organisational resources (Collis 1994; Zollo and Winter 2002). The ordinary capabilities are generally static in nature which focus on on-going activities in an organisation (Newey et al. 2012; Schriber and Löwstedt 2020). These are often referred as static (Collis 1994), zero-order (Collis 1994; Zollo and Winter 2002), first order (Winter 2003), and second-order (Teece 2018a). The ordinary capabilities are measured against specific tasks and does not look into responding to the dynamic business changes through innovation and developing new capabilities (Teece 2018a). They focus on best practices, doing things right, improving efficiency and are relatively imitable (Teece 2014). Hence, they lack in delivering long-term competitive advantage to organisations. The analysis of literature suggests ordinary capabilities such as process automation (Ratia et al. 2018), analytics capabilities (Mubarak et al. 2019), digital resources (Caputo et al. 2019; Hanelt et al. 2020) and organisational capabilities (Bag et al. 2020) can influence the capability renewal process. For organisation undergoing digitalisation such ordinary capabilities deliver inconsistent value in long term with respect to the changing business circumstances. Therefore, to be competitive and deliver constant value the ordinary capabilities need to undergo a renewal or reconfiguration process under a dynamic settings by undergoing a capability renewal process. Hence, the following proposition is defined:

P3: Ordinary capabilities influence the digital capability renewal process

P4: Ordinary capabilities influences dynamic capabilities

In order to understand the influence of management actions that drive the digital capability renewal process, a managerial actions construct is developed. Managerial actions refer to executive's evaluation of the value and need of digital capability renewal process, and the administration of the activities

involved in its execution in organisations. It encompass managerial capabilities to sense and calibrate opportunities, and activities to reshape an organisation`s ordinary capabilities through a renewal mechanism to create new capabilities to generate sustainable performance (Helfat and Peteraf 2015). This includes building and executing strategies in planning and organising digital capability renewal process (Suddaby et al. 2020). The administration of digital capability renewal process includes the governance of activities involved in digital capability renewal process (Asija and Ringov 2021) and the decision making related to digital capability renewal process (Helfat and Peteraf 2015). Managerial actions play a crucial role in developing dynamic capabilities through restructuring ordinary capabilities through the capability renewal process. Hence the following propositions are formulated:

P5: Managerial actions influence the digital capability renewal process

P6: Managerial actions influence dynamic capabilities

P7: Managerial actions influence ordinary capabilities

4. Conclusion

In conclusion, it is evident that embracing digitalisation is becoming a strategic priority for organisations (Bughin and Manyika 2018; Kane et al. 2015) with tremendous investment (Ahmad and Murray 2019). However, organisations are struggling to realise the potential benefits from digitalisation due to the uncertainties around the value creation process (Davenport and Westerman 2018). The prominent reasons for the uncertainties are lack of understanding of how organisations undergoing digitalisation are renewing their capabilities, what internal and external organisational factors influence the digital capability renewal process, and how the digital capabilities and digital capability renewal process contribute to an organisation`s performance improvement. To uncover the digital capability renewal process and its implication on organisational performance, this paper proposes a framework drawing from the dynamic capability theory. The framework explains the influence of digital capability renewal process on organisational value by capturing the relationship between the ordinary and dynamic capabilities in digitalisation context.

The digital capability renewal framework, although, lacks empirical validation, it contributes to the academic community. As there is very limited amount of research conducted in this area, this research project will be a valuable addition to the existing body of knowledge. For IS community, it draws attention to the criticality of exploring the phenomenon. The framework contributes to the existing digitalisation body of knowledge by establishing a relationship between the digital capability renewal process and organisational value. It augments to the existing theories of digitalisation, drawing from the dynamic capabilities theoretical position, which would allow organisations undertaking digitalisation to be successful in a highly competitive and evolutionary business conditions. It lays the foundation for further research for investing the influence of digital capability renewal process on value, and establishing model related to the constructs of the framework. Researchers can apply the framework to investigate the factor and activities of digital capability renewal process contributing to the organisational value. This would lead organisations to better manage the outcomes of their digitisation investments and resolve the problem of inconsistent delivery of organisational value.

The framework open venues to test and validate the model and associated propositions through empirical research. The research can take qualitative investigation which can be carried out to capture the understanding of organisation`s interpretation and actions related to capability renewal process and organisational value. It will help in establishing a theory which will be further used to test and validate the theory. Senior leaders and executives in field of digital transformation, digital strategy, and digital capabilities development, can contribute to produce critical insights on exploring the relationship between ordinary and dynamic capabilities and the capability renewal process. The research can also take a quantitative approach either independently or in-conjunction with qualitative research to test and validate the findings of the qualitative outcomes and conceptual framework. A large-scale survey can be employed with executives and senior managers to establish how organisations undergoing digitalisation generate value through the capability renewal process. Apart from research contribution, after the conceptual model is validated, it can contribute to the business community in making complex business decisions with insights that improve the return on digitalisation investments.

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