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A Novel Framework for Building Organizational Capabilities

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ABSTRACT
The pace of change in the business environment is constantly being accelerated by rapidly emerging technologies and evolving customer demands. It is no longer sufficient for organizations to keep their strategic focus on elevating their existing capabilities to achieve excellence in their product and service offerings. It is critical to be able to develop new organizational capabilities which are aligned with new strategic insights. Existing frameworks have their limitations in terms of helping to identify new organizational capabilities and ensuring that they are closely aligned with the overall business strategy. In response to these challenges, a novel framework for designing and building new organizational capabilities is proposed and elaborated in this paper. Instead of focusing on People, Processes and Technologies (as most conventional approaches do), the proposed framework has its emphasis on Relationship, Thinking and Action. By integrating key theoretical perspectives and practical insights, this framework offers a comprehensive and flexible roadmap for organizations seeking to enhance their competitive advantage. Practitioners can apply the framework throughout the three key phases in building new organizational capabilities: diagnosis, design, and implementation. The framework emphasizes the importance of fostering a learning culture and leveraging technology as enablers for capability development. Exploration will also be made in how ChatGPT can be deployed in the application of the framework.

By presenting this novel framework, this paper contributes to the existing body of knowledge on organizational capabilities and provides practical guidance for organizations seeking to enhance their competitiveness in a rapidly changing business landscape.

Keywords
Organizational Capabilities, Framework, Innovation, Strategy, Generative AI

1 INTRODUCTION
In the turbulent business environment characterized by VUCA, organizational success hinges on adaptability and evolution. As technology reshapes industries, a novel framework is required to integrate relationship-building, strategic thinking, and impactful action.

This paper introduces such a framework mirroring individual success pillars: Relationship, Thinking, and Action. Organizational capabilities associated with each of these pillars will be explored. Relationship encompasses engagement with stakeholders. Thinking involves technological leverage and strategic anticipation. Action embodies translating insights into tangible initiatives.

By synthesizing these dimensions, organizations thrive amid uncertainty. This framework offers a roadmap toward enduring excellence, steering organizations toward holistic growth.

2 EXISTING FRAMEWORKS FOR BUILDING ORGANISATIONAL CAPABILITIES
Capability development frameworks provide conceptual models, tools and guidelines for understanding, assessing and improving organizational capabilities. There are many different frameworks that have been proposed by scholars, practitioners and consultants, each with their own strengths and limitations (Bergeron et al., 2017)(Duchek, 2020).

NSW Public Sector Capability Framework: the framework designed for the public sector in New South Wales, Australia, defines capability as "the knowledge, skills and abilities that public sector employees must apply in their work" (Acorn LMS_1, 2021). It consists of four elements: core capabilities, role-specific capabilities, focus capabilities and behavioral indicators. The framework aims to support workforce planning, recruitment, performance management, learning and development and career progression in the public sector.

This framework based around a learning management system (LMS) was proposed by Acorn LMS. It defines capability as "the ability to perform actions that lead to outcomes" (Acorn LMS_1, 2021). It consists of three elements: skills, knowledge and behaviors. The framework aims to help organizations identify, measure and improve their capabilities through online learning courses, assessments and feedback.

In the consulting world, McKinsey has its own capability development framework. McKinsey's capability building framework: Their framework is based on the consulting firm's experience in helping organizations build their capabilities. It defines capability as "anything an organization does well that drives meaningful business results" (Bachmann et al., 2021). It consists of five elements: aspiration, assessment, architecture, actuation and advancement. The framework aims to help organizations align their capability building efforts with their strategic goals, diagnose their current capabilities, design and implement capability building programs, and sustain and scale the impact of their capabilities.

These three frameworks have some common features, such as the recognition of the importance of both individual and organizational capabilities, the use of multiple dimensions or elements to describe capabilities, and the integration of capability development with other organizational processes. However, they also have some differences, such as the scope and specificity of the capabilities they cover, the methods and tools they use to assess and develop capabilities, and the contexts and sectors they target. A critical evaluation of these frameworks can help organizations choose the most suitable one for their needs and goals, or adapt them to their own situations.

3 A NOVEL FRAMEWORK
A novel framework is proposed in this session for the cultivation of organizational capabilities. It has three fundamental pillars: Relationship, Thinking, and Action. Just as the individual journey to success hinges on the fusion of adept social skills, cognitive prowess, and decisive actions, this framework orchestrates a parallel evolution within organizations.

Relationship
A company's long-term success is dependent on its capabilities to build engaging and long-lasting relationships with its customers, staff, and community stakeholders. It echoes the essence of forging genuine bonds that underscore lasting engagement. Just as an individual navigates society through their interpersonal skills, the organization must artfully construct channels for data-driven insights, seamless interactions across digital channels, and empathetic resonance. This multifaceted sphere extends to fostering communities, embodying transparency, and leveraging feedback, akin to how individuals cultivate their networks.

Thinking
The part of the proposed framework is structured around strategic cognition. In line with individual thought processes, organizations are called to innovate and strategize. The ability to anticipate and adapt, mirroring the way individuals navigate life's complexities, becomes a mandate for successful organizations. As individuals harness technology to stay ahead, organizations must decode emerging technologies, foresee industry shifts, and incubate innovation. Much like an individual's prowess in contemplation, this facet encapsulates agile strategies, data-driven decisions, and visionary foresight.

Action
Corresponding to an individual's proactive approach, this component of the framework calls for swift, well-calibrated actions. Just as individuals take measured steps towards their aspirations, organizations are called to actualize their strategic vision. With a cohesive nexus of relationship-building and strategic thinking, the organization must deliver. Swift, effective actions in response to market dynamics, employee needs, and community expectations become paramount. This part of the framework encompasses implementation of strategies, setting a well-crafted course of action, and orchestrating seamless collaborations.

This framework, an embodiment of the individual's journey to personal success, extends its wisdom to guide organizations on their path to excellence. It mirrors the delicate balance between adept relationship cultivation, strategic thinking, and resolute action-taking. Just as an individual thrives by harmonizing these elements, organizations stand poised to flourish by embracing the symphony of Relationship, Thinking, and Action.

In Table 1 below, the specific capabilities and organization needs to consider cultivating under the proposed framework are clearly delineated. The process of how this framework can be applied is described as follows:

Step 1: Go through all the capabilities outlined in Table 1 and build an inventory of all the current activities/actions under them.

Step 2: Identify the capabilities which have to be established or enhanced.

Step 3: Prioritize those capabilities which are immediately critical to either increasing revenue or reducing costs.

Step 4: Focus on those capabilities identified in Step 3. Design activities/actions which are conducive to the development of these capabilities.

Step 5: Allocate necessary resources (human, financial and technological) to implement the designed activities and actions.

Step 6: Establish monitoring and fine-tuning mechanism for the implementation of those activities and actions.

Step 7: Internalize these capabilities in the organization for the long term through the establishment and adoption of relevant structures, processes and technologies.

Table 1: Specific Organizational Capabilities Under Relationship, Thinking and Action.

Relationship	Thinking	Action
Customers: o Ability to gather data-driven insights. o Ability to interact across key digital channels. o Ability to tailor offerings. o Ability to conduct Agile communication. o Ability to build customer communities. o Ability to manage customer feedback. o Ability to conduct social listening. o Ability to empathize with emotional needs among customers Staff: o Ability to support continuous learning. o Ability to conduct and maintain transparent communication. o Ability to build virtual teams. o Ability to facilitate remote work. o Ability to empower and increase personal productivity. o Ability to recognise and appreciate good performance. Community Stakeholders: o Ability to demonstrate social responsibility. o Ability to manage crises. o Ability to engage on digital platforms. o Ability to foster and manage collaborative partnerships. o Ability to craft and run narratives. o Ability to project transparency and authenticity. o Ability to adapt to latest social trends.	Innovation: o Ability to identify key problems and formulate user-centric solutions. o Ability to identify and assess emerging technologies that could impact the industry or create new opportunities. o Ability to establish and monitor relevant innovation metrics. o Ability to facilitate prototyping and trial of new ideas. o Ability to foster cross-disciplinary collaboration. o Ability to nurture Open Innovation (with external partners). Strategy: o Ability to adopt the Agile approach. o Ability to create and analyze multiple scenarios. o Ability to implement data-driven decision-making. o Ability to establish and make use of ecosystem mapping. o Ability to design adaptable business models. o Ability to outline a clear roadmap for how innovation initiatives align with the overall strategic objectives. o Ability to leverage external resources.	Job Design: o Ability to evaluate tasks within job roles that can be automated through technology. o Ability to match employee skills with evolving job requirements. o Ability to design hybrid roles that leverage both human skills and technology. o Ability to specify outcomes associated with different job roles. o Ability to incorporate learning and upskilling opportunities directly into job design. Work Planning: o Ability to design workflows that are adaptable and responsive to changes in project scope. o Ability to use digital tools and platforms for project planning, tracking, and collaboration. o Ability to allocate resources efficiently based on data-driven insights. o Ability to plan work that involves cross-functional collaboration. o Ability to define clear metrics and key performance indicators (KPIs) and monitor them. o Ability to set realistic deadlines.

4 HOW GENERATIVE AI CAN BE APPLIED

Generative AI (such as ChatGPT) is used extensively in creating content (especially in terms of texts), drafting plans and proposals, and performing analysis (both qualitative and quantitative). Therefore, these will be the primary areas in which Generative AI can help with development of the identified organizational capabilities identified in the previous section.

In using Generative AI, the following points are worth being borne in mind:

- As much contextual information as possible should be made available upfront.
- Clear descriptions of the expected outcome should be specified.
- Request should be divided into unambiguous subheadings. This would make it much easier to gauge if the generated outcome is aligned with the request.
- Provide constraints and clarifications where possible to refine the generated content.
- Raise questions constantly on the validity of and reasoning behind the generated content.
- Invite other domain experts to review the generated content.
- Apply critical thinking throughout the process.

5 CONCLUSIONS

In the ever-evolving business landscape, the presented framework stands distinct by emphasizing the "what" and "why" of organizational capability development, while prevailing frameworks concentrate on the "how," delving into implementation details. The approach of the proposed framework offers a strategic compass for steering organizations toward holistic growth. By addressing the pillars of Relationship, Thinking, and Action, this framework transcends industry specifics, offering a universal guide for organizations to navigate uncertainty and flourish in a dynamic environment. It underscores that understanding the foundational aspects is as crucial as mastering implementation tactics, bridging the gap between strategic vision and tangible success.

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