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HUMAN AND RELATIONSHIP CAPABILITIES IN A

GLOBAL CHANGE PROGRAM

A Research Project

Presented to the Faculty of

The George L. Graziadio

School of Business and Management

Pepperdine University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

in

Organization Development

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by

Elena Tran

August 2012

This research project, completed by

ELENA TRAN

under the guidance of the Faculty Committee and approved by its members, has been

submitted to and accepted by the faculty of The George L. Graziadio School of Business

and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

IN ORGANIZATION DEVELOPMENT

Date: August 2012

Faculty Committee

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Abstract

This study examined human and relationship capabilities developed through a change program at an oil/gas exploration and production multinational organization. A convenience sample of 10 leaders and members of the change program were interviewed for the study. Although study participants were mixed in the assessment of the program's priority and the company's ability to deliver it successfully, the study found that the program most strongly developed capabilities related to leading and managing transformation and change, building infrastructure and process excellence, and developing critical skills and experience. Key program impacts reported were reducing risk, managing complexity, and better utilizing resources. Participants reinforced the importance of strengthening both the leadership and the capabilities of the central team. No clear consensus emerged regarding who is best positioned to pursue the opportunities, remove the barriers, or set up for improved and more effective coordination.

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Chapter 1

Introduction

It has become a generally accepted view in business that organizational change is necessary to create a competitive advantage and remain successful—especially for complex organizations (Edmonds, 2011; Wilson, 1992). However, "one of the most remarkable aspects of organizational change efforts is their low success rate. There is substantial evidence that some 70% of all change initiatives fail" (Burnes & Jackson, 2011, p. 133). Failure can result in lost market position or credibility, decreased morale, and other negative outcomes (Edmonds, 2011).

Organization change is no easy task and often requires examination and alteration of the firm's internal characteristics to better leverage its strengths, align with its external environment (Leana & Barry, 2000), and improve its performance (Boeker, 1997). In doing so, new ways of thinking, acting, and operating may be introduced (Schalk, Campbell, & Freese, 1998). Changes also may be made to the organization's technology, products and services, or human capital (Daft, 1989). Daft (1983) used the term *resources* to refer to these physical, human, and organizational processes, attributes, abilities, assets, information, and knowledge controlled by a firm that enable it to perform work with efficiency and effectiveness. Examples of resources include technology; plants; knowledge; relationships; formal reporting structures; and formal and informal processes for planning, controlling, and coordinating systems.

According to the resource-based view of organizational change, organizations are complex systems that risk disaster—unless they are able to effectively distribute their resources and learn from the events that arise throughout a change initiative (Marcus & Nichols, 1999). The resource-based view of the firm posits that the firm's resources

consist of all its tangible and intangible assets and capabilities that can be leveraged to improve competitive advantage, efficiency, and effectiveness (Barney, 1991; Teece, Pisano, & Shuen, 1997). Wernerfelt (1984) added that the resource-based view emphasizes that competitive success is contingent not only upon market factors, but also upon the firm's ability to develop and deploy scarce resource capabilities. This is similar to Carnall's (2003) belief that organizations that ground their change processes, architecture, and thinking in their existing resources and capabilities tend to be more successful related to change implementation.

Adopting a resource-based view of the firm during the change program means examining the resources that must be acquired and the capabilities that must be built for the organization to create and achieve a sustainable competitive advantage (Amit & Schoemaker, 1993; Barney, 1991; Bharadwaj, 2000; Daft, 1983; Helfat & Peteraf, 2003; Makadok, 2001). To determine needed resources and capabilities, it is necessary to consider (a) internally oriented capabilities, which are deployed in response to external requirements and opportunities (e.g., infrastructure and technology development); (b) externally oriented relationship management (e.g., developing relationships with customers); and (c) spanning capabilities, which refer to a department's internal and external partnerships (Day, 1994). Moreover, these resources and capabilities need to be applied in appropriate ways for a competitive advantage to emerge (Bharadwaj, 2000; Karimi, Somer, & Bhattacherjee, 2007; Ravichandran & Lertwongsatien, 2005; Wade & Hulland, 2004).

Organizational change from a resource-based view is more complicated in globalized environments, where organizations are tasked with leveraging resources and capabilities throughout the organization's worldwide operations (Bordo, Taylor, &

Williamson, 2003). Success in such environments requires effective integration of commodity, labor, and capital markets—in addition to integrating with consumer markets and technology across institutional and national divides. To meet these challenges of globalization, organizations may opt to increase standardization as a means to reduce risk and enhance competitiveness within the global space (Djelic & Quack, 2003). This is particularly true of organizations within the oil/gas sector, which impose substantial ecological risks and impacts as they move oil and oil products from one country to the next and globally integrate activities such as exploration, production, manufacturing, trading, marketing, and petrochemicals (Sluyterman & Wubs, 2010).

Despite the literature available on the resource-based theory, there remains a lack of empirical studies of organizations—particularly those in the oil/gas sector—that have examined organization change from a resource-based perspective. Examining a large change initiative within one oil-gas organization from the resource-based view was the focus of this study.

Research Purpose

The purpose of this study was to examine the impact of a global business transformation and information technology (IT) implementation program at an oil/gas exploration and production multinational organization on human and relationship capabilities. Specifically this study was interested in exploring:

1. What capabilities are being developed through the global business transformation and IT implementation program?

2. What impacts has the change program had in the organization?

3. What is the visibility, priority, and perceived success of the change program?

4. What strategies may help improve the change program?

Importance of Research

It is important to explicate the impact that organization change has on resources and capabilities due to their connection to competitive advantage (Barney, 1991; Bharadwaj, 2000; Peteraf, 1993; Ravichandran & Lertwongsatien, 2005; Wade & Hulland, 2004). Doing so may help provide added impetus for organization change or, conversely, reveal gaps in the value proposition for the change.

While literature is available on resource-based theory, little research, if any, has examined organization change from the resource-based perspective. No studies were found that applied this focus to organizations within the oil/gas sector. Therefore, one contribution of this study is helping to fill this gap in the literature.

This study also has importance for the study organization. For example, assessing the visibility, priority, and perceived success of the change program; determining the capabilities being developed and the impacts it has had; and gathering suggestions for improvement allow the organization to gain timely feedback on the change program's effects and strategies for enhancing those effects.

Study Setting

This study took place within a multinational oil and gas company that has operations all over the world and more than 80,000 employees. The company is structurally divided into three main business segments. This study focused on one of these, which was called the Upstream segment. The Upstream organization finds, produces, and transports oil and gas to market. The company had grown extensively over the past several years through mergers and acquisitions resulting in numerous processes and disparate systems that had not been streamlined. The result was complexity, inefficiencies, and high maintenance support costs.

In 2007, the Upstream segment embarked on a major change effort to reduce these adverse effects of growth. The change project started as an IT initiative to implement common technical platforms throughout the company including SAP, Maximo, and other technologies. The change program has since evolved into a major, global business transformation that includes process redesign and standardization of processes and systems. Other objectives include creating governance, metrics, work management, inventory management, and purchase-to-pay and materials management. All of these functions are linked to financial processes. This change program, which stretches across functions and across many locations, is the first integration program of this magnitude ever attempted within the company.

The goal of the change program is to enhance Upstream's performance and competitiveness. Additionally, the change program is expected to increase agility, reduce the risk of non-compliance, reduce cost, and enhance the company's ability to fully leverage its global scale and reach. The program's success related to these outcomes have not been measured yet, as the program leadership are still in the process of defining metrics.

A central project team is tasked with designing and building the core solution. The membership of the team shifts continuously as needs on the project and in the rest of the company shift. At any one time, the team may consist of 60 to 100 members.

Deployment of the solution is decentralized, which means that each Region (country) leads its own efforts to justify, engage, deploy, train, and sustain the solution (with significant support from the central team). The 20 leaders and members of the core team were included in this study, based upon their membership in the program's integrated leadership team. These individuals included the vice president on the business

operations side; the vice president on the IT side; leads of the business functions, including procurement, finance, and IT; leads responsible for designing, architecting, building, and testing the IT solution; and leads of the regional deployment teams.

Organization of the Study

This chapter provided the background for the research, defined the study purpose, and outlined the importance of the research. Chapter 2 provides a critical review of literature on resource-based theory and a case description of an oil/gas sector organization in light of this theory. Chapter 3 describes the methods that were used in this study, including the research design, research sample, procedures for protecting human subjects, instrumentation, and procedures for collecting and analyzing data. Chapter 4 reports the study results. Chapter 5 provides a summary of the findings and conclusions, recommendations, limitations, and suggestions for future research.

Chapter 2

Literature Review

This chapter reviews literature relevant to the study. A brief history of globalization and its impacts on businesses is discussed first, followed by a discussion of resource-based theory. Finally, the globalization efforts of Royal Dutch Shell, an oil/gas exploration and production multinational organization is discussed as a means for providing a baseline and point of comparison for the present study.

Although globalization first began to rise in the 19th century (Findlay & O'Rourke, 2007), World War I, the Great Depression of the 1930s, World War II, and the Cold War prompted nations to create protectionist trade measures and financial market regulations that ultimately hindered global trade. In the 1970s, a second wave of globalization was born with the introduction of floating currency exchange rates among industrialized nations, reduction or suspension of capital-account restrictions, and renewed international trade and investment. Thus, globalization re-emerged in the 1970s and 1980s and accelerated throughout the 1990s. Multilateral free trade networks proliferated over the 20th century—from only 23 countries in 1945 to more than 149 in recent years (Randolph, 2006). Thus, competing and operating in a global marketplace has become the new way of operating for many companies. A *multinational* is an organization that operates in more than one country whose business systems typically are different (Sluyterman & Wubs, 2010).

The economic globalization and rapidly increasing complexity of the customer and labor markets that multinationals face have substantially shifted the way that companies organize their activities and create competitive advantage (Goksoy, Ozsoy, & Vayvay, 2012). When a company undergoes *globalization,* it engages in a process of

integrating commodity, labor, and capital markets in addition to consumer markets and technology on a global scale across institutional and national divides (Bordo et al., 2003). A key feature of current approaches to globalization is based on increasing "formalization, structuration, codification, standardization, and depersonalization of the rules of the game in the transnational space" (Djelic & Quack, 2003, p. 5).

To successfully achieve these aims, adapt to global pressures, and create a sustainable competitive advantage, the multinational organization may launch extensive change programs (Wilson, 1992). Organizational change often involves examination and alteration of the firm's internal characteristics to better leverage its strengths, align with its external environment (Leana & Barry, 2000), and improve its performance (Boeker, 1997). In doing so, new ways of thinking, acting, and operating may be introduced (Schalk et al., 1998). Changes also may be made to the organization's technology, products and services, or human capital (Daft, 1989). In sum, the organization typically assesses how it can leverage and combine its resources and capabilities to achieve sustainable competitive advantage.

Resource-Based Theory

This section discusses literature on the resource-based theory of the firm. Definitions of *resource* and *capability* are provided first, followed by a discussion of how competitive advantage is created according to this theory.

Resources and capabilities defined. Daft (1983) defined *resources* as those processes, attributes, abilities, assets, information, and knowledge controlled by a firm that enable it to perform work with efficiency and effectiveness. Makadok (2001) added that resources may be bought and sold and can survive across changes in ownership. Without resources (such as talent, executive support, data management systems) or

capabilities (processes that span across regions, knowledge sharing systems), an organization will not be competitive (Daft, 1983). Barney (1991) classified resources in three types:

1. Physical capital, such as technology, plants, equipment, geographic location, access to raw materials.

2. Human capital, such as intelligence, knowledge, training, experience, relationships, and insights possessed by individual members of the organization. Human capital can be understood in terms of technical and business skills as well as "firm-specific knowledge such as an understanding of the culture and routines of the organization" (Ravichandran & Lertwongsatien, 2005, p. 246).

3. Organizational capital, such as formal reporting structure; formal and informal processes for planning, controlling, and coordinating systems; informal networks within the organization and between the organization and its environment.

Amit and Schoemaker (1993) defined *capabilities* as the "firm's capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end" (p. 35). Thus, capabilities are tangible or intangible processes that the firm develops over time based on information, experience, and the interactions of its resources. Capabilities are firm-specific processes that add value to and enhance the productivity of the firm's resources (Makadok, 2001). It follows that capabilities are not easily transferred from one firm to another. "For example, if the Intel Corporation were completely dissolved, then its microprocessor patents (a resource) could continue to exist in the hands of a new owner, but its skill at designing new generations of microprocessors (a capability) would vanish" (p. 389). For this reason, Amit and Schoemaker described capabilities as "'intermediate goods' generated by the firm to provide enhanced

productivity of its resources, as well as strategic flexibility and protection for its final product or service" (p. 35). Nevo and Wade (2010) added, based on their study of the linkages between resources and strategic potential, that emergent capabilities arise from resources coming together and that the capabilities they studied did not exist previously in individual resources.

Helfat and Peteraf (2003) posited that capabilities, which they agreed arise from leveraging and combining resources, develop according to a rather predictable lifecycle—much like products develop according to a lifecycle. The first stage is the founding stage, where the new capability is created. During this stage, resources with complementary abilities (e.g., groups, individuals) come together with the objective of creating a capability. Through their effective and concerted efforts as well as the strengths they bring (Levinthal & Myatt, 1994), the capability is endowed with certain characteristics. Often, these characteristics help produce a competitive advantage or act as an incubator for other capabilities to emerge. The strengths gained during this stage are instrumental in setting up for the next stage.

The second stage is development, which is characterized by ambiguity and complication. Success is unclear and people work to identify and select alternatives to pursue (Edmondson, Bohmer, & Pisano, 2001; Winter, 2000). Through learning by doing, they gradually build the capability (Helfat & Peteraf, 2003).

The third stage is maturity, where the capability is more or less fully developed and the focus becomes maintaining the capability to more deeply embed it into the organization (Thompson, 2002; Winter, 2000). It is possible that a productivity decline in the capability may be observed (Helfat & Peteraf, 2003). In addition to these three basic stages, the authors outlined six additional branches the capability may take: retirement

(death), retrenchment, renewal, replication, redeployment, and recombination. The next section examines the role of resources and capabilities in creating competitive advantage.

Creation of competitive advantage. One reason for the focus on capabilities and resources in organizations is their presumed role in creating competitive advantage. Resources can act to *create* competitive advantage (e.g., a novel invention) or *sustain* competitive advantage (e.g., a capacity for ongoing learning) (Peteraf, 1993). For example, while a novel invention can launch an organization ahead of its competitors, an unprecedented ability for learning from failures and successes can help a firm maintain and even continually increase its competitive advantage.

Barney (1991) argued that for resources to create competitive advantage, they must be (a) valuable, meaning they enable the firm to meet opportunities and threats in the environment; (b) rare, meaning they are unique and not readily attainable by competitors; (c) imperfectly imitable, meaning it is difficult or costly to imitate and firms that try to obtain, develop, or duplicate it would incur significant costs in doing so; and (d) imperfectly substitutable, meaning that suitable replacements are difficult, costly, or impossible to acquire.

Bharadwaj (2000) used the term *isolating mechanisms* to reflect his criteria for resources that create competitive advantage. He outlined four criteria of time compression diseconomies, historical uniqueness, embeddedness, and causal ambiguity:

1. Time compression diseconomies refer to the time needed to acquire the resource through learning, experience, firm-specific knowledge, or trained proficiency in a skill. This is similar to Barney's (1991) criterion of being imperfectly imitable.

2. Historical uniqueness refers to the advantages that accrue due to unique resources such as distinctive locations or due to first mover advantages (e.g., reputation, brand loyalty). This is similar to Barney's criterion of being rare.

3. Embeddedness (or connectedness) of resources, meaning the value of a resource being inexplicably linked to the presence of another complementary resource. No clear correlation to Barney's (1991) criteria appear to exist for embeddedness. However, this criterion is linked to the concept of *resource complementarity* (Ravichandran & Lertwongsatien, 2005; Wade & Hulland, 2004), which is discussed later in this section.

4. Causal ambiguity (or social complexity), meaning the ambiguity surrounding the connection between a firm's resource portfolio and its performance. No clear correlation to Barney's (1991) criteria appear to exist for causal ambiguity.

In addition to these criteria, Wade and Hulland (2004) added that firms need to not only have the resource; but, they must also be able to use the resource to attain competitive advantage. This leads to the idea that resources often do not act alone to create or sustain competitive advantage; instead, they often act in conjunction with other resources to achieve benefits for the organization (Ravichandran & Lertwongsatien, 2005; Wade & Hulland, 2004). This is called *resource complementarity,* which "refers to how one resource may influence another, and how the relationship between them affects competitive position or performance" (p. 123). Thus, it is not enough for potentially complementary resources to be present in the organization. Instead, complementarities arise only "when resources and capabilities are used in a mutually reinforcing manner" (Ravichandran & Lertwongsatien, 2005, p. 241). Firms achieve complementarity when

they effectively integrate and deploy resources interdependently and leverage current business and human resources in the organization.

Importantly, the organization's context, environment, and customer orientation strongly influence the firm's ultimate ability to achieve strategic outcomes through complementarity. Castanias and Helfat (2001) noted that managerial resources, corporate governance, human capital, social capital, and the alignment of incentives are only some of the contextual factors that influence the way that resources and capabilities are leveraged in the firm.

Considering the distinction between resources and capabilities, it is important to note that organizations may concentrate their strategic efforts on resource picking (acquiring resources) and capability building (developing capabilities) (Makadok, 2001). At times, these activities complement each other. At other times, they substitute each other.

Resource picking refers to gaining competitive advantage by selecting resources more effectively than competitors (Makadok, 2001). Makadok equated the role of the manager in a resource picking strategy to a mutual fund manager picking excellent stocks in which to invest. Capability building means deploying resources more effectively than competitors. An example of capability building strategy is, rather than picking excellent stocks, it is more like being an architect building facilities for continued production.

In addition to providing the distinction between the two mechanisms, Makadok's (2001) analysis provides guidance to managers on how and when to allocate efforts between the two mechanisms. He advised firms to focus on resource picking where the organization and another bidder are close to each other in their expected values for the

resource. In contrast, he advised firms to focus on capability building to enhance the productivity of resources that the organization is likely to be successful in acquiring.

An example of a resource that must be effectively used to realize competitive advantage is IT (Bharadwaj, 2000; Clemons & Row, 1991). IT enables the organization to efficiently and effectively track and coordinate resources. Specific IT-related resources that have been identified as playing a role in creating competitive advantage include managerial IT skills (Mata, Fuerst, & Barney, 1995), strong technology and technical infrastructure, and strong partnering relationships between IT and business unit management (Ross, Beath, & Goodhue, 1996). These features influence the firm's ability to deploy IT for strategic objectives.

However, Clemons and Row argued that IT is important but not sufficient for providing an organization with competitive advantage. Strassman (1997) went further to state that no relationship exists between IT investments and firm performance. In contrast, Ravichandran and Lertwongsatien (2005) concluded based on their study of 129 United-States based organizations that IT support for core competencies positively affects organizational performance. They added that strong functional IT capabilities that enable organizations to effectively use technology include planning sophistication, systems development capability, maturity of IT support, and operations capability. In the absence of these, the authors speculated that the organizations "might find it difficult to initiate or sustain innovative projects targeted at enhancing the firm's core competencies, or in providing reliable IT services that might be critical for smooth business operations" (p. 245). Moreover, human capital (e.g., knowledge), infrastructure flexibility, and partnership quality influence organizations' ability to develop these functional capabilities (Karimi et al., 2007; Ravichandran & Lertwongsatien, 2005). Of these,

Karimi et al. posited that knowledge and relationship resources were more critical than

infrastructure resources, because these were not easily transferred. They emphasized,

> rather than being concerned about the amount of investment in IT infrastructure
> resources, managers should be more concerned with the synergies among IS
> resources and the business value of IT at the process level, because these are
> where the real benefits can be found. (p. 245).

> Karimi et al.'s (2007) and Ravichandran and Lertwongsatien's (2005) studies

suggest that effectively deploying IT capabilities so that they are aligned with the rest of

the organization does lead to performance enhancements. Bharadwaj (2000) further

elaborated why deployment of IT (rather than investment alone) was necessary for

achieving competitive advantage:

> Adopting a resource-based perspective of IT, researchers have argued that since
> investments in IT are easily duplicated by competitors, investments *per se* do not
> provide any sustained advantages. Rather, it is how firms leverage their
> investments to create unique IT resources and skills that determine a firm's
> overall effectiveness. (p. 170)

Bharadwaj (2000) concluded based on his study of firms with superior IT capability that

IT capability does create competitive advantage because it is "not easily imitated or

substituted" and the isolating mechanisms characterizing valuable resources are present.

He emphasized, "The study serves to inform business managers that firms should do

much more than merely invest in IT. They should identify ways to create a firm-wide IT

capability" (p. 187). While this example focused on IT for creating competitive

advantage, other elements of the organization also should be examined for ways they

create advantage.

The next section discusses the globalization efforts of Royal Dutch Shell, an

oil/gas exploration and production multinational organization. This case is presented as a

means for providing a baseline and point of comparison for the present study.

Understanding the challenges and successes this organization has faced during globalization helps establish a foundation and perspective for better understanding the present study organization's success and challenges in its own change initiative.

Royal Dutch Shell

One documented case of an organization in the oil/gas sector that globalized and leveraged its capabilities and resources is Royal Dutch Shell, which was formed in 1907 through the creation of jointly owned holding companies of Royal Dutch Petroleum Company (60%) and the Shell Transport and Trading Company (40%). For financial and strategic reasons, the two parent companies remained separate entities until 2005. Until 2005, headquarters or its central offices were located in The Hague, which supervised manufacturing, exploration, and production, and London, which supervised finance and marketing. Since its inception, its activities operated around the world and Sluyterman and Wubs (2010) credited it with aiding the globalization of markets by moving oil and oil products from one country to the next. Its activities, including exploration, production, manufacturing, trading, marketing, and petrochemicals (beginning in the 1930s) were integrated.

Case description. From the beginnings of the organization until World War II, Shell focused on managing and organizing its activities throughout the world by sending trained personnel from headquarters to manage field offices and regions (Sluyterman & Wubs, 2010). Following decolonization after World War II, interest was growing in the decolonized countries to build national management competency. Thus, Shell needed to focus more on training and promoting local staff members. This also posed financial savings for the company, as local staff members were less expensive than expatriates. Shell ultimately both developed local management staff but also retained a core group of

expatriates that circulated throughout the worldwide enterprise for the purpose of cultivating a common pattern of thought, enabling knowledge sharing, and building a worldwide pool of managers with needed skills and expertise. To further support the creation of a common base of skill, knowledge, and experience, some local managers also were given rotation assignments outside their own countries.

Historically, Shell supported autonomy and entrepreneurship in operation and decision making in their local offices throughout the world (Sluyterman & Wubs, 2010). For example, the central offices issued "suggestions" (versus "instructions") to their operating companies and proposals from operating companies were "supported" by the central offices. Importantly, when the central offices did not support the proposals, the local managers knew it was unwise to proceed. Furthermore, indistinct lines of responsibility were drawn between the two headquarters offices.

By the end of the 1950s, Shell sought to create more of a balance between standards (centralization) and autonomy (decentralization). Decisions also were made regarding which office and to whom the operating companies reported and to whom they were accountable (Howarth & Jonker, 2007). A matrix structure was introduced, which prevailed for the next 40 years.

In the early 1990s, the collapse of the Soviet Empire ushered in a new push toward privatization, deregulation, and economic liberalization and a move away from authoritarian political regimes and centrally planned economies (Sluyterman & Wubs, 2010). Two years later, in 1994, the Shell planners concluded that the powerful forces of liberalization, globalization, and technology were there to stay. Shell began to focus on open markets, liberalization, globalization, and technological change. Among the changes they made included eliminating Shell's organizational layers and the matrix structure and

reorienting the organizational structure around five worldwide businesses: exploration and production, oil products, chemicals, gas, and coal. These changes were made in response to financial pressures and demands for greater efficiency and cost-effectiveness. Other changes included reducing the number of employees at the central offices by 30%.

These changes resulted in people at lower levels gaining more responsibility and autonomy. To avoid the potential risks of these changes, the company introduced a "global business operating model in 2004 that standardized and simplified business procedures in order to facilitate learning and speed up action" (Sluyterman & Wubs, 2010, p. 811). This global model also made it easier to successfully complete large, complicated, and expensive projects and benefit from the capabilities and resources afforded by its size.

The company also established several regional organizations to help with the shut down of certain refineries, more easily coordinate its resources, and integrate within one global organization (Sluyterman & Wubs, 2010). These changes enabled the company to streamline its supply chain and standardize processes and systems. This was a significant accomplishment, as the company reported operating roughly 50 different business models as of 2005 and this change reduced this number to four models. The number of IT applications for business-to-business transactions also was reduced from 460 to around 50. This was accomplished through standardizing many processes.

Global rules also were established regarding corporate social responsibility (Sluyterman & Wubs, 2010). For example, as early as 1976, the central office crafted a statement of general business principles that were spread to the local operating companies. In it were fundamental policies that were mandatory (e.g., no bribery) as well as policies that were suggested and could be adapted to suit local practices. These

principles have evolved over time to emphasize business controls and stress compliance with tighter rules and reporting requirements. Nongovernmental organizations such as Greenpeace, Friends of the Earth, and others also influenced changes in the company's approach to conservation and safety. By 1997, "local exceptions to the company's rules were no longer necessary or acceptable" (p. 813). In 2000, even the emblem for Shell in the United States became more consistent with the European emblem.

Discussion. The story of Royal Dutch Shell reveals that globalization for this company involved a shift from local and national customization toward increasing standardization and controls. Furthermore, the case reveals three types of processes that Day (1994) pointed out are involved in assessing and enhancing an organization's capabilities. The first type consists of *inside-out capabilities*, which refer to internally oriented attributes that are deployed in response to external requirements and opportunities. Examples of internally oriented capabilities include IT infrastructure and technology development, IT professionals' technical skills, cost controls, and cost-effective IT operations.

The second type consists of *outside-in capabilities,* which refer to externally oriented relationship management (Day, 1994). These include activities such as anticipating and emphasizing market requirements, developing relationships with customers and other external stakeholders, and understanding the competition. Managing these capabilities well helps the firm manage linkages between internal functions and external stakeholders.

The third type consists of spanning capabilities, which refers to a given department's internal and external partnerships (Day, 1994). Moreover, through effective

partnerships, the organization's inside-out and outside-in capabilities may become integrated and aligned.

Ultimately, to create a sustainable competitive advantage, Wade and Hulland (2004) advised companies to begin with an assessment of their current state. Wade and Hulland explained, for example, "Once the role of IT resources has been explored and defined, it can be compared on equal terms with the roles played by other firm resources to eventually form an integrated understanding of long-term firm competitiveness" (p. 132).

Summary

The aim of this literature review was to review resource-based theory and apply it to globalization and change activities within the oil/gas sector. The second wave of globalization, which began in the 1970s, has led to the proliferation of multinationals—organizations that operate in more than one country whose business systems typically are different (Sluyterman & Wubs, 2010). Successful operation of these complex organizations require *globalization,* meaning the effective integration of commodity, labor, and capital markets in addition to consumer markets and technology on a global scale across institutional and national divides (Bordo et al., 2003). Additionally, there has been a push toward increasing standardization within these organizations as a means to reduce risk and enhance competitiveness within the global space (Djelic & Quack, 2003).

To create and enhance the firm's globalization strategy, it is common for these organizations to launch extensive change programs (Wilson, 1992) with the aim of better leveraging strengths, improving performance, and aligning with the external environment (Boeker, 1997; Leana & Barry, 2000). Ultimately, these projects may require shifts in

human capital, structure, technology, or other aspects of the firm (Daft, 1989; Ravichandran & Lertwongsatien, 2005; Schalk et al., 1998).

In particular, taking a resource-based view of the firm during the change program means examining the resources that must be acquired and the capabilities that must be built for the organization to create and achieve a sustainable competitive advantage (Amit & Schoemaker, 1993; Barney, 1991; Bharadwaj, 2000; Daft, 1983; Helfat & Peteraf, 2003; Makadok, 2001). To determine needed resources and capabilities, it is necessary to consider internally oriented, externally oriented, and spanning capabilities (Day, 1994).

Additionally, these resources and capabilities need to be applied in appropriate ways for a competitive advantage to emerge (Bharadwaj, 2000; Karimi et al., 2007; Ravichandran & Lertwongsatien, 2005; Wade & Hulland, 2004). That is, firms that have resources with special attributes are in a potentially advantageous position (Barney, 1991; Bharadwaj, 2000). Firms that are able to combine these special resources in ways to achieve and sustain competitive advantage are in an even better position (Ravichandran & Lertwongsatien, 2005; Wade & Hulland, 2004). It follows that firms differ in their ability to leverage their resources and capabilities. This difference is referred to as *competitive heterogeneity*.

Despite the literature available on the resource-based theory, there remains a lack of empirical studies of organizations—particularly those in the oil/gas sector—that have examined organization change from the resource-based perspective. The present study examined a change initiative within one oil-gas organization from the resource-based view. Thus, this study will fill this important gap. The next chapter outlines the methods used in the present study.

Chapter 3

Methods

This study examined the impacts of a global business transformation and IT implementation program at an oil/gas exploration and production multinational organization. Specifically, this study examined the impacts of the change program on human and relationship capabilities. The following four research questions guided this inquiry:

1. What capabilities are being developed through the change program?

2. What impacts has the change program had in the organization?

3. What is the visibility, priority, and perceived success of the change program?

4. What strategies may help improve the change program?

This chapter describes the research design, the sample, protection of human subjects, instrumentation, and data collection and analysis procedures used in this study.

Research Design

This study employed a qualitative interviewing design. Qualitative designs enable the researcher to gather participants' perceptions, thoughts, feelings, and observations related to a specific topic. Semi-structured interviewing, in particular, gives the researcher the flexibility to probe participants' feelings, thoughts, and experiences in greater depth than most other methods (Kvale, 1996). This allows the researcher to conduct a deep inquiry of the subject (Creswell, 2003). Kvale (1996) characterized qualitative research as capturing a depth and breadth of human experience in its most authentic form. The primary challenge associated with interview designs is that this form of data collection often produces a tremendous volume of information that can be difficult to analyze, absorb, and interpret (Creswell, 2003). A qualitative interviewing

approach was considered appropriate for this study because the researcher desired to gather and probe participants' perspectives about the change program and the resources and capabilities built through it. This was best achieved through interviewing.

Research Sample

This study focused on a global business transformation program within the company's Upstream organization. The central project team for the project is tasked with designing and building the core solution. Deployment of the core solution is decentralized, which means that each Region (country) leads its own efforts to justify, engage, deploy, train, and sustain the solution (with significant support from the central team). Ten leaders and members of the core team were included in this study, as they have significant experience in shaping and delivering the change program. Selection criteria are explained below.

Regarding selection in qualitative studies, participants tend to be identified and recruited using purposive strategies, meaning that the participants need to have particular characteristics or otherwise align with the purposes of the study (Miles & Huberman, 1994). Required characteristics are codified in the form of selection criteria, which the researcher defines and applies as a measure for determining whether a study volunteer qualifies to participate in the study. For this study, two selection criteria were defined:

1. The participant had to either (a) a member of the integrated leadership team responsible for the engagement and delivery of the change program, (b) a member of the change program's management team, or (c) an individual holding a key role on the change program as indicated by one of the Integrated Leadership Team members.

2. The participant had to have experience working on a global business transformation and IT implementation program. This criterion was mentioned on the invitation to participate in the study.

The specific strategy used to locate participants for this study was convenience sampling (Miles & Huberman, 1994), which means the researcher invited 20 individuals from her professional network who were involved in and considered to be key stakeholders of the change program. At any point in time, the core team,thus the study population, consists of around 40 individuals.

The researcher invited study candidates in person, by telephone, and by email to participate in the study. When she contacted them, she shared the study purpose along with the nature and duration of participation. She informed that the interview would discuss their observations and assessment of the capabilities that currently exist and what may need to be developed. Additionally, she emphasized that participation in the study was strictly voluntary.

Participant selection began with the researcher making a list of all possible candidates. She then sent a study invitation and consent waiver (see Appendix A) to these 20 individuals by email to build awareness of the study and make a general request for people to participate. The invitation included information about the study, benefits and risks of participation, confidentiality, and contact information for the thesis advisor and the chair of the institutional review board. Recipients were asked to contact the researcher by email or telephone to volunteer for the study. One week after the initial invitation, the researcher sent a second email to those who had not responded.

The researcher sent those who volunteered to participate a calendar meeting by email. When the participant accepted the meeting invitation request, the researcher sent

the participant an email with the interview questions (see Appendix B) to give the participant a chance to think about the issues in advance of the meeting. The first 10 participants who agreed to participate were scheduled for an interview and included in the study. All participants attended the interview as scheduled. Additionally, all the participants reported they had read the questions in advance and the majority of their responses already had been formulated.

Protection of Human Subjects

Confidentiality and consent procedures are important for protecting the researcher, the participants, and the organization (Locke, Spirduso, & Silverman, 2000). Moreover, it is essential to obtain permission from the participating organization as well as an institutional review board to assure that all ethical guidelines for human protections are observed.

A vice-president at the participating organization granted approval for the researcher to conduct the study. Institutional approval was obtained from Pepperdine University's Institutional Review Board on February 29, 2012. The researcher completed the Human Participants Protection Education for Research Teams course sponsored by the National Institute of Health on October 19, 2010.

Instrumentation

The researcher developed an interview protocol to gather participants' assessments and observations regarding human and relationship capabilities. The researcher used a combination of open-ended questions, one ranking question, and probes to gather examples, evidence, or a story to illustrate the participants' views. The interview consisted of nine interview questions which correlated to the research questions (see Table 1):

Table 1

Interview Questions

Research Question	Interview Questions
1. What capabilities are being developed by the change program?	2. What do you believe are the top 3 human and relationship capabilities being cultivated or developed by the program? 3. Can you give me an example of these in action?
	4. The program requires and continues to build the human and relationship capabilities listed below. Please rate them in order of importance and explain why you rated in this way: ___ Lead transformation and change ___ Manage change ___ Business process improvement ___ Complex enterprise IT integration ___ Business and IT relationships, including partners and suppliers - internal and external
	5. Are there other human and relationship capabilities that we are building that I have not mentioned? If so, what are they?
2. What impacts has the change program had in the organization?	6. Please share an example or story of how one of these human or relationship capabilities enables the company to: a. Perform more effectively b. Reduce risk c. Combine and make use of our strengths, our current resources and capabilities
3. What is the visibility, priority, and perceived success of the change program?	1. How do you believe the program is prioritized at the top level, among many other priorities? What evidence (observations) could you share that supports this? 7. What is your assessment regarding our current organizational capability and resources to deliver the program successfully? Success here is to deliver according to the agreed activities and timelines. 8. If you see any shortages or gaps in our current organizational capability and resources, please elaborate on these gaps. What? How? Why?
4. What strategies may help improve the change program?	9. In the context of organizational capability and having the key human resources and relationships, what is standing in our way from being better (or what does good look like)? a. Is it possible and if so, how do we remove the barriers? b. How do we coordinate better? How do we foster more voluntary forces (relationships, communication at key interfaces, simplify the interfaces across lateral processes, consistency in reward and measurement systems)? c. Who is best positioned to remove the barriers or set us up for improved and more effective coordination?

1. Capabilities developed by the change program were assessed by four interview questions (Questions 2-5) in support of Research Question 2. For example, Question 2

asked, "What do you believe are the top 3 human and relationship capabilities being cultivated or developed by the program?"

2. Impacts of the change program were assessed using Question 6: "Please share an example or story of how one of these human or relationship capabilities enables the company to: (a) perform more effectively, (b) reduce risk, or (c) combine and make use of our strengths, our current resources and capabilities.

3. Program priority, visibility, and success were assessed by three interview questions (Questions 1, 7, and 8) in support of Research Question 1. For example, Question 7 asked, "What is your assessment regarding our current organizational capability and resources to deliver the change program successfully? Success here is to deliver according to the agreed activities and timelines."

4. Strategies for improving the change program were assessed using Question 9: "In the context of organizational capability and having the key human resources and relationships, what is standing in our way from being better (or what does good look like)?" Three probing questions were posed to gather more in depth suggestions from the participants.

Data Collection

Interviews were conducted during the normal business day. Each interview lasted 45 to 60 minutes. The majority of the interviews were conducted in-person. In-person interviews were conducted in a meeting room at the office where the interviewee worked.

In cases where the interviewee was located in another country, the interview was conducted by telephone. Telephone interviews were conducted as one-to-one meetings in a quiet setting. Morse and Field (1995) explained that interviews should be conducted in private, comfortable spaces where the conversation will not be interrupted or overheard

to protect participant confidentiality and promote data quality. The researcher typed notes during the interview, and all participants were aware of this.

Data Analysis

The researcher performed content analysis to review the interview data and answer the research questions. The following steps were taken, based on Miles and Huberman's (1994) approach:

1. The researcher gave each participant an identifier and created a master transcript with all the participants' responses. Each individual response was coded by participant and responses were organized by interview question.

2. The researcher reviewed the participants' answers for each question. She began with four macro codes that reflected the research questions: capabilities; impacts; visibility, priority, and perceived success of the program; and improvement strategies. She coded and organized the data according to these themes. She then reviewed the data again and created ad hoc micro codes as they emerged within each macro code grouping. The researcher then organized the data by micro code.

3. The researcher then reviewed each theme and its associated data. She recoded data, reworded themes, combined themes, and split out themes as needed. She continued this process until each theme was mutually exclusive and best reflected the data associated with it.

5. Upon completion of the coding, the researcher determined the number of participants that reported each theme.

6. The researcher submitted her results to a second coder, who reviewed the data analysis and provided feedback and suggestions for changes to the analysis. The

researcher considered the feedback and made changes to the analysis where needed.

Three sets of themes were reanalyzed based on the second coder's feedback.

Summary

      This study employed a qualitative interviewing design. Ten leaders and members

of the change program who had been identified through a convenience sampling

approach were included in the study. The interview script consisted of nine questions

designed to gather participants' insights, examples, and stories related to the success,

impacts, and opportunities for improvement related to the change program. Interviews

were conducted by telephone and in person. Each interview lasted 45 to 60 minutes.

Content analysis was performed on the data. The next chapter reports the results.

Chapter 4

Results

This study examined the impact of a global business transformation and IT implementation program at an oil/gas exploration and production multinational organization on human and relationship capabilities. This chapter reports the results of the study. The following sections report the findings (including themes and sample comments) for each research question.

Capabilities Developed

Participants were provided four pre-identified capabilities by the researcher and asked to rank them in order of importance for the change program. Results are shown in Table 2. Leading and managing transformation and change was ranked highest and business and IT relationships were ranked second highest. Complex enterprise IT integration was ranked third, while business process improvement was ranked last.

Participants also provided comments to help explain their answers. Regarding business and IT relationships, one participant explained, "This is a contextual piece for our company. We are extremely reliant on our suppliers as 80% of our work is outsourced. We must ensure there are relationships: us and our business, us and our suppliers." One participant gave business process improvement a low ranking elaborated, "Business process improvement is an output of change" rather than something that is deliberately developed as a capability."

Table 2

Capabilities Developed

Capability (in ranked order)	Supporting Comments
Lead and manage transformation and change	• Lead transformation and change-- altering style, active listening
Business and information technology relationships, including partners and suppliers (internal and external)	• This is a contextual piece for our company. We are extremely reliant on our suppliers as 80% of our work is outsourced. We must ensure there are relationships: us and our business, us and our suppliers. • These relationships are already strong. This capability is not developing as much as others. Information technology needs to work on saying "no." External partners need to understand what is needed, particularly in the vendor space. They need to know how to interact via systems and relationships we need to have.
Complex enterprise information technology integration	• This has developed less on the human side, more on the systems side. • We need to have the base product right. We need something that is stable and can be set up.
Business process improvement	• Business process improvement is an output of change • Business process improvement is what we are after. The others are the means to this end.

Participants were asked to explain more about the capabilities that are being developed by the change program (see Table 3). Several themes emerged relating to process and infrastructure (four themes), skills and competencies (two themes), and oversight (four themes).

Process and infrastructure referred to process excellence, technical infrastructure, knowledge management, and integration of various parts of the organization. All participants discussed process excellence, including developing standardization and culture of continuous improvement. Participants explained this is to drive towards a common way of operating. This is different and challenging for a company that prided itself on being pioneers and innovators and each country (region) had its own method of operation. One participant elaborated, "The program cultivates the understanding and importance of process, rigor, and compliance—to seek the one way of doing things." Another stated, "Regarding work scheduling, including scheduling critical maintenance,

the solution keeps downtime to a minimum and prevents accidents. This is delivered

through common solutions, common process, and consistent ways of working— a more

formalized way of working."

Table 3

Capabilities being Developed by the Change Program

Capabilities	Sample Comments
Process and Infrastructure	
Process excellence (standardization and developing a continuous improvement culture)	● Once you have a process in place, you need to create a real sense of continuous improvement in the way that the process works. We need a culture of little improvements in end-to-end process. Improvements have to be done systematically. . ● We have more rigorous standards, controls, and mindset. We need to manage skills and need to be compliant and controlled. We don't want people to go on path of doing things on their own. We need a policy mindset.
Technical infrastructure	● In information technology, we need to learn what it takes to run a critical global system, such as the basic infrastructure and architecture. Other companies are more sophisticated
Knowledge management	● We need to build a knowledge base and bridge the knowledge gap. Field technicians or platform operators used to know what they should order—why and for what purpose is piece of equipment. They picked up the phone and called a company. They knew what to order, when to order, and who to order it from. Now, we are building a system. We need to set trends for activity and institutionalize the knowledge. We are automating.
Integration of various parts of the organization	● Integration of business functions is required to ensure safe, reliable, efficient operations. We need to integrate process, data, people, and technology.
Skills and competencies	
Relationship management	● A lot of internal relationships are being created across process, data, and technology. External relationships are being created across the marketplace, suppliers, vendors, technology providers.
Skills and valuable experience	● We are developing influencing skills for a highly matrixed environment, leadership to deliver this type of change, effective team work, effective performance conversations, tools like Insights to understand preferences and styles. We also are developing resilience to deal with constant change and communication.
Management of data	● Underpinning all of this is a different relationship with data we have today. However, the rudimentary of data governance is not yet landed. We need to develop our mindset around data.
Management oversight and controls	● We need monitoring and measuring metrics. We should be developing these capabilities.
Change management	● We need to focus on the sustainability of change.
Project and program management	● We are growing some program management capability in information technology and services. We are helping others in the program understand what it might take to run a major program.

N = 10. Some participants shared responses that reflected more than one theme.

Skills and competencies included the capabilities of relationship management and developing skills and valuable experience. Regarding relationship management, one participant shared, "We need management of relationships across teams—centralized teams, IT and services teams. We have a very complicated deployment program and multiple streams going on. We have complex relationships and schedules."

Oversight referred to the management of data, management oversight and controls, change management, project and program management. One participant emphasized, "We need rigor in Upstream to set things up appropriately so that the follow on steps could be validated."

Program Impacts

Findings were collected on the change program impacts or expected future impacts within the organization (Table 4). Participants noted three impacts. The most frequently reported impact was the ability to reduce risk. Having a common process provides visibility when an activity is not standard. One respondent shared,

> Regions have found that they have outdated contracts or the contracts are not reflective of the work being performed. The program lowers risks by standardizing control of work including what materials need to be ordered, ordering from suppliers that are compliant, and how and when to schedule the work.

The second most common response was being better able to manage complexity. The change program is complex and spans across the company. It continues to evolve, and there are still unknowns to uncover. One participant shared, "Understanding the complexity of IT integration helps us to perform more effectively. Now we acknowledge complexity, whereas in the past, we've underestimated it."

Table 4

Program Impacts

Theme	Sample Comments
Reduce risk	• Scheduling work—including scheduled critical maintenance—keeps downtime to a minimum and makes sure we don't have any accidents. • Managing relationships has helped us to perform more effectively and reduce risk. We cultivated open relationship and open dialogue with vendors. Before the program, there was one vendor in Downstream about to go bankrupt and we didn't know about it until it hit the press. Now, we set up trust and communication channels and manage risk extremely effectively from Day 1. This has come through extremely well.
Better able to manage complexity	• Understanding the complexity of information technology integration helps us to perform more effectively. Now we acknowledge complexity, whereas in the past, we've underestimated it.
Better utilization of resources	• Activity planning helps us perform planning activities in a coordinated way across regions. This allows us to better utilize resources, avoids duplication and conflicts, is more effective, and saves money.

$N = 10$. Some participants shared responses that reflected more than one theme.

The final reported impact was the ability to better utilize resources and reduce cost. This is about performing better activity planning. One participant shared, "Once processes are streamlined and more efficient, waste and redundancy are reduced. By improving payment of invoices, the organization is better able to negotiate and obtain more competitive pricing."

Visibility, Priority, and Perceived Success of the Program

Participants were asked to share their impressions regarding the priority of the change program (see Table 5). The participants expressed ambivalence in their responses, stating reasons why it was both a priority and not a priority. Only two participants unequivocally stated it was a priority and only three unequivocally stated it was not a priority. In retrospect, the researcher could have probed further to determine what the participants were really feeling; however, this was a realization achieved after completion of the data analysis. This points to a limitation that can be addressed in future studies.

Table 5

Views of Program Priority

Theme	Sample comments
Program is not a priority • In reality, not a top priority • People prioritize their performance contracts above program priorities • Leaders still need to better understand the program • Leaders believe program should be a silent running (back-office, easy to manage) program	• It has written sponsorship but not outwardly spoken sponsorship. • People are focused on delivering MyPlan • Our company's understanding of process, data, systems, integration, efficiency is very limited. Few people who made it to the top had deep experience in systematic workings. They cannot relate, cannot translate the strategic vision. • Leaders want us to be back office—Just go away and do it.
Program is a priority • Stated as a top priority • Took time and effort for it to become a priority	• It is one of the top three programs in information technology and services and one of the top five for the company. It has senior level attention. • Ask the top leadership of the company what our priorities are and they'd say we need to change our operating capability to fundamentally improve the risk footprint of our company, [which is the focus of the program] • The program gets highly prioritized. . . . It gets quite a big chunk of money, certainly in the information technology and services space. Gets time and money.

$N = 10$. Some participants shared responses that reflected more than one theme.

One participant who stated it was not a priority explained that there might still be a lack of understanding on how to standardize and systematize. Another shared that some leaders believe a program like this should be silent-running and be deployed quietly. Yet another participant elaborated that implementing the program is not a core activity for an oil/gas business. Other participants questioned whether the program was a priority for executives above the program delivery level and whether the regions that need to execute and deliver the program are committed to the effort. For example, one participant reported, "Everything is a priority. . . . Do we put the best resources into deploying the program or run a platform? How do we free up resources to do something that is not core to the business?"

Those who did believe it was a priority shared that the change program gets senior level leadership attention and a lot of funding. The primary reason for the prioritization is

that the change program enables safer, standardized operations. For example, a participant explained, "We need to change our operating capability to fundamentally improve the risk footprint. The program and the processes it standardizes help with the company's top five priorities, especially the one on standardization."

Participants also were asked to provide their assessment of whether the organization currently has the capability to deliver the change program successfully (see Table 6). Again, the participants generally were split regarding whether the organization did or did not have the needed capabilities in place.

Those who believed the organization did not have the necessary capabilities voiced concerns about several of the organization's abilities, including (a) data management, (b) change management, (c) project management, (d) managing complexity and the ambiguity of what is to come, and (e) maintenance of the change. They also voiced concerns about the lack of clarity on what it means to be effective in a functional organization and the organization's ability to take a global approach. For example, one participant reported,

> It's too complex and too dynamic. At some point, we need to fill in the gaps and rely on people's capabilities and their willingness to do extra. We have many challenges ahead and large pieces of scope that we have not yet tackled.

Those who believed the organization has the necessary capabilities shared that organization members have gained valuable experience and capabilities, such as figuring out some working models, better ways of working with the regions (business locations outside of the center), and having very good people. One participant shared,

> We have reasonable capability. We have done well to retain a number of people in key roles. We are lacking in bringing through successors. On the upcoming activities with the largest and remote regions, we may find we are a bit stretched.

It is noteworthy to mention that between all groups of respondents, data
management was mentioned eight times and was the most often-mentioned capability as
an area of concern.

Table 6

Program Success in Developing Capabilities

Theme	Sample Comments
We do not yet have the capabilities needed	• We do not have everything we need. It's too complex, too dynamic, changes too much. At some point, we need to fill in the gaps and rely on people's capabilities and their willingness to do extra to get the job done. We have many challenges ahead. . . . Large pieces of scope still haven't yet tackled. • We have gaps in resources, the legacy of being a disparate organization in Upstream driven by Region being king. There is a lack of understanding of what it takes in a functionally led organization. • There is a gap in functional resources, availability to spend time with the business to truly embed the understanding of the process, and how to run the applications most efficiently. We can't deliver this by training. Program model to grow this capability in the business. There was a gap in the first month or year of how to run solution effectively. We were lacking in numbers and lacking retention. There was a lack of people who come from the business into the program and know how to articulate the business needs. There are only a handful of people who can do this effectively. There is some gap in project management capability. As we take on more regions, people are stretched. We also could do with more information technology and services and data management capabilities.
We are on track to have the capabilities needed; we still need to work on it	• In some ways, by role, we are ok. • We've reached critical mass: we have the capabilities needed, but still working some things out. • We have reasonable capability but still are lacking some key experience in some areas. • Mixed: on the technical side, we have enough and we have some really good people. We are still building our capabilities in Kuala Lumpur. End-to-end integration is poor. We have the knowledge to design, but no knowledge to deliver and support. We do not have the right model in place. In data, there is a capability lack. We also don't have business capability. We are short of project managers. • In the central space, people have been around long enough to have solutions and networks. In the North Sea and Alaska, I am apprehensive. These are very big, remote locations that will test us. The North Sea is a complicated business in terms of how it's legally set up. We are further ahead with Alaska than the North Sea. Azerbaijan is encouraging and we have good people in place. Angola. It doesn't sound too complicated.

N = 10. Some participants shared responses that reflected more than one theme.

Suggestions for Improving the Program

Participants were asked what suggestions they have to improve the change

program, remove barriers, or close any gaps in capabilities (Table 7). The participants'

suggestions concerned strengthening leadership (two themes) and strengthening the

capabilities of central team (five themes).

Table 7

Strategies for Improvement

Strategy	Sample Data
Strengthen leadership	
Clearer vision and strategy	• We don't start with the end in mind; we start with a fire and quickly try to put it out. We should look at the end and then reverse engineer. • What about planning for the end? Where do these organizational capabilities go? When we eventually get to the end, where do all of us go? We should plan for closure in project speak. Part of closing down is redeployment of resources and capabilities. This is a really important piece to look after the people.
Strengthen and influence network	• We need to build a better influencing network. This will help us build the Regions. Centrally, we need to do this by role and by gap. • What impact do we have on our suppliers? We should consider, "How does this impact to our suppliers—does it create more chaos or more efficiency? Global suppliers are managing different ways in which the company does business. It takes time to get the whole thing in place and get standards across the globe. We need to help suppliers be more efficient so that we can save money.
Strengthen capabilities of central team	
Knowledge of end to end business process and needs	Largest is the integration across. We need to take the supply chain all the way through. We need to understand the business end to end.
Improve planning	Planning. We need to get better at planning, such as . . . demand planning, resource planning, skills assessments. This has always been something that projects needed to focus on. Better forecasting of resource requirements—skill, competency. I have not seen a project in the company where this is done well.
Improve abilities to work global scale	Logistically and geographically, we are quite disbursed. As a global program, it has proven to be quite challenging. Maybe focus a bit more on Western versus Eastern hemispheres. Not doing too bad; we have flexed and changed. We are trying to intermingle and share a few things.
Improve training	We need to create an incentive for training. Historically, training is not a top priority. If people accelerate through training, there should be some reward.
Improve data management	Need clear policies and procedures–in data space to guide. Clarity of roles and responsibilities and context within which we could coordinate.

$N = 10$. Some participants shared responses that reflected more than one theme.

Regarding leadership, five participants stated that a clearer vision and strategy was needed. One participant asked, "What does the end look like? When do you know we've reached a good landing point?" Another participant asked, "What about planning for the end? Where do these organizational capabilities go?" Yet another participant commented,

> It's a race against time. You set your sights on the vision; take a few steps and realize how hard it is. We learned with past deployments and then developed an approach to change. We developed process and are improving data. We bootstrapped our way to a better understanding.

Due to the complexity and many interfaces associated with the change program, four participants believe that building an influencing network internally and externally is a way to get things done. As this is a decentralized change program, one participant emphasized the need to support the Regions. Another participant shared,

> What impact do we have on our suppliers? We should consider, "How does this impact our suppliers—does it create more chaos or more efficiency? Global suppliers are managing different ways in which the company does business. It takes time to get the whole thing in place and get standards across the globe. We need to help suppliers be more efficient so that we can save money.

Regarding suggestions to strengthen the central team, three participants believed that the team needed to develop its knowledge of the end-to-end business process and needs. As the solution being deployed by this change program touches many aspects of the business, the capability to see the solution from beginning to end and to know the business and technology is valuable. Other suggestions, each voiced by one participant, was improving planning, improving its abilities to work global scale, improving training, and improving data management.

Also in support of the final research question, participants were asked for their suggestions to improve coordination (Table 8). The specific questions were, "How do we

coordinate better? How do we foster more voluntary forces (relationships,

communication at key interfaces, simplify the interfaces across lateral processes,

consistency in reward and measurement systems)?" Themes emerged around two areas:

improving project leadership and improving staffing, competencies, and recognition.

Table 8

Strategies for Improving Coordination

Theme	Sample Comments
Improve project leadership	Take a step back and pause. Did we get commitment around initiatives? Did we do what we said we would do? Should we think about a facilitation that would help us understand what path we went down and why. At the macro level, what have we learned? What did we miss? Why did we miss them?
Improve staffing, competencies, and recognition	
Improve relationships	The company has already done a great job with tools. We need to consciously use tools to deliver better outcomes, but there is no time to take in new tools. Examples are effective performance conversations and facilitated conversations. We need more facilitation skills when there are break downs. Work through stages of supposition, opinion, fact, and alignment.
Resource with talented and professional people	Organizational capability relies on always looking at bringing the right people in.
Give recognition for going above and beyond	Recognition shouldn't have to be about reward, measurement. Remind that others are going above and beyond.

$N = 10$. Some participants shared responses that reflected more than one theme.

Improving project leadership referred to improving project delivery, learning to

manage complexity better, planning first and then acting, creating one agenda and

common targets, and exercising clarity in decision making. For example, one participant

shared

> Take a step back and pause. Did we get commitment around initiatives? Did we
> do what we said we would do? Should we think about a facilitation that would
> help us understand what path we went down and why? At the macro level, what
> have we learned? What did we miss? Why did we miss them?

Improving staffing, competencies, and recognition referred to improving

relationships, resourcing the company with talented and professional people, and giving

recognition to people for going above and beyond. One participant elaborated,

> The company has already done a great job with tools. We need to consciously use
> tools to deliver better outcomes, but there is no time to take in new tools.
> Examples are effective performance conversations and facilitated conversations.
> We need more facilitation skills when there are break downs. Work through
> stages of supposition, opinion, fact, and alignment.

Finally, participants were asked to identify who is best positioned to pursue the

opportunities, remove the barriers or set up for improved and more effective coordination

(see Table 9). While change program leaders were selected more than others, no clear

themes were voiced by a critical mass of participants. Notably, executives above leader

of business function were not mentioned as playing key roles.

Table 9

Key Players

Who
Program leaders
Central program team
Not clear on who will do this or if it will be done
Line managers
Business function leaders

$N = 10$. Some participants shared responses that reflected more than one theme.

Summary

This chapter presented the results of the study related to the capabilities developed

through the program; program impacts, the change program's visibility, priority, and

perceived success; and suggestions for improving the program.

The capabilities that participants believed were most strongly developed through

the change program were leading and managing transformation and change as well as

capabilities related to process and infrastructure as well as specialized skills and

competencies, and oversight. Participants reported that the key program impacts were reducing risk, being better able to manage complexity, and better utilizing resources.

Study participants were evenly split in their assessment of whether there are adequate resources and capabilities to deliver the change program successfully. This presents an opportunity to look more closely at what is needed to obtain sufficient capabilities to be successful. They offered strategies for strengthening leadership and strengthening the capabilities of the central team as a means for improving the change program. No clear consensus emerged regarding who is best positioned to pursue the opportunities, remove the barriers, or set up for improved and more effective coordination.

The next chapter presents a discussion of these results. Conclusions, connections to the literature on the resource-based view of the firm, and implications for future research are considered.

Chapter 4

Discussion

This study examined the impact of a global business transformation and IT implementation program at an oil/gas exploration and production multinational organization on human and relationship capabilities. The following four research questions guided this inquiry:

1. What capabilities are being developed through this program?

2. What impacts has the change program had in the organization?

3. What is the visibility, priority, and perceived success of the change program?

4. What strategies may help improve the change program?

This chapter provides a discussion of the study results. The following sections provide a summary of the findings and conclusions, recommendations, limitations, and suggestions for future research.

Summary of the Findings and Conclusions

Capabilities developed. Participants believed that the capabilities that were most strongly developed through the change program were leading and managing transformation and change, enhancing process and infrastructure, and developing a range of specialized skills and experiences. These results suggest that the change program is more or less developing the needed competencies to successfully deploy the initiative. In particular, developing effective change management procedures as well as other appropriate oversight and control features helps create a mechanism for successful completion. As an output of this change program, suitable infrastructure and process enhancements are also being developed. Finally, through the course of these program

activities, organization members are developing needed skills and experiences to carry the change forward into the future.

The described changes being made by the program reflect enhancements in both human capital and organizational capital, based on a resource-based view of the firm (Barney, 1991; Ravichandran & Lertwongsatien, 2005). These changes also could be construed as changes in capability (Amit & Schoemaker, 1993). This is encouraging, as capabilities are not easily transferred from one firm to another and, as a result, play a key role in creating competitive advantage. Moreover, the learning being gained through the participants' experiences satisfy the conditions of inimitability (Barney, 1991) and time compression diseconomies (Bharadwaj, 2000), both of which have been associated with creating competitive advantage. These findings also are similar to the efforts described at Royal Dutch Shell (Sluyterman & Wubs, 2010), particularly in their focus on creating and implementing a global business operating model that standardized and simplified business procedures.

In the present study, those who believed the organization did not have the necessary capabilities voiced concerns about data management, even more effective change management, project management, being effective in a functional organization, and taking a global approach to deploying and sustaining the change. It is noteworthy to mention that data management was the most often-mentioned capability as an area of concern. Ultimately, these capabilities may culminate in the human capital and partnerships that make a difference in the company. The results suggest that these are being developed; however, participants also were clear that more work is needed to this end. The implications of these findings are that the central team and the regions should identify the capabilities that are on the critical path and that will deliver the most impact.

For each, program members should evaluate whether the change program can succeed without that competency. If not, effort should be dedicated to capturing or developing that competency.

Program impacts. Participants reported that the key change program impacts were reducing risk, being better able to manage complexity, and better utilizing resources. Thus, the change program appears to be delivering on its charter. The standardized process and infrastructure appears to have provided clarity on the way regions can manage work and plan activities. For example, there is a standard process to follow when an engineer needs to schedule necessary or routine maintenance and ordering necessary equipment and supplies. Such processes have been created throughout the enterprise-spanning departments as diverse as operations, finance, procurement, and IT and services.

These findings again reflect important characteristics of creating time compression diseconomies (Bharadwaj, 2000) and inimitable, valuable, and rare capabilities that the firm can leverage (Barney, 1991) for the purpose of creating competitive advantage, consistent with the resource-based view of the firm. The impacts also reflect gains in capabilities, which also are related to creating strategic advantages for the firm (Amit & Schoemaker, 1993). These findings also parallel the aims of Royal Dutch Shell in their quest for improved infrastructure and capabilities while reducing risk (Sluyterman & Wubs, 2010).

In the present study, the change program helps the company reduce risk overall when it produces policies, standards, processes, and infrastructure. A critical part of operating safely is found in having a proven and shared way of performing tasks. Thus, past mishaps and disasters can be avoided in the future. At the same time, this level of

standardization can be painful for people, as their observations, judgments, and beliefs about what should be done may or may not be heeded, depending upon the system that has been established. Moreover, when desired actions do proceed, they may proceed on a slower time frame than in a non-standardized environment. Thus, accomplishing work in a non-standardized environment often can be easier for the worker than accomplishing the same work in a standardized environment. These attributes of a standardized environment could lead to dissatisfaction or even noncompliance for some employees. Therefore, it is important to search for best practices to both streamline the business process and to help embed a culture of standards in the company.

These results, while important, fail to distinguish the company from its competitors. A needed question to explore is: How can the change program be leveraged to deliver something strategically unique and valuable for the company? For example, is the change program helping the company organize and combine its resources better? It is possible that identifying and delivering more impactful outcomes requires more effective change management and improved communication, commitment, and buy-in within both the executive and front-line ranks. On the other hand, more incisively identifying and communicating the competitive and strategic advantages being delivered through the change program may induce stronger executive and front-line support for the change program. Examining these questions requires further analysis.

Visibility, priority, and perceived success of the program. The study findings revealed that most of the participants had mixed feelings regarding whether the change program was a priority and whether the company has adequate resources and capabilities to deliver the change program successfully. This presents an opportunity to look more closely at what is needed to obtain sufficient capabilities to be successful. These findings

also could reflect employees' change fatigue, which he described as exhaustion, burnout, and having trouble seeing "the light at the end of the tunnel" (Kotter, 2011, para. 7). He added that it can occur when

> employees are called upon to constantly alter their behaviors and to take on additional—and additionally taxing—responsibilities, without receiving extra resources or relief from any of their responsibilities. They don't have a clear sense of where their organization is heading, what their role in that transition might be, or which elements of change should be their top priorities. (para. 10)

Understanding change processes affirms the complex nature of transformation programs. As change is dynamic, participants' feelings and views may shift at any point in time, especially if the vision and mission themselves at times lack clarity.

The practical implications apparent from this finding are that the regions need to have clear leadership and resources related to the project if this decentralized program is to succeed. While some aspects of the change program are centralized (e.g., the central team, core solution, support), much of the work of deployment needs to be accomplished in the regions. However, if organization members in the regions are not hearing from their managers that the program work needs to get done, it may not get done. Unless a key leader clarifies the program's priority and holds members accountable for deploying it, the regions' focus and best people are diverted to other initiatives. Without executive, head of function, and head of region support of this nature, the regional deployment teams are held accountable for delivering an important program without the resources required. Given that each region operates differently, under different governance structures and country regulations, the effort, dedication, and capabilities for the change program are somewhat inconsistent across the regions. The end result is that the change program may not be as successful as it could be. This finding mirrors much of what is found in research on change programs. For example, Kotter (2007) emphasizes the role

of the leader in guiding change. Schein (2007) also elaborates on the role of leaders during change—especially during change within mature organizations, similar to the study organization.

Another explanation for these results is found in the complex and evolutionary nature of the change program. For example, the initiative was launched as an IT program but later evolved into a business transformation program. As the change program evolves, the capabilities required for successful deployment also evolve. Just when the central team believes it has identified all the capabilities needed, it uncovers an unexpected requirement or aspect of the project. This leads to a list of needed capabilities that continues to grow and could certainly explain participants' mixed perceptions of whether all the needed capabilities are present.

Ultimately, it was important to discover the participants' mixed perceptions and feelings at this time in the change program rather than only upon its completion (or upon any issue or failure). It also is helpful to discover that the people responsible for leading and participating in the change program question the change program's priority and whether the needed capabilities are present. Having received this valuable reality check, company leaders at both the executive and regional levels have the opportunity to clarify its priority, revisit its resource allocation and funding, and re-emphasize their support for the change program. Recommendations to this end are discussed later in this chapter.

Suggestions for improving the program. Participants believed that strengthening leadership and strengthening the capabilities of the central team were the primary avenues for improving the change program. In particular, participants believed that the change program needed a clearer vision and strategy. Additionally, they believed that the network of internal and external relationships needed to be strengthened so that

more support for the change program could be generated. Similarly, Royal Dutch Shell focused on developing inside-out, outside-in, and spanning capabilities to support their standardization and globalization efforts (Day, 1994; Sluyterman & Wubs, 2010).

These activities include the leadership prioritization and strong influencing required to support the regional deployments. Specific to the central team, participants believed that the team needed to enhance several of its capabilities, including planning, training, its knowledge of the end-to-end business process and needs, effective management of data, and its abilities to work on a global scale. However, no clear consensus emerged regarding who is best positioned to pursue the opportunities, remove the barriers, or achieve more effective coordination.

Examination of these results points to a tension that requires resolution. The evolutionary nature of the change program complicates the creation of a clear vision and strategy, as the "end" shifts. Managing the tension between vision and strategy on one hand and needed evolution on the other hand underscores the need for strong, competent leadership. Specifically, this leadership needs to be able to balance stability and complexity and translate the global initiative into a set of attainable shared goals. This kind of leadership is necessary, no matter how effective the central team and regions are at execution.

Moreover, despite the team's competencies with execution, it is apparent that more development is needed within individual team members and as a collective. This recommendation is discussed in more detail below.

Recommendations

A key learning that emerged throughout the study was the view that the central team needs to enhance its competency in planning and managing change. Helpful

questions to explore may be: How can those responsible for the change program ask more questions to help the complexity surface, thus, leading to better planning? How can they better navigate ambiguity and complexity? How can they increase their skills and knowledge commensurate with program needs? Participants also stressed the need for team members to be able to deliver value on a global scale. This means that team members must shift from a collection of individuals with diverse knowledge and skills into a team of competent individuals who possess comprehensive end-to-end knowledge of the business. The change program has reached a point where the team members need to increase learning from each other so that collectively, the knowledge and capabilities are broadened, expanded, and developed. It follows that a natural next step is to develop a strategy for accomplishing this kind of knowledge and skill transfer. Daft (1983), Makadok (2001), and Amit and Schoemaker (1993) defined resources and capabilities, with the key differentiator being that capabilities are not easily transferred from one firm to another and thus provide isolating mechanisms (Bharadwaj, 2000).

A recommendation for the regions is that they need to dedicate their best people to the change program in order to deliver it effectively. This may be best accomplished if executives in the business functions better understand and articulate the need and priority of this program. Additionally, as regional employees become more aware of the program's requirements (and capability requirements) they need to communicate this to the central team. Both the central team and the regions need to focus on creating readiness for change as well as identifying and developing the most important capabilities needed to deliver the change program.

Effective data management, including governance and handling of data, is critical to ensuring that the processes underlying the change program's work. The organization

has already begun this journey. A recommendation is to take every opportunity possible to engage and increase readiness for change in understanding the importance of data, best practices, and stakeholders' roles in ensuring data is properly captured and managed.

It is important to acknowledge that some participants' responses regarding the study impacts were a mixture of what impacts have been realized and what impacts were desired or expected. That is, participants who were fully dedicated to the change program tended to be convinced that the intended impacts would be realized. However, it is important to point out that the change program is still at the midway point. It is critical to continue assessing the impacts of the change program to assure that it is, in fact, achieving its targets. It would be helpful to institute metrics that would easily and accurately produce this kind of indication.

Comparing the study findings to past literature reveals that there are important pieces on communication and commitment that are not being adequately addressed in the change program. Moving forward, it is important to be clear on the agenda for the change program and to continue to emphasize that all involved individuals are one team with clear targets and common goals. This needs to be communicated through more effective, consistent messaging throughout the company if executive and regional sponsorship is to be gained (Kotter, 2007; Schein, 2007).

Limitations

This study was subject to certain limitations that may have affected the results. One prominent limitation was utilizing a rather small sample size. Therefore, the views shared in this study cannot be assumed to be representative of the entire central team or the company. To gain understanding of others' view, the study would need to be repeated and the sample expanded to corporate and regional executives, front-line workers, and

suppliers. At present, the findings should be considered exploratory and a suggestion for future study.

Second, the data were captured through typed notes taken by the researcher during the course of the interview. Therefore, it is likely that some data loss occurred. Further, it is possible that researcher bias may have subconsciously caused her to misunderstand or misinterpret the participants' views during note taking or analysis of the data. Although the use of second rater helped to mitigate some of this limitation, these limitations could be further avoided in future studies by audio-recording the data, creating verbatim transcripts, and subjecting the analysis to member checking or other forms of validation.

Finally, the researcher could have probed participants' answers more deeply. That is, in addition to gathering their answers related to the research questions, she could have probed more deeply to understand why they believed that, what they believed the company should do now, and where to go from here. This kind of inquiry would have been consistent with an action research approach, wherein the researcher would have engaged the participants in some action planning.

Directions for Additional Research

Given the criticality of safe operations to the company, it is unclear why the change program is not getting the attention, visibility, and executive support needed for success. A follow-up research project could seek to identify the causes for the lack of attention and support. Understanding these reasons is critical to overcoming them.

While the change program has produced valuable results related to standardization, risk reduction, and other outcomes, it is unclear how these results distinguish the company from its competitors. A needed question to explore is: How can

the change program be leveraged to deliver something strategically unique and valuable for the company? For example, is the change program helping the company organize and combine its resources better? It is possible that identifying and delivering more impactful outcomes requires more effective change management and improved communication, commitment, and buy-in within both the executive and front-line ranks. On the other hand, more incisively identifying and communicating the competitive and strategic advantages being delivered through the change program may induce stronger executive and front-line support for the change program. These questions could be the focus of follow-up research projects.

Summary

This study examined the impact of a global business transformation and IT implementation program at an oil/gas exploration and production multinational organization on human and relationship capabilities. Specifically, this study sought to determine the capabilities being developed by the change program; the program impacts; the visibility, priority, and perceived success of the change program; and suggested strategies for improving the change program.

This study employed a qualitative interviewing design. Ten leaders and members of the change program who had been identified through a convenience sampling approach were included in the study. The interview script consisted of nine questions designed to gather participants' insights, examples, and stories related to the success, impacts, and opportunities for improvement related to the change program. Interviews were conducted by telephone and in person. Each interview lasted 45 to 60 minutes. Content analysis was performed on the data.

Study participants were mixed in the assessment of the program's priority and the company's ability to deliver it successfully. Participants believed that the change program most strongly developed capabilities related to leading and managing transformation and change, building infrastructure and process excellence, and developing critical skills and experience. Key program impacts reported were reducing risk, being better able to manage complexity, and better utilizing resources. Participants believed that it was important to strengthen both the leadership and the capabilities of the central team. No clear consensus emerged regarding who is best positioned to pursue the opportunities, remove the barriers, or set up for improved and more effective coordination.

Participants recommended that the central team enhance its competency in planning and managing change as well as delivering value on a global scale. They also suggested that regions dedicate their best people to the change program and executives strive to better understand and articulate the need and priority of this program. The company also needs to institute metrics for assessing the change program's ongoing outcomes.

Study limitations included a small sample size, skewed or lost data due to data recording methods, and failure to more deeply probe participants' answers. Suggestions for continued research include identifying the causes for low executive support for the change program and identifying the possible strategic impacts of the change program.

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Appendix A: Study Invitation and Consent Waiver

Dear (Participant):

My name is Elena Tran, and I am a student in Organizational Development at Pepperdine University, Graziadio School of Business and Management, who is currently in the process of recruiting individuals for my study entitled, "Human and Relationship Capabilities in a Global Business Transformation and IT Implementation Program." The professor supervising my work is Dr. Julie Chesley. The study is designed to identify human and relationship capabilities that are valuable, rare, or not easily imitated for a global business transformation and IT implementation program. Knowledge gained from this study will be used to devise a plan to leverage, grow and deploy these capabilities to support the Program's delivery capabilities. I am inviting individuals who have had experience working on a global business transformation and IT implementation program to participate in my study. Please understand that your participation in my study is strictly voluntary. The following is a description of what your study participation entails, the terms for participating in the study, and a discussion of your rights as a study participant. Please read this information carefully before deciding whether or not you wish to participate.

If you should decide to participate in the study, you will be asked complete a semi-structured interview being conducted by me. The interview will take 60 to 90 minutes and may occur in-person or via telephone. We will discuss your observations and assessment of the capabilities currently being developed.

Although minimal, there are potential risks that you should consider before deciding to participate in this study. These risks include loss of time, effort required to reflect on the questions, and recommended plan and actions may not be satisfactory to you.

The potential benefits to you for participating in the study are an opportunity to reflect on the capabilities that provide competitive advantage and how to develop more of these capabilities. Also, there is a potential benefit of being a part of planning and executing actions to develop such capabilities.

If you should decide to participate and find you are not interested in completing the semi-structured interview in its entirely, you have the right to discontinue at any point without being questioned about your decision. You also do not have to answer any of the questions that you prefer not to answer.

If the findings of the study are presented to professional audiences or published, no information that identifies you personally will be released.

If you have any questions regarding the information that I have provided above, please do not hesitate to contact me at the address and phone number provided below. If you have further questions or do not feel I have adequately addressed your concerns, please contact Dr. Julie Chesley at [contact information]. If you have questions about your rights as a research participant, contact Dr. Yuying Tsong, Chairperson of the Graduate and Professional Schools Institutional Review Board, Pepperdine University, at [contact information].

By responding to this note and accepting time for our semi-structured interview, you are acknowledging that you have read and understand what your study participation entails, and are consenting to participate in the study.

Thank you for taking the time to read this information, and I hope you decide to speak with me regarding this study. You are welcome to a brief summary of the study findings in about 1 year. If you decide you are interested in receiving the summary, please email me.

Sincerely,

Elena Tran
Student, Master of Science in Organization Development
Pepperdine University
[contact information]

Appendix B: Interview Questions

Interview Questions

Research question:
How do we leverage understanding about resource-based view and apply to develop human and relationship capabilities within a global business transformation and IT implementation program?

Interview questions:
Topic: Prioritization of the Program

1. How do you believe the Program is prioritized at the top level, among many other priorities? What evidence (observations) could you share that supports this?

Topic: Capabilities within the Program

2. What do you believe are the top 3 human and relationship capabilities being cultivated or developed by the Program?
3. Can you give me an example of these in action?
4. The Program requires and continues to build the human and relationship capabilities listed below. Please rate them in order of importance and explain why you rated in this way:

   ___ Lead transformation and change

   ___ Manage change

   ___ Business process improvement

   ___ Complex enterprise IT integration

   ___ Business and IT relationships, including partners and suppliers - internal and

      external

5. Are there other human and relationship capabilities that we are building that I have not mentioned? If so, what are they?
6. Please share an example or story of how one of these human or relationship capabilities enables the company to:
   a. Perform more effectively
   b. Reduce risk
   c. Combine and make use of our strengths, our current resources and capabilities
7. What is your assessment regarding our current organizational capability and resources to deliver the Program successfully? Success here is to deliver according to the agreed activities and timelines.
8. If you see any shortages or gaps in our current organizational capability and resources, please elaborate on these gaps (what, how, why)?
9. In the context of organizational capability and having the key human resources and relationships, what is standing in our way from being better (or what does good look like)?
   a. Is it possible and if so, how do we remove the barriers?

b.   How do we coordinate better? How do we foster more voluntary forces (relationships, communication at key interfaces, simplify the interfaces across lateral processes, consistency in reward and measurement systems)?
c.   Who is best positioned to remove the barriers or set us up for improved and more effective coordination?