



MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF MANAGEMENT STUDIES

MASTER OF COMMERCE IN STRATEGIC MANAGEMENT

TOPIC

**THE IMPACT OF DYNAMIC CAPABILITIES ON FIRM PERFORMANCE: A CASE
STUDY OF SMES IN BULAWAYO**

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**A DISSERTATION SUBMITTED TO THE DEPARTMENT OF MANAGEMENT
STUDIES IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF A MASTER
OF COMMERCE DEGREE IN STRATEGIC MANAGEMENT**

2023

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DISSERTATION TITLE: THE IMPACT OF DYNAMIC CAPABILITIES
ON FIRM PERFORMANCE: A CASE
STUDY OF SMES IN BULAWAYO

DEGREE TITLE: MASTER OF COMMERCE IN STRATEGIC
MANAGEMENT

REG NUMBER: M227456

YEAR OF THE DEGREE: 2023

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DECLARATION

I MADALA MOYO do hereby declare the contents of the research study to be true and not copied from anywhere or in any publication and previous degrees without acknowledgements.

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DEDICATIONS

I dedicate this project to my wife. Her love, support and encouragement during the course of this study was priceless. I particularly honour my family for bearing with me as I constantly diverted scarce financial resources in pursuit of my graduate studies.

ACKNOWLEDGEMENTS

Completion of this study would not have been possible without the expounded support and commitment of my supervisor Dr. J. Zimuto for his support. Special thank you to my wife for her emotional support. I would also like to extend my gratitude to all participants for their active participation and support to the end.

ABSTRACT

The general objective of the proposed study is to analyse the effects of dynamic capabilities on the performance of SMEs in Bulawayo. The study was guided by the positivism philosophy, ultimately the quantitative approach was employed. The study adopted a case study survey design in which SMEs in Bulawayo were investigated. Questionnaires were personally administered to the participants. The IBM Statistical Package for Social Sciences (SPSS) version 28 was used to analyse the data. Data were analysed using both descriptive and inferential statistics, and presented using frequency tables, graphs and pie charts. All the hypotheses were tested, and it was established that all of them were accepted. According to the findings, dynamic capabilities have a significant correlation with performance. The study concluded that SMEs which are able to institutionalize newly acquired knowledge into a firm's strategy, structure and operating procedures are able to perform better.

KEY WORDS: Dynamic capabilities, sensing capability, learning capability, integrating capability, reconfiguration capability, firm performance.

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 INTRODUCTION

The ability of enterprises to manage existing competencies based on prior success while continuously renewing themselves in the face of environmental dynamism is relevant to superior firm performance. Firms that are better at developing and applying DCs do possess stronger absorptive and transformative capabilities, and are able to avoid success traps (Wang, Senaratne, and Rafiq 2015). Firm performance should be improved when processes are reengineered and new organisational practices encouraged (Jantunen et al. 2005). In highly competitive markets, firms would be better prepared for survival by responding to competitive challenges via opportunity identification activities since the outcomes of a firm's actions will depend on those pursued by competitors in such markets (Wilden et al. 2013).. The purpose of the study is to analyse the effects of dynamic capabilities on the performance of SMEs in Bulawayo. Consequently, this chapter provides the background and context of the proposed study. It is also going to present the significance of the proposed study, research delimitations, assumptions, definition of key terms, and the conceptual framework. The chapter wraps with the chapter summary.

1.1 BACKGROUND TO THE STUDY

The socio-economic development of many countries and regions around the world is dependent on SMEs. The SMEs industry is one of the most important pillars of the Zimbabwean economy. SMEs are an important element in any economy globally, and they constitute the majority of businesses in developing, emerging, and developed economies (Okangi, 2019). SMEs significantly contribute to the Gross Domestic Product (GDP), exports, and employment (Mugozhi & Hlapiso, 2017). The socio-economic development of many countries is, therefore, hinged upon the growth of the SME sector (Majoni et al., 2016). However, the development of the sector is stifled by a multiplicity of obstacles that compromise sales volumes, profitability, and asset

growth, particularly in Zimbabwe, and Africa at large (Tinarwo, 2016). This leads to reduced competitiveness and market failures (Nyamwanza, 2015).

Skokic et al. (2016) and Richard (2017) point out that the future of the SMEs sector especially hotels will be shaped by technological advancement, changing customer expectations, fierce competition in the market and uncertainties in the business environment. SMEs in Zimbabwe operate in a dynamic environment that is characterised by high levels of competition and innovative capabilities are one of the major sources of competitive advantage and survival (Chipunza, 2020). The Zimbabwean economy is characterised by a low level economic growth and a high level of unemployment and these factors have negatively affected consumer confidence and the consumption of goods and services (Pasara & Garidzirai, 2020). The building of capabilities becomes vital under these circumstances. Firms need to renew their resources in order to adjust to changing environmental conditions (Nieves et al., 2016).

Dynamic capabilities (DC) describe a firm's ability to build, integrate and reconfigure internal and external competencies to address rapidly changing environments and improve firm competitiveness (Zhou et al., 2017). DC enable a firm to sense and seize new opportunities and renew its existing market base and can be used to explain the association between the quality of management decisions, strategic change and firm performance (Teece et al., 2007; Barreto, 2010). Pavlou and El Sawy (2011) point out that DC has four dimensions namely sensing, learning, integrating and coordinating. The effect of DC on firm competitive advantage and performance has been a major issue of debate by researchers (Peteraf et al., 2014; Zhou et al., 2017). Barreto (2010) contends that early studies assumed a direct relationship between DC and firm performance and used the construct to explain firm level competitive advantage, success and failure.

Teece et al. (1997) and Teece (2017) propose that DC have a positive effect on firm performance and the construct can be used to understand the fundamentals of firm-level competitive advantage. Makadok (2001) argues that DC are a causal mechanism that can be used by firms to create economic profit. Zollo and Winter (2002) contend that in changing environmental conditions, there is a direct and positive relationship between DC and superior performance and survival of firms. Nedzinskas et al. (2013)

find that the direct effect of DC on financial performance is insignificant but the direct effect on non-financial performance is positive and significant. In contrast, another stream of research assumes an indirect relationship between DC and firm performance. Eisenhardt and Martin (2000) and Zott (2003) argue that DC do not automatically improve firm performance. Competitive advantage and improved firm performance do not necessarily rely on DC but on resource configurations that they create. Zahra et al. (2006) contend that the relationship between DC and performance is indirect and is obtained by the way that DC change the quality of substantive capabilities. In addition, DC can actually damage firm performance if used when not needed. Winter (2003) finds that the cost and long-term commitment of resources may make DC unnecessary and costly for a firm to develop and use. Zhou et al.

Given the significance of SMEs and their performance, very little or no attention has been paid to examine the influence of dynamic capabilities towards the performance of SMEs in Bulawayo, Zimbabwe. This proposed research aims to fill this gap. Specifically, the aim of the study is to investigate the effects of DCs on the performance of SMEs in Bulawayo.

1.2 STATEMENT OF THE PROBLEM

SMEs in Zimbabwe have not performed optimally over the years (CZI, 2019). The sector is characterized by low performance evidence that the enterprises might not grow and graduate into larger enterprises (CZI, 2019). Low profit margins within the sector threaten the growth and survival of many players (Bomani et al., 2015). SMEs in Zimbabwe often face power cuts, leading to reduced productivity and increased operating costs. High operational costs: The cost of doing business in Zimbabwe is high, with high taxes, high costs for inputs such as raw materials, and high labour costs. Thus, the business environment in Zimbabwe avails very little spur to SME financial performance and ultimately growth (Majoni et al., 2016). Dynamic capacities provides an avenue for the SMEs to enhance their performance and ultimately growth (Chiarelli, 2021; Eikelenboom & Jong, 2018; Gault, 2018; Girod & Wittington, 2017). While some studies have explored the DCs of SMEs (Eikelenboom & Jong, 2018) a lot needs to be understood about DCs of SMEs especially in the third world countries. The existing literature on DCs and performance has largely focused on the developed world (Kahn, 2018; Krittapha & Sirintorn, 2019; Laaksonen & Peltoniemi, 2018; Lütjen

et al., 2019). This study, therefore, investigated the relationship between DCs and performance in SMEs in Bulawayo, Zimbabwe.

1.4 RESEARCH OBJECTIVES

1.4.1 Main research objective

The general objective of the proposed study is to analyse the effects of dynamic capabilities on the performance of SMEs in Bulawayo.

1.4.2 Secondary research objectives

The study seeks to achieve the following secondary objectives:

1.4.2.1 To examine the influence of sensing capability on the performance of SMREs in Bulawayo.

1.4.2.2 To establish the influence of learning capability on the performance of SMREs in Bulawayo.

1.4.2.3 To investigate the influence of integrating capability on the performance of SMREs in Bulawayo.

1.4.2.4 To examine the influence of coordinating capability on the performance of SMEs in Bulawayo.

1.5 RESEARCH HYPOTHESES

H₁ Sensing capability has a positive effect on the performance of SMREs in Bulawayo.

H₂ Learning capability has a positive effect on the performance of SMREs in Bulawayo.

H₃ Integrating capability has a positive effect on the performance of SMREs in Bulawayo.

H₄ Coordinating capability has a positive effect on the performance of SMREs in Bulawayo.

1.6 SIGNIFICANCE OF THE STUDY

1.6.1 Academia

This research is also going to be of paramount importance to the researcher's writing skills and also improve analytical skills more imperatively. The research may assist the researcher to understand the influence of the dynamic capabilities in the performance of SMEs. The research procedure will assist the researcher to be prepared for academic researchers in future and also business researches in the area of business management. Most importantly, the research project enable the researcher to obtain the Master of commerce degree in Strategic Management. The study is of great importance to future scholars and academicians as it will form a basis for future research as well as providing literature for future studies on the effect of dynamic capabilities on the performance of SMEs.

1.6.2 Practice

The analytical findings of the relationship between dynamic capabilities and firm performance provide additional evidence of the significant role of organisational management in enhancing firm growth from dynamic capabilities. The results reinforce the argument for the need to consider the application of dynamic capabilities to enhance firm growth. The empirical findings provide additional evidence of the significant contribution of being responsive in a volatile market. The study helps the management at to develop and implement dynamic capabilities so as to enhance its performance of their firms. The study provides a complete, comprehensive and integrated model that highlights the first-order DCs constructs necessary to enable the SMEs learn and acquire knowledge, improve its efficiency and quality of service delivery, be innovative and diversify its service offerings, adapt to changes in business environment, and achieve sustained improved performance. The study, therefore, makes a significant contribution in this area by bringing to the fore, and enhancing understanding of the relationship between the first-order DCs, and how these impact on SMEs performance.

1.6.3 Body of knowledge

The research constitutes a starting point of reference and a foundation for secondary data for further scrutiny in the area. Thus, the study is going to make an essential contribution to the current body of knowledge. There has been a shortage of studies that have systematically investigated the role of the ordinary capabilities in enhancing firm performance in small organisations. Therefore, very little is known about dynamic capabilities in enhancing performance. Thus, the findings of this study may improve the understanding of firm management practices.

1.7 DELIMITATIONS OF THE STUDY

1.7.1 Conceptual delimitation

The study specifically gathered data on the effect of four procurement function components (sensing capability, learning capability, integrating capability, coordinating capability) and their influence on firm performance.

1.7.2 Geographic delimitation

The study is limited to the adoption of dynamic capabilities in SMEs in Bulawayo. The selection of Bulawayo was made conveniently given that the researcher resides in Bulawayo; therefore, it permitted actual data gathering and at the same time, increase the response rate.

1.7.3 Time delimitation

The researcher examined data related to the period from August 2023 to November 2023. The time is restricted by the academic calendar of Great Zimbabwe University.

1.8 STUDY ASSUMPTIONS

The researcher made the following assumptions:

1.8.1 The researcher anticipated that dynamic capabilities enhance a firm performance positively.

1.8.2 Respondents were willing to participate and provide fair responses.

1.8.3 The researcher assumes that the research tool was reliable and valid.

1.8.4 The information gathered from the research participants would be adequate to draw up a complete and generalisable research conclusion.

1.8.5 The researcher anticipates completing the study within the given timeframe.

1.9 LIMITATIONS

1.9.1 Short snap survey

The study was conducted on a limited time. Data for the study were collected for a short period of time, this is likely not to bring a more clear nature of the relationship between. The mitigation measure to this is that the researcher resolved in focusing on one sector in order to obtain uniform results that can be generalised across the country.

1.9.2 Time

Time was limited in conducting the study. The researcher took a study leave days so as to be able to gather data.

1.9.3 Closed ended questionnaires

The study used closed ended questionnaires to gather data. Closed ended questions do not give respondents the opportunity to express their views. To address this, the researcher conducted a pilot study to ensure that the questions covered every issue that is important in answering the research questions.

1.9.4 Delimitation to MoH

The study was limited to SMEs in Bulawayo. This research therefore exclude the views of other SMEs in other parts of the country at large. This implies that the generalisation of the study findings is limited to Bulawayo, SMEs.

1.10 DEFINITION OF TERMS

Dynamic capabilities

A firm's ability to integrate, build, and reconfigure internal and external resources/competencies to meet and shape quickly changing business environments is referred to as dynamic capabilities (Teece, 1997).

Firm performance

Firm performance occurs when firms increase their size, usually measured in terms of sales, employment, profits or value added (Makanyeza *et al.*, 2021).

Sensing capability

Firms' ability to constantly scan, search, and explore opportunities across technologies and markets (Teece, 2018).

Integration capability

According to Rashidirad and Salimian (2020), integration capability enables firms to combine individual knowledge into the firm's operational capabilities.

Reconfiguration capability

According to Rashidirad and Salimian (2020), reconfiguration capability encompasses activities in which organisations engage when redeploying, adding, and recombining

1.11 DISSERTATION OUTLINE

The research is organized into five (5) chapters.

1.11.1 Chapter One: Introduction

The chapter presents the introduction and background to the study. This chapter provides an overview of the study. Key aspects covered in the study include the background to the study, the research problem, the research objectives, the research questions, the motivation for study and the research methodology. The chapter also briefly presents the limitations of the study, the structure of the study.

1.11.2 Chapter two: Literature Review

This chapter laid a solid foundation on which subsequent chapters would be built, while identifying existing gaps in the current research. Thus, the chapter reviews the existing literature on the main constructs of the study. The chapter provides the review of literature on the procurement function and customer satisfaction.

1.11.3 Chapter three: Research methodology

The research methodology is discussed in this chapter, with key aspects including the research process, research philosophy, research design, research approach, research strategy and the study site. The study population and sampling, research instruments, type of data collected, data collection process and the qualitative as well as the quantitative data analyses are explained.

1.11.4 Chapter four: Results presentation, analysis and discussion

Chapter six presents the analysis and interpretation of quantitative data. The chapter also presents the discussion of the results in relation to the research objectives. A detailed discussion is also presented on the extent to which the results link to the existing literature.

1.11.5 Chapter five: Summary of Findings, Conclusions and Recommendations

This chapter provides a summary and findings of the study as well as conclusions drawn from the research findings based on the primary and secondary objectives of the study. It also provides appropriate recommendations based on substantial evidence and conclusions thereto. The study makes informed recommendations for future policy. The limitations of this study and the suggestions for further studies are briefly discussed.

1.12 CHAPTER SUMMARY

This chapter introduced the study by providing the background of the study and problem statement. It outlined the research objectives, research questions as well as the conceptual framework which outlines the relationship between the three variables and the dependent variable. The chapter further provided the statements of hypotheses, and the significance of the study. The delimitations of the study as well as the limitations of the study have also been outlined in the chapter followed by research assumptions and definition of key terms. The chapter ends with the chapter summary.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The previous chapter introduced the research study and served as the entry point of the investigation. This information will help shape the central argument of the study. Literature review will help provide overview of current knowledge, allowing one to identify relevant theories, methods, and gaps in the existing research. This chapter looks at the underpinning theories to the study, the theoretical framework, the conceptual framework, the empirical studies, as well as the summary of the chapter. Thus, the chapter aims to review the main ideas that were developed by other scholars on the influence of the dynamic capabilities on firm performance.

2.1 THEORETICAL FRAMEWORK

At the beginning of a research study, it is of utmost importance for the researcher carrying out the investigation to consider the relevant theories underpinning the phenomenon under investigation. According to Saunders et al. (2019) theories are formulated to explain, predict and understand phenomena and in many cases to challenge and extend existing knowledge within the limits of critical bounding assumptions. This research study is guided by the Resource Based Theory and the Upper Echelons Theory. The following section discusses the Resource Based Theory.

2.1.1 Resource Based Theory

The RBV was suggested by Wernerfelt (1984) and popularized by Barney (1991) using insights provided by Penrose (1959). According to Ireland, Michael, Hitt and Sirmon (2003), it is drawn from at least four theoretical sources; the study of distinctive competencies, Ricardian economics, Penrosian economics and the study of the anti-trust implications of economics. In RBV, firms are conceived as bundles of resources (Wang, Senarathe & Rafiq, 2014). According to Peteraf and Barney (2003), the critical determinants of firm Performance are the tangible and intangible assets resources owned by the firm.

The RBV presents a connection between internal resources, strategy, and the performance of the organization (Helfat & Peteraf, 2015). RBV was a shift from earlier suggestions that superior performance comes from managing factors that are external to the firm (Peteraf & Barney 2003). In essence, the underlying presumption of the theory is that it is the resources and competencies inherent in the firm rather than in the environment which determines firm performance (Wang, Senarathe & Rafiq, 2014). According to Peteraf and Bergen (2003), a central premise of the resource-based view is that firms compete based on their resources and capabilities.

According to Helfat and Peteraf, (2015), a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semi-permanently to the firm. Tangible resources can easily be bought in the market, so they confer little advantage to the companies in the long run because rivals can soon acquire identical assets. Makadok (2003) argued that unlike physical resources, intangible resources such as brand reputation are built over a long time and are something that other companies cannot buy from the market. He argues that intangible resources usually stay within a company and are the primary source of sustainable performance. Barney (1991) argued that a firm's tangible and intangible resources must be valuable, rare, imperfectly imitable, and non-substitutable (VRIN) to be a source of superior performance.

The theory emphasizes that value creation and superior performance of a firm is affected by a combination of the competitive strategy and its resource base (Eisenhardt & Martin, 2000). The theory contributes to strategic management by explaining how a firm can increase performance by acquiring and utilizing VRIN resources (Alvarez & Barney, 2000). One weakness of RBV is that it is static and therefore, does not explain how to sustain Performance in a dynamic market (Kraaijenbrink, Spender, & Groen, 2010). Teece (2010) explained that the RBV was not able to provide explanations as to how some successful firms demonstrated timely responsiveness and rapid and flexible product innovation along with the management capability to effectively coordinate and redeploy internal and external competences.

Teece (2010) further argued that it is essential to consider the changing nature of the external environment and hence the role of strategic management, which is principally

about adapting, integrating, and reconfiguring internal and external organizational skills, resources and functional competencies toward the changing environment. Proponents of the RBV have also been criticized for poorly defining the core constructs of the theory (Kraaijenbrink, et al 2010) RBV scholars have been criticized for failing to agree on the definition of key variables and constructs, leading to inconsistent presentations of theory (Bromley 2009). In this study, RBV informs the independent variable.

2.1.2 The Upper Echelons

Hambrick and Mason (1984), were the first proponents of the theory. According to this theory, managerial background characteristics predict strategic choices and performance levels. According to Hambrick (2007), the dominant principle of the theory is that the managers' interpretations of the situations they face are motivated by their experiences, values, and personalities, and this, in turn, affects the decisions they make.

The theory posits that the performance of a firm depends on the characteristics of its managers, such as age, functional background, and educational experiences (Sadeghinejad, 2013). According to Carpenter and Fredrickson (2001), the leadership of a complex organization is a shared activity and the collective cognitions, capabilities, and interactions of the entire top management team (TMT). In this vein, organizational outcomes depend at least in part, on TMT composition. They argue that by examining the individual characteristics of members of the TMT, insights into how individual interpretations of situational factors impact the decisions made by these employees can be gained as they relate to decision making and organizational performance (Adner & Helfat, 2003).

Tripsas and Gavetti (2000) highlighted that senior managers determine the way dynamic capabilities are deployed. In this regard, what managers perceive their environment is critical in understanding how organizations deploy dynamic capabilities. Because managers perceive the environment differently, firms may have similar characteristics but deploy dynamic capabilities differently (Ambrosini, Bowman & Collier, 2009). The upper echelons theory has often been combined with social

psychological theories to shed light on the role of individual psychological factors and team processes on executive decision-making (Carpenter & Fredrickson, 2001)

Upper echelons theory can assist in predicting organizational outcomes or in selecting and developing upper-level executives. The theory is also relevant in determining strategies for exploiting organizational, managerial capabilities and predicting competitor moves and countermoves (Tripsas & Gavetti, 2000). The main criticism of the theory is that it relies heavily on observable characteristics of top management and not much on unobservable characteristics such as ethical behaviour (Oppong, 2014). This study used the upper echelons theory to inform reconfiguration capability, one of the independent variables.

2.2 DYNAMIC CAPABILITIES

Capabilities have generally been considered as composite bundles of abilities and integrative learning, exercised through a firm processes that guarantee superior synchronisation of functional operations (Vanpoucke, et al., 2014; Martin, et al., 2017).

Schoemaker et al. (2018) define dynamic capabilities as “the ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”. The term refers to a set of capabilities directed toward strategic change (Teece & Leih, 2016), in order to overcome the potential rigidities of organisational capability building (Teece, 2017). This is evidence that firms that possess only ordinary capabilities alone will not be able to have a long-term competitive advantage, particularly in volatile, uncertain, complex and ambiguous (VUCA) environments (Shoemaker et al., 2018). Dynamic capabilities permit firms to prepare for their future. In this respect, many scholars and practitioners prioritise dynamic capabilities over ordinary capabilities in VUCA environments (Lütjen et al., 2019). Dynamic capabilities allow firms to monitor their external environments to assess the longevity of their existing business model (Helfat & Raubitschekb, 2018; Teece, 2014). Fragile business models calls for firms to apply dynamic capabilities to better create, integrate, and reconfigure external and internal competencies to deal with conditions that potentially undermine present market positions (Teece, 2019). Despite the value of dynamic capabilities, little has been done to develop a typology for this category of capability (Laaksonen & Peltoniemi, 2018). Scholars such as Teece et al. (1997) and Schilke

and Goerzen (2010) have attempted to identify various types of dynamic capabilities. The majority of earlier researchers on dynamic capabilities have cited Teece et al.'s (1997) work (Pavlou & El Sawy, 2011; Lin & Wu, 2014; Peteraf et al., 2013). Hence, this study adopted four dimensions i.e., sensing, learning, integrating and reconfiguration.

2.2.1 Sensing capability

One capability is detailed to be essential in managing successful enterprises: the market sensing capability, which is significantly the ability of the enterprise to be aware of change in the industry and to perceive accurately responses to its operations and actions (Feng, et al., 2017). According to current literature, market-sensing capabilities denotes an enterprises' ability to use market intelligence that can be obtained through formal and informal mechanisms from various personal and public sources (Arduyan, 2016; Bharadwaj, and Dong, 2014; Osakwe, et al., 2016; Lin, and Wang, 2015). Essentially, market sensing capabilities are critical in developing market focus and thus, ultimately, business performance (Murray, et al., 2016). Thus, the management needs to understand customers in all their diversity. Sugiyarti and Arduyan (2017) consider this kind of understanding as 'market sensing'. Sensing the environment of the business is a skill that needs to be acquired in all firms, regardless of industry sector. Sensing capability contains the logic that in unpredictable, volatile and complex market environment, the capacity to sense market conditions and opportunities before they become reality (Mu, 2015; Celuch, and Murphy, 2010). According to Day, (2002) market sensing is continuous ability to learn through the collection and circulation of information about competitors, customers and relationships in the market (see, Fang et al., 2014). Heusinkveld et al. (2009) has considered such market sensing as the ability of an enterprise to acquire and circulate information, and to use market knowledge for an enterprise change as requested. Therefore market-sensing capability is fundamentally the aptitude of an enterprise organization to be conscious of changes in the market and to predict precisely answers to its marketing strategies (see, Lindblom et al., 2008).

In environments of rapid technological change and high velocity markets, it is difficult to predict and discern the trajectories of future development. New information and new

knowledge can create opportunities for innovation (Ko & Liu, 2017). Therefore, it is important for firms to constantly scan, search, and explore opportunities across technologies and markets (Teece, 2018). These activities were defined as sensing capability by Teece (2007, 2019). Sensing involves investment in research activity and the probing of technological possibilities. According to Yang et al. (2020), firms that cannot sense changes in the market will fail to develop the right product/services, and at the right time. Previous studies have emphasized that research activity will increase firms' own knowledge and that relevant prior knowledge is critical for organizations to evaluate the new information (Eikelenboom & Jong, 2018). It has been identified that externally available information and resources affect all innovation activities and development of a firm (Teece, 2018). Following this line of reasoning, older firms or experienced firms are likely to have routinized search strategies to improve the organizational innovation (Radulovich et al., 2018).

2.2.2 Learning capability

This capability reflects a firm's ability to initiate and implement innovative ideas, which are built through continuous learning processes and path-dependent histories of the firm (Teece et al., 1997). A firm's learning capability is presumed to impact its ability to initiate and implement innovative practices faster than its competitors. OLC is a multidimensional construct that depends on the following important drivers: managerial commitment to learning (MC), system perspective (SP), openness and experimentation (OE) and knowledge transfer and integration (KTI) (Jerez-Gomez et al., 2005). A highly committed managerial team that supports learning by allocating the necessary resources, removing obstacles that might hinder the learning process and encouraging employees to gather, share and experiment with fresh ideas enhances the learning capability of a firm and, eventually, its ability to be involved in innovative practices. SP denotes bringing an organization's members together around a common identity by building a shared vision. OE involves important OLC elements in that, for learning to occur, openness necessitates the need to remain open to new ideas, while experimentation involves testing ideas and trying out new methods that require a risk-taking culture, learning from mistakes, and a culture for creativity. To build learning capability, KTI is necessary in that, organizations should not only transfer the acquired knowledge to employees through dialogues, teamwork and

meetings but also integrate this knowledge into organizational processes and retain it in the repository for later consumption.

Lopez et al. (2005) studied the degree to which organizational learning influence business performance using a survey of 195 Spanish firms. They found that organizational learning contributes positively both to innovation and competitiveness and to economic/financial results of firms. Similarly, Montes et al. (2005) used empirical data gathered from 202 Chief Executive Officers in Spanish firms and found that organizational performance is improved through teamwork cohesion and organizational learning in firms. Further, one of Real et al.'s (2006) findings in their study is that organizational learning acts as a moderating variable from information technology to the business performance construct. It has a statistically significant positive effect on business performance.

Garcia-Morales and Llorens-Montes (2006), using a sample of 408 Spanish organizations, demonstrated that organizational learning and innovation are positively related to organizational performance. Prieto and Revilla (2006) used data from 111 Spanish firms to examine the paths between learning capability, financial performance and non-financial performance using structural equation model (SEM) technique. Their analysis showed learning capability has a positive link to both financial performance and non-financial performance.

Jimenez-Jimenez and Cegarra-Navarro (2007) used survey results from 451 firms and found that organizational learning has a positive effect on performance; and also it is a mediating variable on the association from market orientation to performance. In other research, Skerlavaj et al. (2007) proposed and tested a model of organizational performance improvement with the impact of organizational learning culture which was measured using organizational learning process measures. Using 203 Slovenian firms' data, they found that organizational learning has a positive direct effect on non-financial performance while it has a positive indirect impact on financial performance. Organizational learning is also found to have an indirect positive relationship with business performance in other research (Akgun et al., 2007; Panayides, 2007). Pham (2016) researched on organizational learning capability and business performance also found the positive relationship between these two variables.

These empirical studies have used different ways of operationalising organizational learning constructs: followed organizational learning process like Huber's (1991) model or followed other organizational attributes such as single and double-loop learning; learning from experience; individual, group and organizational learning; etc. or followed Senge's (1990) model. They also measured business performance with either financial indicators or non-financial indicators. However, the common thing among them is that the results generally support the idea that organizational learning positively affects business performance in operational and/or financial terms.

2.2.3 Integrating capability

Integration capability has been identified as one of the three classes of managerial functions, i.e. integration, guided learning, and reconfiguration/transformation, which are relevant to dynamic capabilities (Teece, Pisano and Shuen, 1997). Coase (1937) pointed out that the most obvious cost of organizing production through the market mechanism is that of discovering what the relevant prices are, and these transaction costs make it more efficient to organize an activity within the firm. Therefore, the Coasian view of the firms believes that a firm should minimize the internal transaction cost (Coase, 1937). Following this logic, centralized R&D could generate innovations that have a larger and broader impact on subsequent technological evolution by reducing the internal transaction costs associated with R&D coordination across units in the organization (Argyres and Silverman, 2004). However, in order to keep flexibility and responsiveness, resources should be decentralized while the firm is growing. Therefore, structural complexity and the amount of organizational units will be increased. It leads to the increase of transactional cost across organizational units (Teece, 2007).

The dynamic capability focuses more on the efficient and effective transfer of technology/information between and among the various organizational units of a firm. It is believed that resource integrating capability could help firms to connect separate organizational units because it can help easing potential contractual problems. Moreover, integration also opens pathways to learning, sharing of know-how, and expertise through transfer of technology and know-how within a firm (Teece, 2014a).

Integration capability does not only include internal coordination, i.e. the capability for extensive coordination between different specialized subunits within an organization, but also include the capacity to integrate external resources. For instance, typical external integration activities include integrating market and customer knowledge and integrating knowledge of emerging technologies (Iansiti & Clark, Iansiti and Clark 1994). To some extent, integration capability enables firms to transform and convert resources into innovative outputs (Dutta, Narasimhan, & Rajiv, Dutta, Narasimhan and Rajiv, 2005). We expect that integration capability could both increase technological innovation and market innovation. In terms of technological innovation, external integration capability could help firms to adopt technology from different areas while internal integration capability could facilitate firms to share knowledge internally. When a firm enters a new technological niche, it can divert free resources toward integrating new technological knowledge with existing technological knowledge repositories to increase innovative output (Kotha, Zheng and George, 2011). Therefore, firms need to build logics for vertical integration, outsourcing, and R&D strategies to integrate both internal and external resources (Prencipe, 1997). They also need to maintain a thorough understanding of the contracted out technologies to be able to integrate them into the system and 'control' their evolution over time (Prencipe, 1997). Through the effective integration of internal and external technological knowledge, a firm is more likely to incorporate the characteristics necessary for success into the new products (Marsh & Stock, 2006).

2.2.4 Re-configuration capability

According to Rashidirad and Salimian (2020), reconfiguration capability encompasses activities in which organisations engage when redeploying, adding, and recombining. Thus, reconfiguration capability enables continuous evolution, and allows firms to obtain novel resources that help them to capture innovation benefits (Zhou et al., 2019). When markets and technologies change, organisations need to reconfigure their assets and recombine resources to sustain profitability growth (Naguib et al., 2017). Over time reconfiguration capability allows firms to escape from unfavourable path dependencies (Laaksonen & Peltoniemi, 2018).

In order to sustain profitable growth, it is important for a company to recombine and to reconfigure assets and organizational structures when markets and technologies

change. Knowledge and resources may depreciate over time, and it may lead to the lack of cumulative benefits from prior experiences (Sampson, 2005). Reconfiguration capability does not only support firms to maintain evolutionary fitness but also provide the possibility for them to escape from unfavorable path dependencies when it is necessary (Teece, 2007). Reconfiguration capability includes activities in which firms engage when adding, redeploying, recombining, or divesting resources or business units (Karim & Capron, 2016). Organizational reconfiguration capability facilitates continuous evolution and can also become a mechanism for firms to obtain novel resources and capture innovation benefits. We believe that organizational reconfiguration capability could enhance both technology innovation and market innovation. In terms of the technological innovation, the intra-organizational knowledge exchange could be stimulated and the existing tacit knowledge could be externalized and distributed in the company via redeploying human resources and restructuring business units (Nonaka, 1994). Galunic and Rodan (1998) have pointed out that knowledge tacitness and context specificity have important consequences on the likelihoods of innovation. It is also proved that the deployment of firm-specific knowledge requires specific settings. Employees who hold the key knowledge may be reluctant to make specialized human capital investments when they are deployed inappropriately (Wang, He, & Mahoney, 2009). To some extent, older firms or firms with more experiences can develop and understand their technological domains and recognize optimal conditions for recombination (Zahra & George, 2002; Kotha, Zheng, & George, 2011). Therefore, reconfiguration activities could improve technology innovation.

2.3 FIRM PERFORMANCE

Performance can be interpreted as an achievement of the work accordance with the rules and standardization that apply on the organization. Business performance refers to the level of achievement on the company in a period time. The performance of a company is a very decisive in the development of the company. The purpose of a company is: a fixed stand or survive, to earn a profit, growth, these purpose can be reached if the company has a good performance.

Business performance measures how far a manager efficiently and effectively utilizes the resources of the firm to accomplish its goals as well as satisfying all the stakeholders (Jones & George, 2009). It is the real output measured against the intended or expected output. It is viewed as a term that is made up of three major areas of firm outcomes and these three areas are: financial performance, product market performance and shareholder's return.

According to Sebikari, (2014) stated that performance is the ability to achieve established entrepreneurial goals. Further conveying that performance as an ability utilizes the available business opportunities to increase the effort. Performance is related to achieving work based on business targets by leveraging available opportunities (Wardana et al., 2020). According to Upadhaya et al. (2014), organizational performance is the actual output or outcomes of an institution and its intended outputs or goals and objectives. Organizational performance can be measured through either financial or non-financial indicators (Mchopa et al., 2014). Business performance would be more efficient to measure by using the operational performance indicators. Operational performance reflects more directly on the efficiency and effectiveness of the business's operations (Ya'kob & Jusoh, 2016).

Raymond et al. (2012) note that performance measurement of an organisation should be ideally constructed on the specific performance logic of that organisation. Earlier studies have adopted different variables to assess the performance of players in the manufacturing sector with regard to both financial and non-financial performance. In this study, objective measures of performance by assessing the manager's perceptions of firm performance.

The Balanced Scorecard Framework was developed by Robert Kaplan and David Norton in 1992 as a framework for measuring performance from four different perspectives: financial, customer, internal process and learning and growth. According to Kaplan (2010), non-financial perspectives for measuring company success were introduced in the BSC framework because financial metrics were deemed not to offer an insufficient measurement of performance. Drury (2004) argues that the need to integrate financial and non-financial measures of performance led to the emergence of the BSC as a set of performance measures drawn from the firm's strategy to give

top management a comprehensive view of the organizational performance units. The framework is said to provide managers with a concise insight into the overall firm and therefore aids them to make informed decisions about objectives and overall performance (Bose & Thomas, 2007).

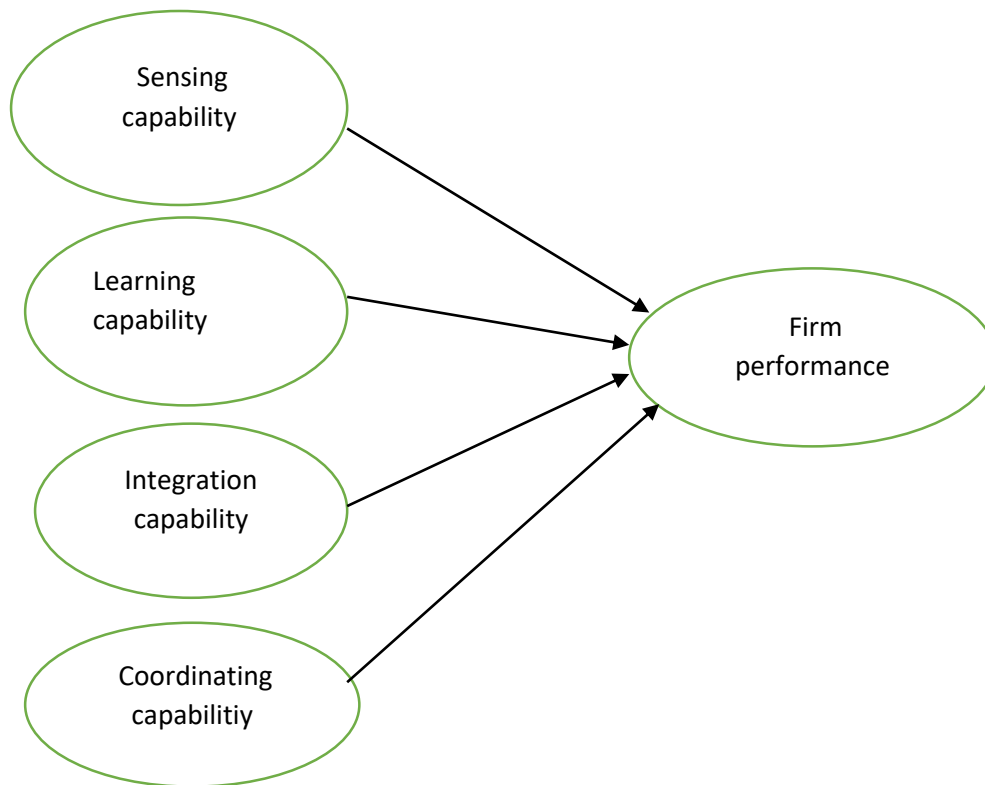
Rickards (2003), argues that the BSC as a framework for measuring performance has several key advantages; first, it enables including various management principles into a single framework. Second, the framework expands the conceptualization of performance beyond the analysis of historical financial data and enables managers to direct attention to the variables that affect business success at all levels of the firm. Third, the framework facilitates comparisons of performance between firms and the different organizational units within the firm.

According to Bisbe and Barrubés (2012), the BSC arms management with a flexible performance management tool that enables them to interpret, negotiate, modify, combine, and configure existing routines to suit local conditions. The framework is criticized for providing too many metrics without showing how they relate with each other and how they contribute to the bottom line (Sundin, Granlund, & Brown, 2010). The BSC framework is relevant for this study as it is a useful mechanism for developing and selecting relevant Performance indicators. The BSC framework was used in this study to inform the dependent variable.

2.4 CONCEPTUAL FRAMEWORK

The conceptual framework in this study comprises of the independent variables (CSFs) and one dependent variable (organisational success) throughout the research process. According to Saunders *et al.* (2019) an independent variable is the one that the researcher manipulates in order to determine the effect or the influence on the other variable while the dependent variable is the one that attempts to indicate the total influence arising from the effects of the independent variable. Fig. 2.1 shows the conceptual framework for the study.

Fig. 2.1: Conceptual framework



Source: Researcher development (2023)

From the figure above, the developed hypotheses could be stated as follows: Firm performance is positively affected by sensing capability (H1), learning capability (H2), integrating capability (H3), and re-configuration capability (H4). The following sections discuss literature review on the relationships depicted in the conceptual framework.

2.5 EMPIRICAL LITERATURE REVIEW

2.5.1 Sensing capability and firm performance

Lin and Wang, (2015) asserted that sensing capabilities in firms' business ecosystem form the basis for building their dynamic capabilities, including sensing development of technology, customer demand, and market segmentation which are vital ingredient for superior organisational performance and competitive advantages. According to Day (2002) and Cepeda and Vera, (2007), enterprises that apply market-sensing activities obtain competitive advantage and higher business performance. According to Yang et al. (2020), an organization's sensing capability lies in the dynamic search for opportunities and threats to shape opportunities in the market. Thus, the capability

is important to small and medium businesses, given the market globalisation. According to Lütjen et al. (2019), the stronger sensing capability of a firm could possibly lead to more technological innovations in the organisation. Sensing also covers understanding of the latent demand, the structural evolution of industries and markets, and the likely responses of suppliers and competitors. Therefore, when opportunities are first glimpsed, sensing capability could not only help firms to understand which technologies should be explored, but also provide the necessary foundation for them to identify which market segments should be targeted (Teece, 2019). Chiarelli (2021) examined the impact of dynamic capabilities and market orientation on firm performance in MSEs in North America, UK and Europe and established that sensing capability is a significant determinant of firm performance. Similarly, Yohanes et al. (2021) in Indonesia discovered that sensing capabilities have a positive and significant effect on firm performance. In Nigeria, Azikiwe (2021) concluded that superior firm performance begins with identification of opportunities in the market environment through sensing capabilities. Thus, firms that are better at 'sensing' in the market are able to know and understand changing consumer needs and preferences.

Lindblom et al. (2008) conclude that market sensing capability of enterprises correlates positively but weakly with the enterprise's growth, and that it does not impact statistically and significantly on profitability; therefore, they suggested that sensing capability have a moderating rather than a direct effect on performance of enterprises. Morgan et al. (2009) found that market sensing capabilities have no significant direct effect on firm financial performance, but synergistically affect brand management capability in affecting financial performance. Their findings support the assertion that superior market knowledge perhaps resulting from greater market sensing capabilities offers higher value in evaluating enterprise's performance by indirectly impacting value selection, creation, and delivery processes (Hult et al., 2005; Morgan et al., 2003). The discussion explains market sensing capability's indirect impact on enterprise performance.

Based on the aforementioned positive relationship between sensing capability and performance, it is proposed that:

Hypothesis 1: Sensing capability has a positive and significant influence on the performance of SMEs in Zimbabwe.

2.5.2 Learning capability and firm performance

Bontis et al. (2002) studied the relationship between the flows of learning across levels in an overall organizational learning system. With 489 respondents in their survey, their findings support the idea that there is a positive relationship between learning at all levels (individual, group and organizational) and business performance.

Jashapara (2003) used a survey with a sample of 180 UK construction firms. It showed that organizational learning in the form of double-loop learning and cooperative cultures has a positive effect on organizational performance; and that organizational learning focused on efficiency and proficiency leads to competitive advantage in the UK construction industry.

Lopez et al. (2005) studied the degree to which organizational learning influence business performance using a survey of 195 Spanish firms. They found that organizational learning contributes positively both to innovation and competitiveness and to economic/financial results of firms. Similarly, Montes et al. (2005) used empirical data gathered from 202 Chief Executive Officers in Spanish firms and found that organizational performance is improved through teamwork cohesion and organizational learning in firms. Further, one of Real et al.'s (2006) findings in their study is that organizational learning acts as a moderating variable from information technology to the business performance construct. It has a statistically significant positive effect on business performance.

Garcia-Morales and Llorens-Montes (2006), using a sample of 408 Spanish organizations, demonstrated that organizational learning and innovation are positively related to organizational performance. Prieto and Revilla (2006) used data from 111 Spanish firms to examine the paths between learning capability, financial performance and non-financial performance using structural equation model (SEM) technique. Their analysis showed learning capability has a positive link to both financial performance and non-financial performance.

Jimenez-Jimenez and Cegarra-Navarro (2007) used survey results from 451 firms and found that organizational learning has a positive effect on performance; and also it is a mediating variable on the association from market orientation to performance. In other research, Skerlavaj et al. (2007) proposed and tested a model of organizational performance improvement with the impact of organizational learning culture which was measured using organizational learning process measures. Using 203 Slovenian firms' data, they found that organizational learning has a positive direct effect on non-financial performance while it has a positive indirect impact on financial performance. Organizational learning is also found to have an indirect positive relationship with business performance in other research (Akgun et al., 2007; Panayides, 2007). Pham (2016) researched on organizational learning capability and business performance also found the positive relationship between these two variables.

These empirical studies have used different ways of operationalising organizational learning constructs: followed organizational learning process like Huber's (1991) model or followed other organizational attributes such as single and double-loop learning; learning from experience; individual, group and organizational learning; etc. or followed Senge's (1990) model. They also measured business performance with either financial indicators or non-financial indicators. However, the common thing among them is that the results generally support the idea that organizational learning positively affects business performance in operational and/or financial terms. The following has been proposed:

Hypothesis 2: Learning capability has a positive and significant influence on the performance of SMEs in Zimbabwe.

2.5.3 Integration capability and firm performance

Integration also opens pathways to learning and sharing of expertise through transfer of technology and know-how within a firm (Laaksonen & Peltoniemi, 2018). Teece (2018) notes that firm growth is witnessed when firms integrate relevant customer knowledge from multiple business units to gain new customer insights. Similarly, Laaksonen and Peltoniemi (2018) observed that integration capability can enhance

business growth through integrating relevant R&D knowledge of multiple business units in SMEs. Using a sample from Austria and Bavaria, Tempelmayr et al. (2019), examined the influence of dynamic capabilities on firm performance and established that the integration capability enhances the performance of firms in the service industry. Empirical evidence based on a survey conducted on a sample of 441 UK-based SMEs indicated that integration capabilities support the competitive strategy of SMEs, and consequently enhance a business's performance (Rashidirad & Salimian, 2020). Similarly, Krittapha and Sirintorn (2019) studied the influence of dynamic capability on corporate performance in Thailand and conclude that dynamic integration capability affects performance positively. Osioma et al.'s (2016) study revealed a significant positive relationship between integration capability and the performance of Nigerian commercial banks.

Studies that empirically explored the effect of SCC on the performance of firms have presented differing results (Basu et al., 2017). Some studies point to clear organizational level benefits arising from SCC while other studies observed no significant performance improvement arising from firms' SCC initiatives (Effendi, 2015; Ha et al., 2011; Shahbaz et al., 2018).

Beheshti et al.'s (2014) study on Swedish manufacturing companies showed that all SCC dimensions, including internal coordination and external coordination with suppliers and customers were beneficial to organizations' financial performance. In other words, firms with higher levels of SCC had higher levels of financial performance. Flynn et al. (2010) found a positive relationship between external integration with customers and suppliers and operational performance. Fazli and Amin Afshar (2016) found that SCC had a positive effect on operational and financial performance of the organizations.

A study conducted in Malaysia by Doganay and Ergun (2017) established that SCC has significant and positive relation with SCP while another study in the same country by Shahbaz et al. (2019) revealed that all the approaches have a positive influence on supply chain performance. SCC was measured using information sharing, agreeing vision and mission, supplier relationship, postponement, risk and reward sharing, customer relationship, and information quality. Panahifar et al. (2018) in Thailand

observed that trust, information readiness and secure sharing of information improve supply chain collaboration and ultimately supply chain performance.

In South Africa, Pfanelo (2017) using data from 450 SMEs examined the influence of supply chain partnership on collaboration, collaboration on integration, integration on relationship commitment and relationship commitment on performance. Findings revealed that all the SCC approaches positively influence manufacturing SMEs' supply chain performance.

Locally, in related studies Chari, Muzinda, Novukela and Ngcamu (2021)'s study investigated the effectiveness of supply chain cooperation in aid delivery performance variables, specifically in the context of Cyclone Idai humanitarian relief operations in Zimbabwe. Findings of this study show a significant and positive impact of humanitarian supply chain (HSC) cooperation in achieving output, resource and flexibility performance in the delivery of aid.

Based on the reviewed literature, it is proposed that:

Hypothesis 2: Integration capability has a positive and significant influence on the performance of SMEs in Zimbabwe.

2.5.4 Reconfiguration capability and firm performance

Organisational reconfiguration capability can also influence enterprise growth. For instance, reconfigurations may lead to lower transaction costs, resulting in more benefits being derived. Similarly, the reconfiguration capability increases the firm's productivity, pace, and efficiency in adjusting to the environment (Zhou et al., 2019). Wilden and Gudergan (2015) observed that reconfiguration capability is key to market survival, adaptation, and consequently performance. Naguib et al.'s (2017) study supported the notion that there is a significant relationship between the reconfiguration capability and the sustainability of competitive advantage in Egypt. In Nigeria, Okocha and Amah (2021) found out that sensing, learning and reconfiguration capabilities of family business positively affect their growth. Reconfiguration capability has been viewed as a strategic option that enables an enterprise to shape their existing functional competencies when the opportunity arises (Teece, 2019). Based on these arguments and empirical studies, we assume reconfiguration capability could help

SMTes to adapt to different business environments and consequently grow into larger firms. It is proposed the following hypothesis:

Hypothesis 4: Reconfiguration capability has a positive and significant influence on the performance of SMEs in Zimbabwe.

2.6 CHAPTER SUMMARY

This chapter reviewed related literature on the influence of dynamic capabilities on firm performance. The chapter revealed the theoretical framework, conceptual framework as well as the empirical studies on the four independent variables. The next chapter discusses the methodology used to gather information during the course of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

Chapter two provided both the empirical and theoretical review of literature. Chapter three presents the research methodologies adopted that guided data collection and analysis. Saunders and Rojon (2014:3) views methodology as “the theory of how research should be undertaken”. Thus, chapter three covers the research philosophy adopted, research design, sampling strategy, data collection and analysis techniques. The chapter wraps with the data quality control methods, and the ethical considerations.

3.1 RESEARCH PHILOSOPHY

The research paradigm or philosophy is an important part of research methodology to collect data effectively and appropriately (Williams, 2011). According to Williams (2011), the research paradigm is a perspective that is based on a set of shared assumptions, values, concepts and practices. In other words, a paradigm can be defined as a function of how the researcher thinks about the development of knowledge. Williams (2011) shows that the research paradigm is a combination of two ideas that are related to the nature of the world and the function of the researcher. It helps the researcher to conduct his or her study effectively. Welman et al. (2005) noted that the general approach to research is known as the research paradigm and stated that the term paradigm refers to the progress of scientific practice based on people’s philosophies and assumptions about the world and the nature of knowledge.

The research paradigm includes the research methods and research philosophies. This combination in research helps the researcher to develop an understanding of and knowledge about the topic of research (Williams, 2011). Williams (2011) further indicated that within the research paradigm various factors affect the researcher in implementing a method in an effective way such as time and budget constraints. The use of an appropriate research paradigm and philosophy helps the researcher to eliminate these factors from the research. According to Sekaran and Bougie (2016), the utmost valuable perceptions for modern business research are positivism, constructionism, and pragmatism.

Positivism: In a positivist opinion of the world, science and scientific research are viewed as the ways to find the truth. Positivists suppose that there is an actual honesty “out there” to comprehend the globe good enough so that we can foresee and regulate it. For a positivist, the earth works by the laws of cause and effect that we can determine if we apply a scientific method to do research (Sekaran & Bougie, 2016).

Constructionism: A completely different research approach and how research should be done is constructionism. Constructionism criticises the positivist belief that there is an objective truth. Constructionists hold the opposite view, namely, that the world (as we know it) is fundamentally mental or mentally constructed (Sekaran & Bougie, 2016). According to De Vos, Strydom, Fouche, & Delpont (2012), partakers in research projects are repeatedly regarded as passive role actors in the researcher’s complete strategy to collect data mainly for his or her personal purpose.

Pragmatism: Pragmatists do not take on a specific stance on what constitutes excellent study. They believe that research on both objective, observable phenomena and subjective meanings can generate beneficial information depending on the research questions of the study (Sekaran & Bougie, 2016). The authors continue to indicate that the focus of pragmatism is on practical, applied research where different viewpoints on research and the subject under study helps solve a (business) problem. A pragmatic research paradigm is based on the understanding that reality is not stable, but constantly renegotiated, debated and interpreted in terms of its usefulness for a given situation (Nyamunda & Van der Westhuizen, 2018).

The current study was guided by the positivism philosophy as informed by Saunders et al. (2009). The researcher believed that essentially the social world exists externally and thus viewed the world objectively and was is independent in conducting the research. The researcher believed that the relationship between the study’s main constructs could be studied by gathering raw data from a large sample size and perform scientific statistical tests between constructs of the research and generalise the results to the target population (SMEs). In this way, the researcher thought of applying natural science methods to the current study.

Given the nature of this study, the researcher employed the positivism philosophy. Positivism is the view that the only authentic knowledge is scientific knowledge, and

that such knowledge can only come from positive affirmation of theories through strict scientific method (Gunbayi and Sorm, 2018). The positivist philosophy applies techniques for investigating phenomena based on gathering observable, empirical and measurable evidence, subject to specific principles of reasoning. Positivists believe that reality is stable and can be observed and described from an objective viewpoint without the researcher interfering with the phenomena being studied (Hughes, 2018).

The positivist paradigm allows researchers to establish causal relationships between DCs and firm performance. Bryman and Bell (2015) note that the philosophy institutes causal laws and links them to a deductive theory.

3.2 RESEARCH APPROACH

Scientific research pursues a step-by-step, logical, organised and rigorous method (the scientific method) to find a solution to a problem (Sekaran & Bougie, 2016). Two methods are identified by Sekaran and Bougie (2016), namely, deductive and inductive methods. This study used the deduction method. Deduction is the process of arriving at conclusions by interpreting the meaning of the results of the data analysis, while induction is a process where one observes certain phenomena and, on this basis, arrives at conclusions (Sekaran, 2003, p. 32). The deductive approach owes more to positivism while the inductive approach owes more to phenomenology (Saunders, 2000). This is in line with the positivism. Saunders et al. (2019) notes that the positivist paradigm employs deductive reasoning which applies called for hypotheses development and testing using the study's empirical findings.

3.3 RESEARCH DESIGN

Zikmund and Babin (2018) describes research design as how the research is to be accomplished. On the other hand, Bryman (2018) considers it as a framework that guides the data collection procedures a particular study. The research design offers an overall plan in which the research is to be conducted. Bryman and Bell (2015) note that the management problem influences the choice of the research design to be implemented. The main research designs are: exploratory, descriptive, explanatory and the causal design.

The study employed the descriptive design. Scholars agree that the descriptive research design aims at giving a description of a phenomenon at hand (Cooper &

Schindler, 2014; Malhotra, 2010; Saunders et al., 2016; Sekaran & Bougie, 2013; Sekaran & Bougie, 2016). The study aimed at describing the dynamic capabilities at play and consequently assessing their influence upon performance of SMEs in Bulawayo.

Saunders et al. (2016) posit that the purpose of the descriptive research is to observe, describe and document aspects of a phenomenon in its natural setting. Hence, descriptive studies are usually the best methods for collecting information that will demonstrate relationships and describes the world as it exists (Cooper & Schindler, 2014). The researcher employed the descriptive research design because it assisted in systematically describing the facts and characteristics of the population. Thus, through the descriptive survey the researcher was able to get an impression of the relationship between the effectiveness of dynamic capabilities on perceived organisational performance.

Descriptions can be utilised in a direct test of a theory or model. From this view, the conceptual framework, in Chapter 2, which is based on literature can be put to test and results useful to review existing models and beliefs about dynamic capabilities that influence organisational performance. According to Saunders et al. (2019), some situations can only be studied through description.

3.4 POPULATION

Blumberg, Cooper and Schindler (2014) defined population as the “total collection of elements about which the researcher intends to make some inferences”. On the other hand, Bhattacharjee (2012) views the sampling frame as “an accessible section of the target population (usually a list with contact information) from where a sample can be drawn”. The researcher studies a sample and then generalise the study’s findings to the target population (Cooper & Schindler, 2014).

The researcher acquired the list of manufacturing SMEs from the department of SMEs in the Ministry of Women Affairs, Gender, Community, Small and Medium Enterprises and Cooperative Development. The list was composed of all registered SMEs in the Bulawayo. This list showed the enterprise’s physical addresses. Thus, the target population was restricted to the registered small and medium enterprises in Bulawayo.

The database of manufacturing SMEs showed that there are approximately 500 enterprises. The research draw targeted enterprises' strategic personnel such as owner/ managers since they are the office holders. The population includes four segments namely: food, clothing and footwear, metal fabrics, furniture making and others.

3.5 SAMPLE SIZE

According to Cooper and Schindler (2014) a sample is composed of a limited number of elements taken from the population, which is representative of that population. Implied in this is that the sample size needs to be big to allow for statistical analysis and consequently generalisation of study findings to the population (Saunders et al., 2016). The researcher used the Krejcie & Morgan (1970)'s formula and table to determine the study's sample size. Krejcie and Morgan (1970) put forward a model that specifies possible sample size at a given confidence levels, and of a certain population size (Saunders et al., 2016). Hence, the study's target population of 200 at 95% confidence level provides a sample size of 132. The researcher chose the model as it is considered to be objective and simple (Saunders et al., 2016). The model has also been endorsed by The Research Advisors (2006) for quantitative studies (Saunders et al., 2016).

3.6 SAMPLING METHODS AND TECHNIQUES

Sampling refers to the process of choosing samples from the target population – making sure that the elements chosen are representative of the entire population (Neuman, 2014). The literature on sampling indicates that two broad categories of sampling methods exist, that is probability sampling methods and non-probability sampling methods (Saunders et al., 2016). The study employed probability sampling techniques as they permit generalisability sample results to the population (Rowley, 2014). With probability sampling, the sample is understood to be symbolic of the population under study (Rowley, 2014). Probability methods include stratified sampling, systematic sampling, simple random sampling, and cluster sampling (Bryman & Bell, 2015).

The researcher adopted the simple random sampling technique. Saunders et al. (2016) notes that simple random sampling involves the process of selecting study

samples randomly from the sampling frame. This techniques issued that each element of the population had an equal chance of participating in the study (Saunders & Rojon, 2014). This technique was appropriate as the population of the study was homogeneous, and there was a readily accessible sampling frame from the database (Blumberg et al., 2014).

3.7 DATA SOURCES

The study used both secondary and primary data sources. The following sections discuss the data sources.

3.7.1 Primary data

Saunders et al. (2016) note that when data is gathered for the first time, from original sources for the purpose of answering research problem at hand, it is known as primary data. Data has not been published (Bryman & Bell, 2015). Primary data was gathered by administering questionnaires to the SMEs in Bulawayo.

3.7.2 Secondary data

Secondary data involved a systematic review of appropriate literature from accredited journal articles, textbooks, internet, and other relevant sources (Blumberg et al., 2014). Secondary data was useful as it allowed the researcher to explore the management problem as well as develop the background of the study. Past empirical studies on dynamic capabilities and firm performance were reviewed thus providing insights on existing answers to the problem. Thus, the researcher was able to make critical assessments and draw similarity and between past researchers. The researcher also collect secondary data from the company financial reports, textbooks, government publications and journal articles. A review of empirical literature provided insights onto the past discussions and conclusions.

3.8 RESEARCH INSTRUMENT FOR THE STUDY

The current study used the questionnaire as the primary data collection instrument. Saunders et al. (2009:360) defines the questionnaire as an “instrument used in data collection in which a person is asked to respond to a similar set of questions in a predetermined manner”. They further posit that questionnaires are mostly employed for descriptive studies. According to Bryman and Bell (2015) note that a questionnaire help provide complete, reliable, and precise data. The researcher developed a user-

friendly questionnaire both to the respondents and the researcher who is responsible for analysing data.

The questionnaire structure was aligned with the research objectives and question. Words that are perceived to be familiar to the entrepreneurs were used during the process of formulating the questions which was in consideration of the respondents' literacy levels. Since early questions can influence responses to later questions, sequencing is important; it is advisable to ask general questions early and specific ones later. The first questions on a questionnaire are referred to as opening questions, designed for gaining a respondent's attention and stimulating interest in the topic. The second group, referred to as research topic questions, include questions designed to provide information on the topic being researched (Hair et al., 2019).

The instrument was developed based on independent and dependent variables which were discussed in chapter 2. With regards to the design of the questionnaire, a cover letter formed the first page of the questionnaire. The cover letter explained the purpose of the current research. The questionnaire had four sections. **Section A:** collected data such as gender, age, education levels and position of the study respondent in the firm (owner/ manager). **Section B:** collected data such as the sector, firm's age, and number of employees. **Section C:** gathered data relating to the four dynamic capabilities dimensions. **Section D:** Business performance.

The instrument developed for this research was adapted from previous studies such as Derera et al. (2020); Bomani et al. (2015). However, proper modifications were however made to suit the current study's context and purpose. The development of the questionnaire was guided by logic, theoretical literature as well as empirical literature. The questionnaire used the Likert scale to guide respondents to choose their answers. According to Willson (2011) the five point Likert scale "makes the response items standard comparable amongst the respondents and the answers are easy to code and analyse directly from the questionnaires." The Likert scale read 1=strongly disagree to 5=strongly agree to indicate the respondents' level of agreement for the

The questionnaires was be made up mostly closed ended questions to facilitate easy statistical analysis of data and a few open ended questions to explain behaviour of study constructs. Quantitative data was collected from the closed ended questions

while qualitative data was gathered from open ended questions. The statements in the questionnaire were itemised and the researcher provided instructions on how the study participants would complete the questionnaire. The questionnaire design format helped to minimise response bias while increasing reliability of data. The questionnaire offered many advantages to the current investigation. Firstly, data was easily gathered from a large number of people (Rowley, 2014). The researcher was able to gather voluminous data quickly and the data was presented in a way that it was easy to interpret.

3.9 DATA COLLECTION PROCEDURES

Data collection phase involves the researcher getting into the field to collect data. According to Kakava (2016) it is the “implementation stage of the research plan”. In this study, self-administered questionnaires were hand-delivered to the study participants to complete in their own time. The researcher made follow-ups by calling at different times reminding respondents of the questionnaire (Saunders et al., 2012). Data was collected in the month of August 2023.

High costs were involved from travelling to reproducing the questionnaires. Secondly, it called for a lot of patience since owner-managers have tight schedules that require them to do all the operational works. This implies that there were always busy giving little attention to the researcher’s questionnaire. Study participants had low morale as they indicated that nothing would change even after the study was conducted and to make matters worse a majority were uncertain of their future as the economy continuous to sour due to the tight operating regulations imposed by the government. However, the high literacy rate in Bulawayo saw many respondents willing to complete the questionnaire as they understand the value of research in academic circles and in nation building at large.

3.10 DATA QUALITY CONTROL

This section discusses data quality strategies. In other words, the efforts and measures adopted by the researcher to ensure that the data collected is accurate, to draw conclusions on the relationship between the study’s constructs (Bryman, 2016). The section presents validity and reliability issues.

3.10.1 Reliability

Reliability deals with the level at which study findings are repeatable (Bryman & Bell, 2015). Reliability also touches on the extent to which the researcher's sample represents the population; and the extent to which the questionnaire yields consistent results (Saunders & Rojon, 2014:6). The term also entails the extent to which data gathering and analysis procedures yield consistent results (Cooper & Schindler, 2014).

The internal consistency (reliability) of the questionnaire was determined by using Cronbach's Alpha test. Cronbach's alpha is the widely used index to determine reliability (Bryman, 2016). Sekeran and Bougie (2013:307) note that "Cronbach's alpha is a reliability coefficient which reflects how well items in a set positively correlate to each other." Reliability depends largely on the variability of respondents' answers on items. The greater the variability, the lesser the questionnaire's reliability, hence the alpha value will be low (Bryman & Bell, 2015).

Coolican (2009) claims that acceptable reliability is indicated by alpha values from 0.75 to 1. Sekeran (2006:311) adds that "reliabilities that are less than 0.6 are rated poor, those in the range of 0.7 are acceptable while those over 0.8 are considered really well". To enhance reliability, the current study's questionnaire adapted more than 80 % of the questionnaire items from previously used scales.

3.10.2 Validity

The terms validity and reliability seem to be used interchangeably. However, these terms mean different things (Bryman, 2016). According to Zikmund and Babin (2013) validity goes beyond reliability. Two concepts make the two different: precision and accuracy. Validity denotes accuracy of a measure while reliability denotes precision of a measure. Saunders et al. (2016) views validity as "the extent to which data collection method or methods accurately measure what were intended to measure". Thus, validity entails measurement accuracy that is questionnaire items measure what they purport to measure. Cooper and Schindler (2014) note content, face and construct validity as the main classifications of validity used in research. The researcher adopted a number of strategies to enhance these forms of validity.

Cooper and Schindler (2014) defined content validity as a systematic and subjective assessment of how well the content of a scale adequately covers what it is supposed to measure. The current study ensured content validity by making sure that the scale included all the items of the construct that was being measured.

Face validity is concerned with consensus among experts on whether a particular scale assesses a particular concept (Zikmund & Babin, 2010). Hence face validity is said to be subjective (Saunders et al., 2016). To ensure face validity expert evaluations involving professionals in management and marketing were done to enhance the quality of the instruments.

Lastly, in order to guarantee construct validity, the researcher identified a group of measurement items that were proven in previous studies to measure dynamic capabilities and firm performance. The researcher further assessed and was convinced of the adequacy of the measures as he established their reliability.

3.11 PILOT STUDY

Wilson (2011) explains that a pilot study involves the pretesting of a research instrument in advance of a full scale survey. Blumberg et al. (2014) took the pilot study as a small mock-up in preparation for the main study. Cooper and Schindler (2014) explain that a pilot study is done to discover any flaws in the design and measurement of the instrument.

A pilot version of the instrument was administered to 20 owner/managers of manufacturing SMEs in Plumtree. The town is situated south-west of Bulawayo. Soobramoney (2008:121) assert that researchers who evade a pilot testing are either fools or naïve. Piloting the instrument helped ensure that the expectations of the researcher are met with regard to the collection of data that would be used to answer research questions. The snap short study led to development of a more refined instrument used in the final study. It also enabled the researcher to know how long it would take for study participants to complete the questionnaire in the final study.

3.12 DATA ANALYSIS

Data for the current study was coded and captured on computer. To facilitate proper data analysis, the researcher, through the guidance of a statistician, used two data

management software programmes, that is, MS Excel and Statistical Package for Social Scientists (SPSS). The strength of MS Excel is that data can be exported to, or shared with, other packages like the SPSS for further analyses.

Descriptive analysis mainly concerns the development of some indices from the raw facts and figures and is the study of distributions concerning one variable in the form of unidimensional analysis; bivariate analysis or multivariate analysis (Kothari, 2009). In this study, measurement of magnitude and shapes of distributions are worked out as well as measures of relationships between two and among more variables (Kothari, 2009). The statistics involved in the descriptive analysis include measures of central tendency or averages; measures of dispersion; measures of asymmetry; and measures relationships (Kothari, 2009).

The *inferential analysis* also known as sampling statistical analysis concerns the methods of generalization and deals mainly with two major types of problems: estimating population parameters; and hypothesis testing or significance testing (Kothari, 2009). The mostly utilised inferential statistical analysis was the hypotheses testing. It was the ultimate statistical analysis on which conclusions were based. Hypothesis testing was done to accept or reject the hypothesis. Both linear regression and multiple regression analysis was used to analyse data.

Multi-regression analysis is a descriptive and predictive tool used in developing self-weighting approximation equations by which to forecast values for dependent variables from the values of independent variables (Blumberg et al, 2011:497). This technique was chosen because the use of several independent variables to influence a single variable improves the predictive power of the technique if compared with linear regression.

Pearson's Product Moment Correlation Coefficient was used to analyse data. Saunders et al. (2009:597) describe Pearson's product moment as a statistical technique which examines the strength of the relationship between data variables. In this technique, there is a need to calculate the probability of the correlation coefficient. The coefficient varies from a range of 1 through zero to -1. Correlation coefficients reveal the magnitude and the direction of relationships (Cooper and Schindler. 2004:570). The strength of linkage is called correlation coefficient and is represented

by the letter r . It therefore symbolizes coefficient's estimate of linear association between variables. Pearson correlation r value closer to 1 indicates a highly positive relationship while an r value closer to -1 reveals a highly negative correlation. However, an r value close or equal to zero indicates no linear relationship. The square of the correlation (r) gives the proportion of criterion variance that can be accounted for by its linear relationship. For statistical significance, a significant value greater than 0.05 indicates a statistically insignificant linear relationship. However, a significant value of less than 0.05 indicates a statistically significant linear relationship.

It has to be appreciated that all the formulae of all the descriptive and inferential statistical calculations are contained in the software packages MS Excel and SPSS which were used for data analysis. The stakeholders can only view the results of their calculations and utilize these for reporting and basing their conclusions.

3.13 ETHICAL CONSIDERATIONS

Wilson (2011) notes that all research studies that implicate human beings generally call for conformance to ethical guidelines. Thus, Wilson (2011) underscored that academic researchers especially students' face ethical issues that need their attention from the beginning of their studies. Sekeran and Bougie (2016) define ethics as "principals of conduct concerned with what ought to be good or bad and right or wrong". This therefore means that researchers have ethical responsibility to conduct the study in an accurate and honest manner (Wilson, 2011). The following ethical guidelines guided the current research.

At the onset of the study, the researcher educated the participants on the aim of the study through statements in the introductory page of the questionnaire and consent form. The research informed the study participants that their participation in the study was voluntary and were free to withdraw their participation at any stage of the research. Thus, no any form of duress was employed by the researcher to get people to comply.

Before the commencement of the study, the researcher assured the study participants that they will not be exposed to any form of harm be it physically, emotionally or socially because of their participation in the current study. In order to harness this, the

researcher unconditionally emphasised that data gathered was only for academic purposes.

In research, informants give their information on the grounds that it will be used in the strictest confidence (Sekeran & Bougie, 2016). Thus, the researcher had a non-disclosure of information agreement with the study participants. Information on dynamic capabilities, and their firm's performance data was to be kept in strict confidence. The researchers assured the participants that all questionnaires will be kept in a lockable safe.

Saunders et al. (2016) note anonymity of study participants is a fundamental ethical consideration in research. Hence in this study, no identifying information was collected and the researcher assured all the participants that effort will be made to ensure that in the final report the data they would have provided will not be traced. The researcher also used numbers, for instance questionnaires were marked like "Q1" to preserve anonymity of study participants. Q1 meant that it's the first questionnaire to be administered.

3.14 CHAPTER SUMMARY

Chapter three presented research methodologies that guided data collection and analysis. Research paradigm, design, the sampling strategy were addressed as well as their justifications in the current study. The data collection method used structured questionnaires with closed ended questions. The chapter also highlighted the measures adopted to ensure data quality. Since this study was quantitative, the researcher adopted quantitative approaches to data analysis. The chapter wrapped with the ethical considerations and measures adopted to improve moral obligations are adhered to. The following chapter, Chapter 4 presents, analyses and discusses the research findings.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.0 INTRODUCTION

This chapter presents the results of the study and follows up with a discussion. The analysis is conducted in the following procedure. The first section presents the response rate followed by the reliability tests results. Section 4.3 presents and analyses the sample characteristics. Section 4.4 presents the descriptive statistics followed by section 4.5 which presents the results from inferential statistics. The chapter wraps with the chapter summary.

4.1 RESPONSE RATE

The study consisted of 132 respondents. Hence 132 questionnaires were self-administered to women entrepreneurs in Bindura. Out of the 132 respondents, only 100 questionnaires were filled and returned by respondents translating to a response rate of 76%. This is illustrated in table 4.1 below.

Table 4.1 Questionnaire response rate

Questionnaires distributed	Questionnaires returned	Response rate
132	100	76.0%

Source: Primary data (2023)

The high response rate of 76% facilitated gathering sufficient data that could be generalized to determine the influence of succession planning on organisational performance. According to Saunders et al. (2016), this high response is acceptable for statistical inferences. Barbie (2013) highlights that any response rate that is above 50% is adequate for the analysis of a study.

4.2 RELIABILITY TEST

To measure the reliability of the instrument, Cronbach's alpha was applied. Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability (Bryman, 2016). An alpha coefficient of 0.80 or higher indicates that the gathered data are reliable and are relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population (Sekeran & Bougie, 2016). The reliability results are illustrated below.

Table 4.2: Reliability tests

CONSTRUCT	NO. OF ITEMS	ALPHA INDEX	COMMENT
Dynamic capabilities	20	0.783	Good
Firm performance	5	0.925	Very good
Average	25	0.866	Good

Source: Primary data (2023)

In this study the average alpha coefficient was above 0.800. This indicates that the study questionnaire was highly reliable. Table 4.2 shows that the alpha coefficient ranges from 0.783 to 0.925, thus indicating the reliability of the research instrument.

4.3 DEMOGRAPHIC DATA

4.3.1 Marital status distribution

Table 4.3: Distribution of respondents by marital status

		Frequency	Percent	Cumulative Percent
Valid	Single	54	54	54
	Married	46	46	100.0
	Total	100	100.0	

Source: Primary data (2023)

The frequency distribution of respondents based on marital status shows that 46.0 % were married while 54 % were single.

4.3.2 Age

Table 4.4: Age of respondents

		Frequency	Percent	Cumulative Percent
Valid	18-31	8	8	8
	32-42	10	24	32
	43-53	58	58	90
	54+	24	10	100.0
	Total	100	100.0	

Most respondents were in the range of 43 to 53 years (58%), while 24% were above 54 years. However, the remaining were between 18 to 42 years. The table above illustrates that the majority of the study participants between 43 and 53 years. This could be because this group managed to save and invest when the economy had not deteriorated. Thus, they have become entrepreneurs.

4.3.3 Level of education

Table 4.5: Level of education

		Frequency	Percent	Cumulative Percent
Valid	Postgraduate	28	28	28
	Undergraduate	16	16	44
	Diploma	48	48	92
	Basic education	8	8	100.0
	Total	100	100.0	

Source: Primary data (2023)

Table 4.5 above illustrates that only 8% had basic education that is Ordinary Levels. Diploma holders constituted 48% of the respondents while 16 % of the participants had a bachelor’s degrees. Respondents with postgraduate certificates constituted 28%. The results shows that 92% of the respondents hold at least a diploma. This high figure is an indication that the majority of women entrepreneurs are educated. An indication that education is a facilitating aspect in proper management of SMEs.

4.3.4 Period in operation

Table 4.6: Period in operation

		Frequency	Percent	Cumulative Percent
Valid	11-15yrs	18	18	18
	6-10yrs	47	47	65
	2-5yrs	30	30	95
	Less than 2yrs	5	5	100.0
	Total	100	100.0	

Source: SPSS output (2023)

Table 4.6 above illustrates that only 5% had less than 2 years of age. Organisations with 2 to 5 years constituted 30 % while those with 6 to 10 years of existence constituted 47%. Eighteen percent of the participating firms had between 11 and 15 years. The results shows that 95% of the respondents hold at least 2 years of existence. This shows that women are hardworking in business.

4.4 DESCRIPTIVE STATISTICS

This section presents data on the four descriptive statistics dimensions.

4.4.1 Sensing capability

The study findings revealed that 67.1 % either agreed or strongly agreed that they normally scan their environment, while 70.8% indicated that they review their product development efforts.

Table 4.7: Sensing capability

Sensing capability	Percentages frequency				
	SA	A	UN	D	SD
We normally scan our environmental	6.4	60.7	11.4	3.8	17.7
We review our product development efforts	2.8	68.0	1.7	7.0	15.2
We review the likely effect of changes in the business environment on customers	10.9	60.1	7.6	15.0	9.4
We detect changes in customers' product preferences	8.6	40.0	9.9	10.9	20.2
We observe customer's needs/problems	10.9	60.1	7.6	15.0	9.4

Source: SPSS output (2023)

The study results also showed that 71% of respondents agreed that they review the likely effect of changes in the business environment on customers. More so, 48.6 % indicated that they detect changes in customers' product preferences. Lastly, asked about observing customer's needs/problems, 71% agreed with only 9.4% strongly disagreeing.

These results sensing capability is essential in managing successful enterprises. Thus, firms are able to be aware of change in the industry and to perceive accurately responses to its operations and actions (Feng, et al., 2017). These findings support the claim that market-sensing capabilities denotes an enterprises' ability to use market intelligence that can be obtained through formal and informal mechanisms from various personal and public sources (Ardyan, 2016; Bharadwaj, and Dong, 2014; Osakwe, et al., 2016; Lin, and Wang, 2015). Essentially, findings imply that market sensing capabilities are critical in SMEs in developing market focus and thus, ultimately, business performance (Murray, et al., 2016).

4.4.2 Learning capability

The results of learning capability is shown in table 4.10 below. The results indicate that 81.9% agreed that they have routines to identify, value, and import new information and knowledge while 71.2 % agreed that they have routines to assimilate new information and knowledge.

Table 4.8: Learning capability

Learning capability	Percentages frequency				
	SA	A	UN	D	SD
We have routines to identify, value, and import new information and knowledge	21.4	59.5	5.3	5.0	7.8
We have routines to assimilate new information and knowledge	10.3	60.9	2.6	17.2	9.0
We transform existing information into new knowledge	20.0	70.1	5.6	0.4	3.9
We are effective in using knowledge into value creation	3.4	63.7	18.4	10.7	3.8
We are effective in developing new knowledge	21.4	59.5	5.3	5.0	7.8

Source: SPSS output (2023)

The table also shows that 90.1 % of the respondents indicated that they transform existing information into new knowledge while 67.1% agreed that they are effective in using knowledge into value creation. Lastly, respondents were asked about the extent to which they are effective in developing new knowledge, more than 70% agreed while only 12.585 disagreed.

The findings show that the majority of the study respondents value learning. The findings illustrate that a highly committed managerial team that supports learning by allocating the necessary resources. Management in SMEs provide a conducive environment for learning to take place by removing obstacles that might hinder the learning process and encouraging employees to gather, share and experiment with fresh ideas enhances the learning capability of a firm and, eventually, its ability to be involved in innovative practices.

4.4.3 Integration capability

Data on integration capability is shown in table 4.9 below. The table illustrate that 67% of the respondents integrate existing knowledge with the new information and knowledge acquired, while 85.9 % indicated that they interrelate activities to manage rapidly changing conditions.

Table 4.9: Integration capability

Integration capability	Percentages frequency				
	SA	A	UN	D	SD
We integrate existing knowledge with the new information and knowledge acquired	14.8	52.2	1.3	30.7	16.0
We interrelate activities to manage rapidly changing conditions	15.9	70.0	2.6	5.9	8.2
We have informal and direct communication between individuals	23.9	70.1	5.6	0.4	0.0
We are fully aware of who in the firm has specialised skills and knowledge	3.4	63.7	18.4	3.8	10.7
Information and knowledge resources are integrated in the entire wide of the firm	14.8	52.2	1.3	30.7	16.0

Source: SPSS output (2023)

Furthermore, 95% respondents indicated that they have informal and direct communication between individuals. More so, 67.1 % agreed that they are fully aware of who in the firm has specialised skills and knowledge. Lastly, 77% agreed that information and knowledge resources are integrated in the entire wide of the firm.

These findings are consistent with literature and other empirical studies. Findings illustrate that integration focuses more on the efficient and effective transfer of technology/information between and among the various organizational units of a firm. Management believes that resource integrating capability could help firms to connect separate organizational units because it can help easing potential contractual problems. Moreover, the findings illustrate that integration has opened pathways to learning, sharing of know-how, and expertise through transfer of technology and know-how within a firm (Teece, 2014).

4.4.4 Reconfiguration capability

The study findings revealed that 67.1 % either agreed or strongly agreed that they are able to continuously evolve, while 71.8% indicated that they are able to obtain novel resources that help them to capture innovation benefits.

Table 4.10: Reconfiguration capability

Reconfiguration capability	Percentages frequency				
	SA	A	UN	D	SD
We are able to continuously evolve	7.4	59.7	10.4	3.8	18.7
We are able to obtain novel resources that help us to capture innovation benefits	5.8	66.0	8.7	11.0	11.2
We ensure that the output of work is synchronised with the work of others	13.9	60.1	4.6	10.0	13.4
Employees are assigned to tasks commensurate with their task-relevant knowledge and skills	2.6	45.0	12.9	5.9	23.2
All firm functions are coordinate	5.8	66.0	8.7	11.0	11.2

Source: SPSS output (2023)

The study results also showed that 49.5% of the respondents indicated that they ensure that the output of work is synchronised with the work of others while 74% agreed that employees are assigned to tasks commensurate with their task-relevant knowledge and skills, 47.6 indicated that all firm functions are coordinate,

These results imply that the majority of respondents agree that they are involved in reconfiguring. These findings illustrate that reconfiguration capability encompasses activities in which organisations engage when redeploying, adding, and recombining (Laaksonen & Peltoniemi1, 2018). Thus, reconfiguration capability enables SMEs to continuously evolve and allowing them to obtain novel resources that help them to capture innovation benefits (Zhou et al., 2019).

4.4.5 Organisational performance

The results of dynamic capabilities and organisational performance are shown in table 4.11 below. The results indicate that 67.9% agreed that training can help their company has achieved positive growth while 70% reported that the company's relative market share improved. More than 61.7% reported that the company has increased in the number of permanent employees employed.

Table 4.11: Organisational performance

Organisational performance	Percentages frequency				
	SA	A	UN	D	SD
There has been an increase in return on investment.	7.0	60.9	5.6	7.2	19.3
The company experienced an increase in sales growth.	10.9	58.1	5.6	10.7	14.0
The company experienced an increase in gross profit margin.	6.5	55.2	1.3	16.3	20.7
The company has achieved positive growth in number of customers	13.9	60.1	4.6	10.0	13.4
The company's relative market share improved.	22.9	45.0	2.6	5.9	13.2

Source: SPSS output (2023)

The table illustrate that 74 % indicated that customer satisfaction has significantly increased. Lastly, 67.9 % indicated that the company acquired new fixed assets.

These findings illustrate that the four dynamic capabilities enhance organisational performance. The results are consistent with the findings of other researchers (Sayed et al, 2014); Molly et al., 2010; Ibrahim & Ogunyemi, 2012).

4.5 INFERENCE STATISTICS

The researcher used bivariate regression analysis to assess the strength of the relationship. In addition, multiple regression analysis (MRA) was used to establish the nature of the relationship hence the researcher was able to accept or reject the hypotheses at 5% level of significance. The hypotheses were accepted if the p-value was less than 0.05 and rejected if otherwise.

4.5.1 Linear regression analysis

The previous section described research data using descriptive statistics. The study sought to establish the effect of sensing capability on firm performance. Thus, the need for inferential statistics to establish the relationship between the dependent and

independent constructs of the study. This sections presents the presentation of the regression analysis of the variables.

4.5.1.1 Sensing capability and firm performance model Summary

From Table 4.12, An R of 0.659 suggests that there is a moderate positive relationship between sensing capability and firm performance in SMEs in Bulawayo. The coefficient of determination (R-squared) of 0.434 illustrates that 43.4 % of performance can be as a result of sensing capability.

The adjusted R-square of 0.193 shows that sensing capability dimension, excluding the constant variable, explains the change in the performance of SMEs in Bulawayo by 19.3 %; the remaining part can be due to other factors excluded from the model.

Table 4.12 Sensing capability and firm performance model summary

R	R square	Adjusted R square	Standard error	Observations
0.659	0.434	0.193	0.59	100

Source: SPSS output (2023)

Table 4.13 presents the results of the Analysis of Variance (ANOVA) for the regression coefficients. The results indicated that sensing capabilities are statistically significant in accounting for the performance of SMEs.

Table 4.13 Sensing capability and firm performance ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.201	1	4.201	8.773	.004
	Residual	67.771	99	0.6597		
	Total	77.972	100			
a. Dependent Variable: Organisational performance						
b. Predictors: (Constant), Sensing capability						

Source: SPSS output (2023)

The result of ANOVA for regression coefficient shown in table 4.13 above exhibited ($F=8.773$, p value = 0.004). Since the p -value is less than 0.05 it implies that the relationship between Sensing capability and firm performance of SMEs is significant. The findings are consistent with other earlier findings, for instance, Lin and Wang, (2015) asserted that sensing capabilities is a vital ingredient for superior organisational performance and competitive advantages. Chiarelli (2021) examined the impact of dynamic capabilities and market orientation on firm performance in MSEs in North America, UK and Europe and established that sensing capability is a significant determinant of firm performance. Similarly, Yohanes et al. (2021) in Indonesia discovered that sensing capabilities have a positive and significant effect on firm performance. In Nigeria, Azikiwe (2021) concluded that superior firm performance begins with identification of opportunities in the market environment through sensing capabilities. Thus, firms that are better at ‘sensing’ in the market are able to know and understand changing consumer needs and preferences.

4.5.1.2 Learning capability and firm performance model summary

Table 4.14 shows an R of 0.725 implying that there is strong and positive relationship between learning capability and firm performance of SMEs in Bulawayo. The table further shows an R -squared of 0.525 illustrating that 52.5% of the organisational performance can be explained by the learning capabilities. The adjusted R -square of 0.236 shows that the learning capability dimension, excluding the constant variable, explains the change in the performance of SMEs by 23.6 %; the remaining 74 % can be explained by other factors excluded from the model.

Table 4.14 Learning capability and firm performance model summary

R	R square	Adjusted R square	Standard error	Observations
0.725	0.525	0.236	0.49	100

Source: SPSS output (2023)

Table 4.15 below illustrate the ANOVA results for regression coefficients. The results revealed that learning capability is statistically insignificant in accounting for performance of SMEs in Bulawayo.

Table 4.15 Learning capability and firm performance ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.108	1	7.148	20.182	.000
	Residual	57.778	99	0.561		
	Total	124.979	100			
a. Dependent Variable: Organisational performance						
b. Predictors: (Constant), Learning capability						

Source: SPSS output (2023)

Table 4.15 shows that learning capability dimension is statistically significant in explaining the performance of SMEs in Bulawayo. An F statistics of (20.082) shows that the model is significant. The probability value of (0.000) supports this. Furthermore, the results of ANOVA shows that the reported probability of (0.000) is less than the conventional of (0.005) implying that the model is significant. In this study, the results exhibited that there is a positive and statistically significant relationship between learning capability and firm performance ($r=0.512$). Bontis et al. (2002) studied the relationship between the flows of learning across levels in an overall organizational learning system, their findings support the idea that there is a positive relationship between learning at all levels (individual, group and organizational) and business performance. Jashapara (2019) used a survey with a sample of 180 UK construction firms. It showed that organizational learning in the form of double-loop learning and cooperative cultures has a positive effect on organizational performance; and that organizational learning focused on efficiency and proficiency leads to competitive advantage in the UK construction industry. Real et al.'s (2017) findings in their study is that organizational learning acts as a predictor variable for business performance construct. It has a statistically significant positive effect on business performance.

4.5.1.3 Integration capability and firm performance model summary

Table 4.16 shows the regression results of the relationship between integration capability and firm performance of SMEs in Bulawayo. The table illustrates an R of 0.605 suggests that there is a moderate positive relationship between the variables of the study. The study results showed a coefficient of determination of 0.366 illustrating

that 36.6 % of performance of SMEs in Bulawayo can be explained by the technical skills. The adjusted R-square of 0.231 shows that the Integration capability explains the change in the performance of SMEs in Bulawayo by 23.1 %; the remaining 76.9 % is explained by other factors.

Table 4.16 Integration capability and firm performance model summary

R	R square	Adjusted R square	Standard error	Observations
0.605	0.366	0.231	0.61	100

Source: SPSS output (2023)

Table 4.17 shows the ANOVA results for the regression coefficients. The results shows that integration capability dimension is statistically significant in accounting for organisational performance.

Table 4.17 Integration capability and firm performance ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.178	1	3.258	8.847	.005
	Residual	58.871	99	0.572		
	Total	124.979	100			
a. Dependent Variable: Organisational performance						
b. Predictors: (Constant), Integration capability						

Source: SPSS output (2023)

Table 4.17 shows that there is a significant relationship between integration capability and firm performance ($F=8.847$, p value =0.005) and at least the slope (β coefficient) is not zero. Thus, it confirms that the model is valid. The findings illustrate that integration opens pathways to learning and sharing of expertise through transfer of technology and know-how within a firm (Laaksonen & Peltoniemi1, 2018). Teece (2018) notes that firm growth is witnessed when firms integrate relevant customer knowledge from multiple business units to gain new customer insights. Similarly, Laaksonen and Peltoniemi (2018) observed that integration capability can enhance business growth through integrating relevant R&D knowledge of multiple business units in SMEs. Using a sample from Austria and Bavaria, Tempelmayr et al. (2019),

indicated that integration capabilities support the competitive strategy of SMEs, and consequently enhance a business's performance. Similarly, Krittapha and Sirintorn concluded that dynamic integration capability affects performance positively.

4.5.1.4 Reconfiguration capability and firm performance model Summary

From Table 4.18, An R of 0.801 implies that there is a strong positive relationship between reconfiguration capability and firm performance. The coefficient of determination (R-squared) of 0.642 illustrates that 64.2% of organisational performance can be explained by reconfiguration capability. The adjusted R-square of 0.473 indicates that the reconfiguration capability, explains the change in the organisational performance by 47.3 %; while the remaining 52.7 % is explained by other factors excluded from the model.

Table 4.18 Reconfiguration capability and firm performance model summary

R	R square	Adjusted R square	Standard error	Observations
0.801	0.642	0.473	0.26	100

Source: SPSS output (2023)

Table 4.19 shows the ANOVA results for regression coefficients. The results illustrate that reconfiguration capability is statistically significant in accounting for organisational performance.

Table 4.19 Reconfiguration capability and firm performance ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.548	1	6.548	18.637	.000
	Residual	57.871	99	0.635		
	Total	64.419	100			
a. Dependent Variable: Organisational performance						
b. Predictors: (Constant), Reconfiguration capability						

Source: SPSS output (2023)

An F statistics of (18.637) indicate that the model is significant. This was supported by a probability value of (0.000). ANOVA revealed that the overall model is a significant

predictor of the organisational performance. The findings are consistent with literature. For instance, Wilden and Gudergan (2015) observed that reconfiguration capability is key to market survival, adaptation, and consequently performance. Naguib et al.'s (2017) study supported the notion that there is a significant relationship between the reconfiguration capability and the sustainability of competitive advantage in Egypt. In Nigeria, Okocha and Amah (2021) found out that sensing, learning and reconfiguration capabilities of family business positively affect their growth.

4.6 SUMMARY OF HYPOTHESIS TESTING RESULTS

Table 4.20 presents a summary of the results of hypotheses testing.

Table 4.20: Summary of results of hypotheses testing

	Hypothesis	Results
H ₁	Sensing capability has a positive effect on the performance of SMEs in Bulawayo.	Supported ($p < 0.05$)
H ₂	Learning capability has a positive effect on the performance of SMEs in Bulawayo.	Supported ($p < 0.05$)
H ₃	Integrating capability has a positive effect on the performance of SMEs in Bulawayo.	Supported ($p < 0.05$)
H ₄	Reconfiguration capability has a positive effect on the performance of SMEs in Bulawayo.	Supported ($p < 0.05$)

Source: Prepared for this research (2023)

These results reveal that the five hypotheses tested were accepted at 5% level of significance while only one was rejected also at 5 % level of significance.

4.7 CHAPTER SUMMARY

This chapter has presented the analysis and interpretation of the research results based on a quantitative analysis of the data. Quantitative data were analysed using mean and standard deviation while inferential statistics that linear regression analysis was done to test the hypotheses. Chapter five presents the summary of the study, conclusions and recommendations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

The main goal of this study was to investigate the influence of dynamic capabilities on the performance of SMEs in Bulawayo. The current chapter, chapter five offers the summary of the whole study, conclusions. More so, recommendations are given based upon the findings of the study. Lastly limitations of the study and areas for further studies are given. This chapter aims to offer appropriate recommendations and resolutions to assist the performance of SMEs in Bulawayo.

5.1 SUMMARY OF THE STUDY

The primary objective of this study is to establish the effect of dynamic capabilities on the performance of SMEs in Bulawayo. The study was guided by the positivism philosophy, ultimately the quantitative approach was employed. The study adopted a case study survey design in which SMEs in Bulawayo Council were studied. Questionnaires were personally administered to the participants. The IBM Statistical Package for Social Sciences (SPSS) version 28 was used to analyse the data. Data were analysed using both descriptive and inferential statistics, and presented using frequency tables, graphs and pie charts. All the hypotheses was tested, and it was established that all of them were accepted. Quantitative data shows that dynamic capabilities are an important element of management approach amongst SMEs in Zimbabwe. The findings are summarised below.

5.1.1 Sensing capability and firm performance

The first objective of the study sought to examine the effect of sensing capability and firm performance in SMEs. The study found out that there is a moderate positive relationship between sensing capability and firm performance ($r=0.659$). These results concurred with previous findings.

5.1.2 Learning capability and firm performance

The study aimed to find out the effect of learning capability on the performance of SMEs. According to the findings, learning capability have a greater significant correlation with SMEs performance (0.725). Therefore, with these results in place, the alternate hypothesis was accepted, and the researcher concluded that there was a positive relationship between learning capability and firm performance of SMEs in Bulawayo. This research confirmed the literature that organizational learning has a positive association with business performance.

5.1.3 Integration capability and firm performance

The third objective study sought to determine the effect of learning capability on the performance of SMEs. The study findings revealed that learning capability has a significant positive correlation with performance of SMEs ($r=0.605$). Therefore, with these results in place, the hypothesis was accepted which stated that learning capability has a positive impact on performance.

5.3.4 Reconfiguration capability and firm performance

The fourth objective study sought to determine the effect of reconfiguration capability and firm performance. The study findings revealed that reconfiguration capability has a very strong and positive correlation with performance ($r=0.801$). Therefore, with these results in place, the alternate hypothesis was accepted, and the researcher concluded that there was a positive relationship between reconfiguration capability and performance of SMEs.

5.2 CONCLUSIONS

The following section presents the study conclusions.

5.2.1 Objective 1

The study concluded that by increasing levels of sensing capability by a unit would increase the levels of organisational performance. The study concludes that sensing capability are a significant predictor of performance of SMEs in Bulawayo.

5.2.2 Objective 2

The study aimed to find out the effect of learning capability on the performance. According to the findings, learning capability has a significant correlation with performance. The study concluded that increasing levels of learning, would have a significant effect on the performance of SMEs in Bulawayo.

5.2.3 Objective 3

Given the findings, the researcher concluded that integration capability allows SMEs enhance their performance.

5.3.4 Objective 4

The study aimed to find out the effect of reconfiguration capability on the performance. According to the findings, learning capability has a significant correlation with performance. The study concluded that SMEs which are able to institutionalize newly acquired knowledge into a firm's strategy, structure and operating procedures are able to perform better.

5.3 RECOMMENDATIONS

The study recommends the following, as informed by the conclusions above:

- SMEs could continually develop their sensing capability so that they can interface more effectively with communities to identify emergent market changes and opportunities for market and product innovation. SMEs also need to detect and act on weak signals and potential innovation opportunities.

- Managers should understand the important organizational learning capability dimensions in order to make use of them effectively to achieve their business performance objectives. SMEs need to concentrate their scarce resources on critical learning dimensions in looking for a better business performance.
- The study also advises SME owner/managers to invest in developing their integrating capabilities in a way that leads to growth in market share. Thus, dynamic capabilities should be harnessed with appropriate organisational innovations to enable SMEs to grow.

5.4 AREAS FOR FUTURE RESEARCH

The study was conducted on a limited time. Data for the study were collected for a short period of time, this is likely not to bring a more clear nature of the relationship between. The mitigation measure to this is that the researcher resolved in focusing on one sector in order to obtain uniform results that can be generalised across the country. Time was limited in conducting the study. The researcher took a study leave days so as to be able to gather data. The study used closed ended questionnaires to gather data. Closed ended questions do not give respondents the opportunity to express their views. To address this, the researcher conducted a pilot study to ensure that the questions covered every issue that is important in answering the research questions. The study was limited to SMEs in Bulawayo. This research therefore exclude the views of other SMEs in other parts of the country at large. This implies that the generalisation of the study findings is limited to Bulawayo, SMEs. The researchers suggest that a research of the same nature to be conducted at national level or in other geographical areas. Furthermore, Additional studies using qualitative methodologies.

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STUDY QUESTIONNAIRE

I am conducting a study entitled: **THE IMPACT OF DYNAMIC CAPABILITIES ON FIRM PERFORMANCE: A CASE STUDY OF SMES IN BULAWAYO**. Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained. It should take you about 20 minutes to complete the questionnaire. I hope you will take the time to complete the questionnaire.

Please complete this questionnaire by ticking in the appropriate box or writing on given spaces.

SECTION A: DEMOGRAPHIC INFORMATION

Please complete this part by ticking in the appropriate box.

A1	Gender	Male	1	Female	2
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A2	Age	18-31	32-42	43-53	54-64	65+
		1	2	3	4	5

A3	Level of Education	Post graduate	Bachelor's Degree	Diploma	O &A Levels
		1	2	3	4

A4	Position in the organisation	Owner	Managing director	Other
		1	2	3

SECTION B: COMPANY INFORMATION

This section seeks company background information. Please complete this part by ticking in the appropriate box.

B1	Period in operation	Less than 2 years	2-5 years	6-10 years	11-15 years	16+ years
		1	2	3	4	5

B2	Number of full time employees	5-10	11-20	21-40	41-75
		1	2	3	4

SECTION C: DYANAMIC CAPABILITY

The statements below describe the aspects of dynamic capabilities. In a scale of 1-5 indicate the extent to which the statements apply to your organizations.

		Strongly	Disagree	Undecided	Agree	Strongly
	SENSING CAPABILITY	RESPONSES				
SC1	We normally scan our environmental	1	2	3	4	5
SC2	We review our product development efforts	1	2	3	4	5
SC3	We review the likely effect of changes in the business environment on customers	1	2	3	4	5
SC4	We detect changes in customers' product preferences	1	2	3	4	5
SC5	We observe customer's needs/problems	1	2	3	4	5
	LEARNING CAPABILITY	RESPONSES				
LC1	We have routines to identify, value, and import new information and knowledge	1	2	3	4	5

LC2	We have routines to assimilate new information and knowledge	1	2	3	4	5
LC3	We transform existing information into new knowledge	1	2	3	4	5
LC4	We are effective in using knowledge into value creation	1	2	3	4	5
LC5	We are effective in developing new knowledge	1	2	3	4	5
	INTERGRATING CAPABILITY	RESPONSES				
IC1	We integrate existing knowledge with the new information and knowledge acquired	1	2	3	4	5
IC2	We interrelate activities to manage rapidly changing conditions	1	2	3	4	5
IC3	We have informal and direct communication between individuals	1	2	3	4	5
IC4	We are fully aware of who in the firm has specialised skills and knowledge	1	2	3	4	5
IC5	Information and knowledge resources are integrated in the entire wide of the firm	1	2	3	4	5
	RE-CONFIGURATION CAPABILITY	RESPONSES				
CC1	We are able to continuously evolve	1	2	3	4	5
CC2	We are able to obtain novel resources that help us to capture innovation benefits	1	2	3	4	5
CC3	We ensure that the output of work is synchronised with the work of others	1	2	3	4	5
CC4	Employees are assigned to tasks commensurate with their task-relevant knowledge and skills	1	2	3	4	5
CC5	All firm functions are coordinate	1	2	3	4	5

SECTION D: FIRM PERFORMANCE

The statements below describe financial and nonfinancial measures related to firm performance. In a scale of 1-5 indicate the performance of your organization in the past three years.

		Strongly	Disagree	Undecided	Agree	Strongly
FIRM PERFORMANCE		RESPONSES				
FP1	There has been an increase in return on investment.	1	2	3	4	5
FP2	The company experienced an increase in sales growth.	1	2	3	4	5
FP3	The company experienced an increase in gross profit margin.	1	2	3	4	5
FP4	The company has achieved positive growth in number of customers	1	2	3	4	5
FP5	The company's relative market share improved.	1	2	3	4	5

THANK YOU FOR YOUR FEEDBACK

