

A review on dynamic capacities in strategic management

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ABSTRACT

Objective: The essence of strategic management in every enterprise is targeted at creating value and adding competitive advantage for food and beverage enterprise. In the rapidly changing and complex environment, dynamic capacities play an important role in achieving and sustaining competitive advantage. The main aim of this article is to identify the nature and components of dynamic capacities that have significant effect on strategic management.

Research Design & Methods: The research method is based on both theoretical and empirical review of literature. The theoretical review of literature is focusing on dynamic capacities and strategic management.

Findings: From the empirical review, it was revealed that dynamic capacities and strategic management are very associated as they are embedded in each other. Also, the organizations should take cognizance of innovation and efficient decision making which are revealed to be critical dynamic capacities that do enhance value creation and competitive advantage (strategic management). The aftermath of this is the inevitability of organizational profit.

Contribution & Value Added: The organizations should focus on product innovation and efficient decision making to enhance value creation and competitive advantage over their competitors. Future studies may examine the performance of dynamic capacities on enterprise in a technology turbulent situation vis-à-vis the proposition of happenings in the Industry 5.0.

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INTRODUCTION

With the changing dynamics towards the knowledge-based economy, competition in many of the enterprises has become more intense. Several enterprises are espousing different dynamics for marketing to enhance their competitiveness and keep them thriving into the unforeseeable future. Dynamic capacity is the enterprise's ability to methodically solve the challenges of associated with the capacity to predict strengths or opportunities and threats, and be positive about its in-house factors for the purpose of establishing efficient market decisions to transform its resource base.

This concept was at first originated by (Teece, Pisano, & Change, 1994) and was additionally explored by Teece *et al.* (1997), where emphasis was made that an enterprise's competitive advantage in a dynamic environment rests on the enterprises' stock of organizational capacities which makes it possible to deliver a constant stream of innovative products and services to customers (Ouyang *et al.*, 2016). Dynamic capacities the development of the company's organizational capacities by changing its resource underlying base (Eisenhardt & Martin, 2000). Both organizational and dynamic capacities can be called organizational routines, but with different outcomes. Organizational capacities enable services and goods production, whereas dynamic capacities enable development and renewal of organizational capacities.

In view of this, this present study aimed at identifying the nature of dynamic capacities that have significant effect on strategic management based on the review of scholastic studies. It is believed that food and beverage companies in Lagos Nigeria are target of this research. The research method is based on both theoretical and empirical review of literature. The theoretical review of literature focused on dynamic capacities and strategic management.

LITERATURE REVIEW AND THEORY DEVELOPMENT

Dynamic Capacity (DC)

The DC concept has been defined in many different ways in various studies. These definitions range from DCs as the ability to meet changes in the external environment (Eisenhardt and Martin, 2000; Lee *et al.*, 2002; Teece *et al.*, 1997; Zahra & George, 2002), DCs as the ability to achieve superior performance (Griffith & Harvey, 2001; Gavrea *et al.*, 2011; Zollo & Winter, 2002), DCs as processes (Eisenhardt & Martin, 2000), and DCs as the ability to create market change (Eisenhardt & Martin, 2000; Marsh & Stock, 2003).

Dynamic capacities (DCs) were developed in order to provide a framework to understand how enterprises achieve and sustain competitive advantage when faced with rapidly changing environmental conditions (Barney & Clark, 2007; Vanella *et al.*, 2013). It was a framework to inform managerial practice and build theory on enterprise performance, (Teece *et al.*, 1997). Interest in research on dynamic capacities has created a study focus on the processes within an enterprise that are aimed at developing and renewing its resource bases (Di Stefano *et al.*, 2010 Teece, 2012; Teece *et al.*, 1997; Wong, 2013).

The key implication of the concept of dynamic capacities is that enterprises are competing not only in terms of their ability to activate and exploit their existing resources and organizational capacities, but also in terms of their ability to renew and develop

them. In today dynamic markets, competitive advantage rests on the ability of an enterprise to renew the capacities and constantly develop, that form the basis for products and services offered (C. H. Lin *et al.*, 2008) Dynamic capacities are enterprise assets that are intangible, which involve identifiable and specific processes, stable and learned patterns of organizational routines and collective activities (Ambrosini & Bowman, 2009; Di Stefano & Verona, 2010; Eisenhardt & Martin, 2000).

Strategies Embedded in Dynamic Capacities

Dynamic capacities are adopted as an enterprise exhibits her character of adapting, renewing, reconfiguring and re-creating resources and core capacities to respond to changing business environments (Wang & Ahmed, 2007). New strategies emerge with the combination of those resources and capacities (Eisenhardt & Martin, 2000). These ultimately facilitate the creation of resources that are valuable, rare, inimitable and no substitutable in competing with others. Dynamic capacities thus address a fundamental question of how an enterprise improved performance and builds advantage in a competitive market place (Teece, 2007). (Soriano *et al.*, 2011) state that “dynamic capacities are necessary for identifying practices and business transformation that develop those capacities.” (Wilden *et al.*, 2007) Invariably, capability possession, deployment, and upgrading are important for the success of organizations (Luo & Saltzman, 2000; Silva & Araújo, 2016).

Teece (2011) proposed the adoption of dynamic capacities framework to help managers lead their enterprises in highly competitive global markets. This functional and useful framework is universal enough to provide guidance in a variety of situations. It is aimed at providing the intellectual structure for both theoretical and applied analysis of strategic management and other concerns of business managers. Dynamic capacities are directed towards aligning the organization with the environment and strategic change (Zahra *et al.*, 2006). They are further seen as the enterprises’ capacities to: sense and shape opportunities, seize opportunities, redeploy and reconfigure (create, extend and modify) their resource base (Teece, 2007). Shaping and sensing opportunities and threats involves searching, scanning and exploration activities across technologies and markets (Teece, 2011; K. Z. Zhou & Wu, 2010).

This obliges the organization to maintain close relationships with customers, suppliers and RandD partners, and to observe best practices in the industry. Seizing opportunities entail the evaluation of existing and emerging capacities, gaining access to investments in relevant designs and technologies that are likely to achieve marketplace acceptance which focuses on taking advantage of opportunities for value creation and competitive advantage (Harreld, *et al.*, 2007; Teece, 2007; Zhuang *et al.*, 2006). The enterprise’s capacity to recombine resources and operating capacities reconfigures the resource base which will enable the enterprise to grow, and markets and technologies also to change (,Rothaermel & Hess, 2007; Teece, 2007).

It is the alignment of the assets of the enterprise to achieve the best fit, in order for strategy to be aligned with structure for effectiveness. This is depicted in the Figure 1.

Teece’s (2012) framework of dynamic capacities identifies several universal megatrends that influence the contemporary business enterprises operating in hyper competitive environments. This is against the backdrop of the traditional economic mode where competitive advantage is predicated on economies of scale and scope. Other basis for competitive advantage not related to economies of scale is the generation, ownership and

management of intangible assets. According to him, the idea of intangible assets has risen to overshadow economies of scale in importance as an enabling factor for organizations to exert a competitive edge and sustain a successful position. Intangible assets characterize the ideas and overall intellectual capacity and resource of an enterprise which is utilized to run its business and have a competitive edge. Contrasted with tangible assets which are physical, intangible assets are the ideological tools strategically deployed by managers to enhance its operation and remain competitive (Kihara *et al.*, 2016).

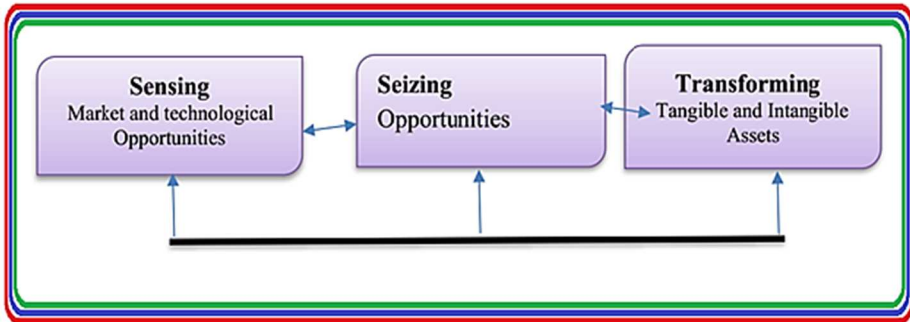


Figure 1. Dynamic capacity

Source: Teece (2007).

Teece (2012) stresses intangible assets as a very powerful class of assets with strong implication for establishing and maintaining competitive edge at the level of the enterprise. He identifies several features of intangible assets as hard to build; difficult to manage; difficult to be traded or transferred; costly to transfer and difficult to specify in a contrast. The implications of these features are that intangible assets are more difficult to procure and access than tangible assets. He further identifies two major classes of intangible assets as technological know-how and business model. He further said that these intangible assets ought not to be used alone but combined with other assets and resources for optimal benefits to the organization.

Since of themselves they are not sufficient to yield value, but combined with other intangible assets or physical assets, they are merged as product to yield value for the customer. On this basis, Teece concludes that ownership of resources or the control of complementary assets is necessary for competitive success. As dynamic capability enhances competition, the comprehensive view of the business environment enables enterprises to survive and achieve their potentials.

Teece *et al.* (2007) identified that the attainment of sustainable competitive advantage is a function of enterprise's processes, positions and paths. Dynamic capacities are often characterized as idiosyncratic and unique processes that emerge from individual enterprises with path-dependent histories (Teece *et al.*, 1997). They are identified as complicated routines comprising a variety of processes (Prommaratet *et al.*, 2015). They further argued that the competitive advantage of companies lies within their managerial and organizational processes, shaped by specific paths and positions available to them.

Eisenhardt and Martin (2000) perceived dynamic capacities as basically processes in terms of strategic or organizational routines through which enterprises reconfigure their

resources to respond to or create market change. As dynamic capacities enable the enterprise to match its internal strengths with external opportunities through the change of internal resources, they ensure long-term advantages (Teece, 2007). Enterprises that lack dynamic capacities accrue only short-term benefits from their current resource configuration, which may fail to meet market requirements in the future. Dynamic capacities are at the top of many scholars' research agenda owing to the increasing importance of dynamic market environments in the real world (Daniel & Wilson, 2003; Salvato, 2003; Zott, 2003).

MATERIAL AND METHODS

The research method of this study is based on both empirical analysis of literature. It is pertinent to note that the theoretical review of literature focused on dynamic capacities and strategic management.

Empirical Literature Analysis

Earlier research approaches, like the resource-based view (Barney, 1991; Penrose & Penrose, 1958), propose matching external organizational opportunities and threats with the internal resources of the company to identify opportunities and risks that will shape unique selling positions. The essence of DCs lies in the emphasis on capacity to renew competencies and to strategically manage internal and external organizational skills, routines and resources as the origin of competitive advantage in changing business environments (Banjongprasert, 2013). Driven by turbulent competition from the 1990s, various enterprises have attempted to identify the approach that drives competitive advantage in line with dynamic markets which is captured in the notion of DCs, it is believed to provide sustainable and superior enterprise performance (Banjongprasert, 2013).

Various literatures reviewed disclose an emerging pattern of what dynamic capacities really are. They are mostly seen as path dependent and intentional processes that are the result of the managerial decision making that has the goal of creating, expanding, or changing enterprise's resource configurations with the intention of achieving a particular end result (Eisenhardt & Martin, 2000). Though DC and RBV are both sharing the same assumptions, DCs is seen different in two main ways; firstly, RBV being static in nature, is insensitive to the environmental change while DCs is concerned with the changing environment. Secondly, RBV theory's focus is on the best way of utilizing the enterprise's resources bundle, unlike DCs that is focusing on the best way to integrate, renew, reconfigure and recreate the resources bundle. It is against this backdrop that Teece *et al.* (1997), from the RBV perspective, an enterprise that create wealth through the selection of rational alternative among the potential set of resource bundle.

On the contrary DCs is designed to create wealth for the enterprises operating under rapid technological change environments with the objective of sustaining competitive advantage by changing the resource base. Dynamism can be defined as the dynamic heterogeneity that characterizes the organizational environment (Pratono *et al.*, 2016). This is manifested by the amount of change in technologies, customer preferences and modes of competition in the enterprise's principle industries (Miller & Singh, 1994). Environmental context can be important to the analysis of resources and performance as diverse environments entail different valuations of resources (Penrose, 1959). Moreo-

ver, Teece and associates (Teece *et al.*, 1997) expound the meaning of dynamic capacities and their importance for achieving competitive advantage in shifting environments. It is suggested that dynamic capacities are ineffective at providing a basis for sustainable competitive advantage Eisenhardt and Martin (2000). Thus, competitive advantage for the potential for lies in the use of dynamic capacities to create enterprise-specific functional competences that contribute to that advantage.

Researchers accept the existence of several hierarchical levels of dynamic capacities and their multidimensional aspect (Ambrosini & Bowman, 2009; Eisenhardt & Martin, 2000; Govender *et al.*, 2002; Teece *et al.*, 1997; Winter, 2003; Zahra *et al.*, 2006). The three (3) capacities levels that are prominent are the higher order capacities, first-order capacities, and zero-order capacities. The zero-order capacities used in the day-to-day processes and operations of enterprises and are often referred to as operational or substantive capacities (Coff & economics, 2003; Helfat *et al.*, 2007; Wang *et al.*, 2006; Zahra *et al.*, 2006; Zaidi *et al.*, 2011).

In this study, the zero-order capacities identified as enterprise's operations constitute the resource base of the company, together with the resource bundles that the company controls or may access easily (Ambrosini & Bowman, 2009). These capacities are sought to act in equilibrium as they do not involve any change in how the enterprise operates (Helfat *et al.*, 2007), they comprise enterprise's operations, such as manufacturing, marketing, or logistics, and define the ways in which the company makes its living without changing any of its existing procedures. For example, the preparation of an annual marketing plan for an existing product constitutes an operational capability. In contrast, the first-order capacities involve changes in ways the company works and interacts with the markets (Winter, 2003).

The first-order capacities modify the elements of the enterprise's operations and enable the introduction of changes in day-to-day activities through deployment and reconfigurations of existing enterprise's assets, that is, the resource base (Collis, 1994; Helfat *et al.*, 2007; Winter, 2003). The first-order capacities are seen as the leveraging dynamic capacities. While the higher-order dynamic capacities have the ability of modifying and regenerating the leveraging capacities to induce deliberate and targeted change in the way a company makes its strategy (Ambrosini & Bowman, 2009; Winter, 2003; Zahra *et al.*, 2006; Zott, 2003). As the first-order capacities build on the existing resource base, the higher-order capacities are applied in the objective of the extension and the renewal of the resource base. For instance, Winter (2003) calls them game-changing capacities and refers to them as deliberate investments in organizational learning.

They play important roles in sensing and seizing new opportunities and in search and selection of new resources to incorporate them in the resource base of the company. They allow for indirect renewal and enhancement of the enterprise's resource base and without them the leveraging capacities (deploying the existing and available resource base) bear the risk of becoming core rigidities of the company (Ambrosini & Bowman, 2009). The higher-order capacities manifest through the company's learning practices directed towards the development of innovation in its strategic marketing for a swifter recognition of new market opportunities. It equally manifest through the organizational learning and external knowledge absorption (Ambrosini & Bowman, 2009; Cohen & Levinthal, 1990;

Winter, 2003; Zahra *et al.*, 2005), creating network-based opportunities through the relational capability (Capaldo, 2007; Kale & Singh, 2007)), and developing decision-making processes through dynamic managerial capacities (Adner & Helfat, 2003; Winter, 2003) and reside within the company's structure.

Regarding the components of DCs, Wang and Ahmed (2007) identified three component factors which reflect the common features of DC's across enterprises, that is, the absorptive capability and innovative capacity, adaptive capacity. Wang and Ahmed (2007) defined them all. Absorptive capability is the ability to identify and apply external information for commercial means (Cohen & Levinthal, 1990). The enterprises with higher absorptive capability are well able to learn from partners and transform learned knowledge into competences (Chou, 2005; Gavrea *et al.*, 2011). He further sees innovative capacity as a "enterprises' ability to develop new products or markets".

The argument is that these factors explain the confusion behind how resources and capacities can be used to sustain long term enterprise performance (Wang & Ahmed, 2007). Additional contributions discuss enablers and antecedents of dynamic capacities. Ambrosini and Bowman (2009) discuss internal factors and external factors as inhibitors and drivers for dynamic capacity. (Talaja & Horizons, 2013) on the other hand, identified four(4) basic elements of dynamic capacities as new product development capacity, market disruptiveness capacity, new process development capacity, and idea generation capacity.

Idea generation capacity can be explained as the development of new and future ideas for entrepreneurial endeavours. Market disruptiveness capacity refers to the behavior of companies in the context of aggressiveness and persistence in introducing innovation to the market. It indicates the extent to which the company creates the dynamism of the market. New product development capacity is related to the development of new products and services, the quality of new products and services and the variety of new products and services in relation to the largest competitors. New process development capacity refers to the performance of innovation adaptation and process of tackling existing processes with new technology. New product development capability and new process development capacity from the classes made by McKelvie and Davidson (2009) can be seen as parts of innovative capacity considering the definitions from the main authors (Miller & Cardinal, 1994; Wang & Ahmed, 2007).

Ambrosini and Bowman (2009) opined that external factors such as the nature of the market and the enterprises' history for example determine the enterprises' ability to react to market fluctuations. While the internal factors such as managerial behaviour, social capital and trust for example determine the organizations ability to develop DC's. (Eriksson, 2014)also argued that the creation of DCs rests on internal and external antecedents. Internal antecedents; structural and social, and external antecedents; environmental, networks and relationships influence the organization ability to develop and sustain DCs (Eriksson, 2014). There is a large variety of available reviews that explains the variables of the DC. DCs consist of several classes of factors that can help determine an enterprise's distinctive competencies. These factors are processes, positions and paths and they can be considered as the main variables for the theory. Essentially these factors explain the enterprise's DCs and the sources of competitive advantage (Brandenburger *et al.*, 1996; Teece *et al.*, 1997).

Teece *et al.* (1997) explained in their work that DC are processes shaped by paths and positions, and those processes include integration and co-ordination, learning and reconfiguration. While paths and positions are the external and internal forces enabling and constraining DC. The internal position relates to the company's assets which includes; its stock of technological, financial, complementary, reputational, and structural assets. The external position refers to the enterprise vice versa its institutional environment and its markets. Teece *et al.* (1997) explain that the company's position will have a bearing on the company's strategic standing and how competitive advantage could be gained. Processes, positions and paths are the main variables of dynamic capacities, they are subsequently discussed further.

Processes describe of doing things in the enterprise. They comprise three roles (Teece *et al.*, 1997) the first role; coordination/integration is considered a static concept and it presents the idea that managers are in charge of coordinating and integrating activities within the enterprise (Teece *et al.*, 1997). The degree to which internal coordination and integration is effective and efficient can explain the difference between an enterprise's failure and success. Evidence shows that the way in which production is organized and managed can determine the differences in enterprise competences (Teece *et al.*, 1997). An example could be Japanese manufacturing companies like Toyota, which are able to maintain competitive positions in global market places through excellent managerial and production practices such as total quality management (Andersen, 2001; Phan *et al.*, 2011).

The second role; learning, is considered to be a dynamic concept and represents a process by which experimentation and repetition aids things to be done better and more quickly (Teece *et al.*, 1997). Learning involves individual skills and it is organizational and the organizational knowledge brings about learning resides in new patterns of interactions that represents successful solutions to particular problems (Teece *et al.*, 1997). The concept of DC's as coordinative management process provides potential for inter-organizational learning. Collaborations and partnerships can be a driver for organizational learning, enabling the recognition of dysfunctional routines as espoused by researchers (Teece *et al.*, 1997). Ambrosini and Martin (2000) further stated that "learning mechanisms, such as repeated practice guides the evolution of DCs because it helps gain a deeper understanding of processes and thus helps develop more effective routines"(Ambrosini *et al.*, 2009, p.29-49).

The third role is the reconfiguration and transformation, presents the enterprise's ability to be aware of the need to reconfigure the enterprises' asset structure, and the ability to transform internal and external assets (Teece *et al.*, 1997). Organizations need to observe markets constantly to detect progressions in technologies and they need to be willing to adapt these progressions in order to achieve best practices (Teece *et al.*, 1997). Karim (2006), found that "organizational structure reconfiguration was a DC because it enables business units to recombine their resources and to adapt to environmental changes, such as changes in customer demand" (El Gizawi, 2014, p. 289).

Paths refer to the alternatives that are strategically available to the organization, its history and path dependencies. Path dependencies explain that where an enterprises' future lies are a function of its current position and its history. The technological opportunities that an enterprise has depend on how fast the industry is evolving and how fast scientific breakthroughs are being made(Teece *et al.*, 1997).

It can be said that these three variables combined comprise the core model of DCs (Teece *et al.*, 1997). The three factors aid the ability to react to market fluctuations

appropriately and efficiently so as to use resources most efficiently in order to outperform competition. In essence, this can be considered as the main hypothesis of the theory as also stated by (Latif *et al.*, 2018), that DCs have a positive impact on competitive advantage.

The argument behind this idea is that these factors can only provide competitive advantage if they are based on a collection of routines, skills and complementary assets that are difficult to imitate and replicate. The ease of imitation can determine the sustainability of competitive advantage. As discussed earlier, usually these enterprise specific assets cannot be bought, implying that they are embedded within enterprises which limit imitation, making it unique to an enterprise; it enables the enterprise to achieve a competitiveness (Ahmad, Othman, & Lazim, 2014; Teece *et al.*, 1997).

Eisenhardt and Martin (2000) posit that dynamic capability processes comprise specific and identifiable routines which have been researched widely. They suggested several processes that are used as examples of dynamic capacities, such as product development, which combines various skills in cross-functional teams; strategic decision making, which entails pooling of diverse business, functional and personal expertise; and alliance and acquisitions routines, which comprises new resources, before and after acquisition routines and many others. In order to study in an integrated way, the impact of DC on company performance it is useful to abstract from specific processes and routines and to consider broader composite dimensions.

Coordination processes interface and connect single routines through communication, task assignment, scheduling and other related activities. According to Teece *et al.* (1997) the lack of efficient coordinating and combining of different tasks and resources may explain why apparently changes technology have obvious effects on incumbent company and competitive positions in the market. Capability to learn can be conceived of as a main means of attaining renewal strategically. Renewal necessitates organizations to explore and learn new ways while at the same time exploit what they have already learned (Zhou *et al.*, 2020).

Learning is an essential process which through experimentation and repetition leads to the better and quicker resolution of specific problems and at the same time enables the company to see new opportunities in production. Learning processes are multi-level and dynamic (Teece *et al.*, 1997). Although innovative ideas and insight may occur to individuals, but with individually generated knowledge shared within the organization's context, it will be institutionalized as an organizational artefact.

Dynamic capacities have also been found to be an important part in the product innovations and advanced uses of technology in different organizations. It can be realized that the focuses of dynamic capability on the changing needs of both the company as well as its customers and prepares an enterprise accordingly to face the challenges encountered due to the changing business environment. In other words, the concepts of DC help enterprises to adapt to the changes in the business environment. When dynamic capacities (DC) are involved in product technological and innovation changes, the enterprises also get assisted through the solutions available to technical problems and implementation of new processes and techniques (Afuah, 2002; Shylesh *et al.*, 2010; Zhang, 2007)

The greater need and importance of dynamic capacities arise owing to the constant changes that are prevailing in the business environment. Marketing capacities have been

found to have a great positive influence on the economic performance of an organization in the global market. (K.-W. Lin & Huang, 2012) conducted a study on the significance of the dynamic capacities as observed in relation to company performances, enterprise networking and accomplishments of objectives and goals, it may be drawn as a conclusion that DC have a major role to play in the organizational management where the managers and leaders are facilitated in their decision making towards organizational success.

DC can be observed as focusing on various aspects of an enterprise dealing with technological advances and product innovations, handling and facing challenges from the changing business environment as well as improving the performance of the enterprise as a whole. The development of different propositions also reflects the increasing importance of dynamic capacities in organizations that managers are integrating in their strategic management practices all the more from before.

FINDINGS

Following basic characteristics of the dynamic capacities stand out: dynamic capacities are enterprise-specific, which means solutions to enterprise issues are purposefully carried out by human activity. The solutions are created inside the enterprise, built rather than bought in the market. DCs can be acquired over time on the basis of experience, investments made and knowledge accumulated.

This way, the enterprise is able to react in a timely fashion to the new opportunities and threats arising from the environment and also create external and internal change. Managing the dynamics of the competitive advantage (updating, safeguarding, creation and if needed, dismantle of existing competitive advantage) is realized through resource base modification. This has effect on company performance indirectly, but the impact is not often positive. It can likewise affect enterprise's performance negatively providing that dynamic capacities have been inadequately developed. Its direct impact on the company's economic performance as their creation, usage generates expenditure and development.

Therefore, in order to achieve the organizational targets, DC should be identified whereas benefits, forecast and collectable costs shall be compared and evaluated; dynamic capacities are unique and inimitable of any business entity or organization. Uniqueness arises from element combination. We can then say that in the key characteristics of organizations DC demonstrate similarities and specifics in terms of details; dynamic capacities seem to be vibrant in turbulent environment though they tend to develop in response to various circumstances, not just environmental changes. They ensure the long-term survival of the company and its progress (Eliasson *et al.*, 2006).

CONCLUSIONS

The concept of DCs has gained popularity among scholars in the strategic management field. The main objective of DCs is not just to achieve competitive advantage but most importantly is to sustain the competitive advantage under challenging environment. It is a high order-capability usually in the form of intangible (processes / skills / routines / capacities) assets. The intangible processes/skill/routines/capacities can only be the

source of DCs when they are valuable, rarely available in the market, difficult-to-duplicate by competitors, and non-substitutable that grows from path dependency and heterogeneity between enterprises.

The field of strategic management is essentially concerned with how enterprises generate and sustain competitive advantage, while the dynamic capacity perspective emphasizes on improving the capacity of organizations facing rapidly changing environment to create new resources, renew its mix resource. It acknowledges that “the beliefs about organizational evolution and its top management team are fundamental in developing dynamic capacities”. With respect to the policy implication, the organizations should focus on product innovation and efficient decision making to enhance value creation and competitive advantage over their competitors. Future studies may examine the performance of dynamic capacities on enterprise in a technology turbulent situation vis-à-vis the proposition of happenings in the Industry 5.0.

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The contribution share of authors is equal and amounted to 50% each of them.

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