

Dynamic Capabilities and Growth of Small and Medium Tourism Enterprises during the COVID-19 Pandemic: The Role of Organisational Innovation

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Abstract

The purpose of this research is to investigate the influence of dynamic capabilities on the growth of small and medium tourism enterprises (SMTEs) as well as the mediating effect of organisational innovation on the relationship between dynamic capabilities and business growth. Empirical evidence based on a survey conducted on a sample of 250 Zimbabwean SMTEs was used to test the study's hypotheses. The findings illustrate that sensing, integrating and reconfiguration capabilities play a significant role in the growth of SMTEs, and that organisational innovation mediates the impact of dynamic capabilities on firm growth. This study demonstrates the benefits of understanding the relationship between the three types of dynamic capabilities, organisational innovation, and firm growth. The research offers managers insight into the aspects on which to focus their efforts to enhance their firm's capacity to grow. While most of the prior studies have conceptually investigated the financial performance of uni-dimensional dynamic capabilities of large firms in the manufacturing sector, this study made a significant effort to quantitatively examine both the financial and non-financial growth potential of SMTEs in the tourism sector through three forms of dynamic capabilities.

Keywords: Dynamic capabilities; sensing capability; integration capability; reconfiguration capability; organisational innovation; firm growth

Introduction

The COVID-19 pandemic emerged for the first time in China in December 2019 (Price, 2020). The unprecedented spread of COVID-19 infections led to enforced lockdown regulations in Zimbabwe from the 27th of March 2020 (Mashingaidze, 2022). The national lockdown banned all social gatherings and unnecessary movement of people in and beyond borders (Price, 2020). These measures led to widespread losses, and consequently the closure of many businesses (Mashingaidze et al., 2021; Popović-Pantić et al., 2020). Overall, the pandemic brought an economic crisis of a magnitude unprecedented in current times (Ngalawa & Derera, 2020).

This amplified the economic challenges faced by many businesses in developing countries, including the small and medium tourism enterprises (SMTEs) (Muresherwa, 2022; Shumba et al., 2020). The Covid-19 global pandemic and its lockdown regulations have been detrimental to the hospitality sector (Bhoola, 2022).

According to Seow et al. (2020), SMTEs dominate the tourism industry landscape worldwide as they constitute more than 95% of global tourism enterprises. Hence, Matura et al. (2021) note that a key indicator of a thriving and strong tourism economy is the existence of a well-established SMTE sector. Surprisingly, SMTEs have received little attention in terms of research into their management behaviour and growth in developing countries (Mjongwana & Kamala, 2018; Matikiti-Manyevere & Rambe, 2022). Growth is particularly crucial to SMTEs, as they are increasingly under threat given the viability and sustainability challenges during the COVID-19 pandemic period coupled with intense pressure to improve their competitiveness (Muresherwa et al., 2022; Seow et al., 2020).

According to Greene and Rosiello (2020), the effects of the COVID-19 pandemic have highlighted the importance of dynamic capabilities to SMTEs. 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 organizational capability building (O’Dwyer & Gilmore, 2018). Chinakidzwa and Phiri (2020) note that the only enterprises that survive and grow during unprecedented times such as those experienced during the pandemic are businesses that recognise dynamic capabilities as a key factor in an organisation’s innovativeness and competitiveness. Despite dynamic capabilities being a relatively young field of strategic management research, several scholars (Girod & Wittington, 2017; Zhou et al., 2019) suggest that dynamic capabilities can improve organisational performance and growth. However, Teece (2018) notes that, despite their significant contribution to performance, dynamic capabilities alone are not adequate for a firm’s performance improvement. According to Eikelenboom and Jong (2018), much of the literature focuses on the performance impact of dynamic capabilities, with little attention being paid to the understanding of how dynamic capabilities help SMEs to grow (Zhou et al. (2019).

According to Mashingaidze et al. (2021), growth is a central characteristic of entrepreneurial behaviour. Growth is integral to a firm’s marketing orientation, which involves discovering new sources of customer value and creating unique combinations of resources to heighten business endeavours (Rezaei & Ortt, 2018). Mabenge et al. (2020) believe that firm growth includes both the financial and non-financial aspects of performance measurement from the stakeholders’ view. The hypothesis of this paper is that dynamic capabilities should be considered as the primary source of growth which enable SMTEs to identify threats or opportunities in the business environment, and to find ways to neutralise or exploit them by using the firms’ resources and capabilities (Teece, 2018).

Because of SMEs’ restricted financial, technical and managerial resources to spend on Research and Development (R&D) and highly developed systems/technologies (Brouthers et al., 2015), dynamic capabilities can assist SMTEs to scan the environment, understand the marketplace and create and seize opportunities (Eikelenboom & Jong, 2018). Researchers (Altinay et al., 2016; O’Dwyer & Gilmore, 2018) have thus become increasingly willing to uncover why some SMTEs are more value-generating than the others. Some studies have advocated that dynamic capabilities should enable SMTEs to search for and seize new ideas, and to integrate and coordinate the firm’s resources and capabilities to create value (Ngugi et al., 2010; Ko & Liu, 2017; Scuotto et al., 2017; Mennens et al., 2018). However, the existing literature has not been well informed by dynamic capabilities view (DCV) to explicate clearly

the relationship between competitive strategies, dynamic capabilities and growth in SMEs. This research aims to systematically address the following two research objectives: a) establishing the influence of dynamic capabilities on the growth of SMTEs in Zimbabwe; and b) establishing whether a firm's innovation mediates the relationship between dynamic capabilities and growth among SMTEs in Zimbabwe.

The study contributes to the attainment of the Sustainable Development Goal (SDG) 9 which incorporates industry and innovation (Mabenge et al., 2020). In Zimbabwe, SMTEs are one of the essential drivers of economic growth. Dynamic capabilities and innovations can create space for the SMTEs to grow, and assist in achieving national economic development goals. By addressing these research objectives, we aim to contribute to resource-based theory (RBT) in both theoretical and empirical senses, through considering dynamic capability as a multidimensional factor (as opposed to the uni-dimensional approach adopted in most of the previous works). The paper is structured as follows. First, an overview of the literature is provided. This is followed by the presentation of the methodology used in the research study. Thereafter, the research findings are presented and discussed. Lastly, the implications of the study are discussed, along with some recommendations.

Literature review

Dynamic capability

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 & Raubitschek, 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 Teece's (2000) three dimensions i.e., sensing, integrating and reconfiguration.

Sensing capability

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).

Integration capability

According to Rashidirad and Salimian (2020), integration capability enables firms to combine individual knowledge into the firm's operational capabilities. This dynamic capability focuses more on the efficient and effective transfer of technology/information between and among the various organisational units of a firm (Teece, 2019). 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 (Krittapha & Sirintorn, 2019). According to Tempelmayr et al. (2019), resource integration capability can help firms to connect separate organisational units because it can help ease potential contractual problems. Zhou et al. (2019) note that integration capability also includes the capacity to integrate with external resources and markets, as well as integrating knowledge of emerging technologies.

Reconfiguration 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).

Firm growth

Altinay et al. (2016) note that the growth and performance measurement of SMEs is complex. Earlier researchers has used many approaches, including stochastic, evolutionary, descriptive, learning, resource-based, and deterministic approaches. These studies emphasised the growth of SMEs through managerial strategies, qualities of the entrepreneur, environmental and firm characteristics (Reijonen et al. 2012). Various indicators have been employed in evaluating the growth of SMEs, for instance, sales growth, market share growth, and employment growth (Altinay et al., 2016), profitability and sales turnover (Qian et al., 2017), and productivity, growth, market share and customer satisfaction (Al-Matari et al., 2014; Mabenge et al. 2020). Altinay et al. (2016) claim that one major challenge encountered in gathering growth data for SMEs is that the owner/managers are often unwilling to supply accurate data. This study therefore relies on more than one measure to evaluate the growth of SMTEs in Masvingo, Zimbabwe. The measurement of growth consists of financial (return on investment, sales growth, gross profit margin, working capital ratio) and non-financial growth measures (fixed assets acquired, employment growth, and market share growth).

Organizational innovation

According to Mabenge et al. (2020), innovation is a multi-dimensional construct. Urban and Verachia (2019) note that firm innovation includes activities aimed at implementing new or remarkably improved process, product, and service, together with accompanying organisation

methods (Szłapka et al., 2017). The Organization for Economic Co-operation and Development (OECD) (2005:46) defines innovation as “the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organisation or external relations”. Previous definitions limited innovation to technological product and process (TPP), however, the OECD’s definition extends the innovation concept to the firm level.

Mabenge et al. (2022) note that the innovation literature is rooted on the seminal work of Schumpeter (1934). Gault (2018), states that organizational innovation (OI) comprises the implementation of new or noticeably improved structural and administrative processes in the business practice. In the same spirit, Kahn (2018) adds that OI comprises substantial changes in the structure of the organization, workplace environment and new forms of management (Kahn, 2018). Makanyeza and Dzvuke (2015) claim that OI aims at enhancing firm performance through reducing operating and administration costs, and enhancing work efficiency.

Hypotheses development

Sensing and firm growth

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. Based on the aforementioned positive relationship between sensing capability and performance, we propose the following hypothesis:

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

Integration and firm growth

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. Osisioma et al.'s (2016) study revealed a significant positive relationship between integration capability and the performance of Nigerian commercial banks. Based on the reviewed literature, we propose that:

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

Reconfiguration capability and firm growth

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. We propose the following hypothesis:

Hypothesis 3: Reconfiguration capability has a positive and significant influence on the growth of SMTEs in Zimbabwe.

Mediating effect of organisational innovation

Dynamic capability enables researchers and practitioners to trace how enterprises can sustain their competitive advantage (Schilke et al., 2018). The effective application of dynamic capabilities, given appropriate technological innovation, can enhance the growth of firms (Mennens et al., 2018; Ringov, 2017). In this paper, organisational innovation, as one of the key elements of organisational settings, is used to explore its mediating influence on the link between dynamic capabilities and the growth of SMTEs. The reason for this is that organisational innovation is being adopted to configure other organisational settings such as systems and processes to deal with environmental uncertainties (Helfat & Raubitschek, 2018; Mabenge et al., 2020). In this paper, it is hypothesised that firms can grow if they implement their innovation strategy based upon their capabilities. Therefore, an innovation strategy, as a source of competitive advantage, could be challenging for rivals to imitate if it is buttressed by dynamic capabilities. The paper argues that dynamic capabilities enable SMTEs to grow if they are supported by organisational innovations.

Past studies provide evidence that organisational innovations positively contribute to firm growth (Abdu & Jibir, 2018; Chen et al., 2018; Madila et al., 2022). Indeed, firms implement technological innovations to grow their businesses. A study conducted by Mabenge et al. (2020) revealed that the influence of marketing innovation on performance is stronger in younger than older firms. Rashidirad and Salimian (2020) found that integrating, sensing,

learning, and coordinating capabilities play a positive role in the SME's ability to create value. The relationship between dynamic capabilities and firm performance was mediated by the firm's competitive strategy. In light of the COVID-19 global pandemic coupled with globalisation, our study proposes that growth may not be perfectly accessible if SMTEs' dynamic capabilities are not fostered by the firms' technological innovations. Therefore we posit that growth of SMTEs could be achieved if SMTEs are able to innovate. Organisational innovations will assist SMTEs to deploy their dynamic capabilities in a way that can lead to firm growth. Based on the aforementioned discussion, we propose the following hypothesis:

Hypothesis 4: Organisational innovation mediates the positive effect between dynamic capabilities and firm growth

Methods

A positivist philosophy guided the data collecting and analysis for this study. The philosophy was appropriate given the research's aim to establish the cause and effect relationships among the different constructs (Saunders et al., 2019). Hence, a deductive approach was well suited to assess the relationships between dynamic capabilities constructs and firm growth. A cross-sectional design was employed to collect data from SMTE owner/managers in Masvingo Province, Zimbabwe. According to Matura et al. (2021), SMTEs in Masvingo Province experienced a decline in business, with the province being rated number 3 out of the ten tourist destinations in Zimbabwe (Zimbabwe Tourism, 2020).

The study's target population was all SMTEs registered with the ZTA in Masvingo. In Masvingo there are 250 SMTEs in the province as a whole (Matura et al., 2021). Since the population was small, a census sampling strategy was used for the study, with a total of 250 questionnaires personally distributed to respondents. The 250 respondents were owners/managers of SMTEs based in Masvingo Province, Zimbabwe. The study only required inputs from owner/managers since they were the office bearers with strategic information. The researcher explained the aim of the study before distributing the questionnaires. After being given assurance on confidentiality, respondents agreed to complete the questionnaires. Consequently, the study had a 100.0% response rate.

The structured questionnaire had four sections: Section A: Demographic characteristics; Section B: Dynamic capabilities; Section C: Innovation; and Section D: Firm growth. To measure dynamic capabilities, respondents were asked to indicate the extent to which their SMTE is dynamically competent to address a rapidly changing environment (Rashidirad & Salimian, 2020). Overall, 18 questions were provided in this section to cover three types of dynamic capabilities, i.e. sensing, integrating and reconfiguration (Teece, 2000, 2007). Organisational innovation was measured through two generic types of innovation, that is, market innovation and product innovation (Mabenge et al., 2020) while growth was measured using financial and non-financial indicators (Altinay et al., 2016; Qian et al., 2017; Al-Matari et al., 2014; Mabenge et al., 2020). A total of 3 items were used for each aspect of organisational innovation as well as business growth. The study used a five-point Likert scale such that respondents could indicate their level of agreement to statements regarding dynamic capabilities, firm innovation and firm growth. The response points were 1-strongly disagree, 2-disagree, 3-not sure, 4-agree, and 5-strongly agree. Both descriptive and inferential statistics were used to analyse the research data. The study used PLS-SEM as its multivariate statistical technique. This technique allowed the researchers to analyse multiple variables, and ultimately test the study hypotheses. PLS-SEM has been used in many articles in top journals (Zhou et al., 2019).

Results

Biographic data

The Biographic data of study respondents is shown on Table 1 below. These data are useful considering that they are applied in policy formulation and implementation (Mabenge et al., 2020; Mashingaidze, 2022).

Table 1: Biographic characteristics of study respondents (n=250)

Characteristics	Frequency	Percentage
Demographic Profile		
Gender		
Male	67	26.8
Female	183	73.2
Total	250	100
Position in the organization		
Owner	20	8
Manager	230	92
Total	250	100
Education qualification		
O/A Level certificate	29	11.6
Diploma certificate	86	34.4
Degree	80	32.0
Post-grad. degree	55	22.0
Total	250	100
Business profile		
Firm Age		
1 to 5 years	20	8.0
6 to 10 years	17	6.8
11 to 15 years	72	29.8
16 to 20 years	53	21.2
21 and over years	88	35.2
Total	250	100
Number of employees		
≤ 40	100	40
41-75	150	60
Total	250	100
Annual sales turnover		
Less than USD250 000	25	10
USD250 001-USD500 000	50	20
USD500 001-USDUSD750 000	120	48
USD750 001-USD1 000 000	55	22
Total	250	100

Source: Primary data

Table 1 above presents the sample profile of the study. It is noticeable that the bulk (92.0%) of the SMTEs were headed by managers, and not owners. Results also show that SMTEs were headed by more females (73.2%) than males (26.8%). In terms of education, the majority (34.4%) of the respondents had a diploma level of education while 32.0% had a degree. The majority (35.2%) of the tourism firms were in operation for more than 21 years. The majority (48%) of SMTEs were each generating between USD500 001-USDUSD750 000 annual sales turnover. Most SMTEs employed between 41 and 75 employees.

Reliability analysis

The results of the pilot study are illustrated in Table 2 below.



Table 2: Reliability test results

Measure	Alpha	Number of items
Dynamic capabilities	0.952	18
Organisational innovation	0.859	6
Firm growth	0.884	6
Total	0.899	30

The literature asserts that a higher level of Cronbach’s alpha with a recommended threshold higher than of 0.7 indicates good reliability of the measurement scale (Bryman & Bell, 2015). According to the results as indicated in Table 1, the Cronbach’s alpha for each of the research variables ranges from 0.859 to 0.952.

Correlation analysis

To determine the nomological validity of the proposed model, Pearson’s product-moment coefficient correlation was computed for the data set. Table 3 illustrates the correlation matrix.

Table 3: Correlation analysis (n=250)

Construct	SC	IC	RC	VC
Sensing capability	1			
Integration capability	0.404**	1		
Reconfiguration capability	0.408**	0.413**	1	
Firm growth	0.500**	0.428**	0.433**	1

**Correlation is significant at the 0.01 level (2-tailed)

Table 3 shows that at the p 0.01 level each pair of latent factors signifies a statistically significant correlation coefficient. As such, nomological validity can be asserted for the proposed effect that DCs and OI have on growth (Malhotra, 2010). Furthermore, there were no correlations that were very high (>0.80) indicating no multicollinearity amongst the constructs, and with the presence of nomological validity it was presumed safe to conduct structural equation modelling (SEM).

Table 4: Hypotheses results

Construct measured	Hypothesis	Path coefficient	P-value	Rejected/supported
Sensing capability and firm growth	H ₁	0.889	***	Supported
Integration capability and firm growth	H ₂	0.765	***	Supported
Reconfiguration capability and firm growth	H ₃	0.861	***	Supported

* Significance level p<0.05, ** significance level p<0.01, *** significance level p<0.001

The results indicate that sensing capability ($\beta = 0.889$, $p = 0.000 < 0.05$) has a positive significant impact on the growth of SMTEs in Zimbabwe. Integration capability ($\beta = 0.765$, $p = 0.000 < 0.05$) also has a positive significant impact on the growth of SMTEs in Zimbabwe. Similarly, reconfiguration capability ($\beta = 0.861$, $p = 0.000 < 0.05$) has a positive significant impact on the growth of SMTEs in Masvingo.

Mediation analysis

In terms of mediation analysis the predictor variable was dynamic capabilities and the outcome variable was firm growth with organisational innovation acting as the mediating variable. A two-tailed significance level, set at the cut-off point p=0.05, was assumed.

Table 5: Mediation analysis

Relationship	Direct effect without the mediator	Direct effect with the mediator	Indirect effect
Dynamic capability→market innovation→firm growth	0.714***	0.483***	Significant mediated effect
Dynamic capability→process innovation→firm growth	0.714***	0.519***	Significant mediated effect

***Significant at p < 0.05 level (2-tailed)

As shown in Table 5, the direct path C (excluding the mediating variables) from dynamic capabilities towards firm growth was statistically significant, reporting a value of 0.714. Regarding indirect effect, a bootstrapping analysis was performed whereby 250 samples were requested set at a 95 percent confidence level. As such, and as per Table 5, the indirect effect of the path dynamic capabilities on firm growth behaviour through market innovation was statistically significant. Similarly, the indirect effect of another path i.e. dynamic capabilities on firm growth behaviour through process innovation was statistically significant. As the direct path is statistically significant, it may be asserted that market innovation and process innovation partially mediate the direct relationship of dynamic capabilities and firm growth behaviour. These partially mediated relationships can be seen when comparing the direct versus the indirect paths (0.714 vs 0.483; and 0.714 vs 0.519).

Discussion

The study investigated the impact of dynamic capabilities on the growth of SMTEs. The study also investigated the relative importance of the firm growth contribution of the three different dynamic capabilities in regard to SMTEs' innovation strategy. The study advances that an SMTE's innovation strategy significantly mediates its ability to derive growth from its dynamic capabilities, and it explains the extent to which an SME's innovation strategy influences its ability to grow. The results of the dynamic capability to growth relationships (H_{1-3}) support our hypotheses that different dynamic capabilities, i.e. (H_1) sensing, (H_2) integration and (H_3) reconfiguration lead to the growth of SMTEs in Zimbabwe. The findings support Teece's (2019) claim that firms that are better at sensing, integrating and reconfiguring are able to know and understand changing consumer needs and preferences, and consequently grow their market share. This validates earlier findings from previous studies. For instance, Chiarelli (2021) (in North America, UK and Europe) established that sensing, reconfiguration and integration capabilities significantly determine firm performance, while Yohanes et al. (2021) (in Indonesia) found that both integration and sensing capabilities positively affect firm performance. Studies in Nigeria (Azikiwe, 2021; Osioma et al., 2016) revealed that all the three sets of dynamic capabilities influence the performance and ultimately the growth of SMEs. These findings justify the non-financial value added by the three dynamic capability processes (adapted from the study of Teece, 2007) in a highly turbulent environment. These findings demand that SMTEs continuously search and seize new ideas, innovate new products/services and integrate and orchestrate their resources and capabilities to grow their markets. This is particularly crucial to SMEs because of their limitations and their sensitive competitive market position compared to their larger peers.

Our analytical findings of the relationship between dynamic capabilities, organisational innovation and firm growth provide additional evidence of the significant role of organisational innovation in enhancing firm growth from dynamic capabilities (H_4). The results reinforce the argument for the need to consider the mediating impact of enterprise background factors, such as organisational innovation, to examine their interaction with dynamic capabilities to enhance firm growth. The empirical findings provide additional evidence of the significant contribution of organisational innovations on the important relationship between dynamic capabilities and firm growth in SMTEs (Yohanes et al., 2021). Thus, the findings provide evidence that organisational innovations are important in supporting firms' dynamic capabilities. By developing dynamic capabilities and adopting a competitive strategy to mediate dynamic capabilities, SMEs can deliver value and thus create and maintain their competitive advantage in the market. Previous researchers have recognised the value of dynamic capabilities (Mikalef et al., 2017; Eikelenboom & Jong, 2018; Laaksonen & Peltoniemi, 2018). However, their focus

was on performance implications of dynamic capabilities. Through the findings of this study, it has emerged that to achieve growth, dynamic capabilities must be underpinned by organisational innovation (Yang et al., 2020). Thus, the significant role of organisational innovation is underscored owing to its direct impact on firm growth and its mediating effect on the dynamic capabilities-firm growth relationship.

Implications and conclusion

The empirical findings provide significant contributions to practice and theory in several ways. Given the COVID-19 pandemic, SMTEs are advised to learn how to develop their dynamic capabilities to be responsive to global changes, as well as continuously remaining open to innovations (Madila, et al., 2022). Bhoola, 2022). The study also advises SMTE owner/managers to invest in developing their sensing, integrating and reconfiguration capabilities in a way that leads to growth in market share. Thus, dynamic capabilities should be harnessed with appropriate organisational innovations to enable SMTEs to grow. The majority of prior work (Mabenge et al., 2020; Krittapha & Sirintorn, 2019; Yohanes et al., 2021; Chiarelli, 2021; Wamba et al., 2017) has investigated the impact of dynamic capabilities and organisational innovations on firm performance, whereas this study demonstrates the growth aspect of dynamic capabilities and organisational innovations. We believe that although examining firm performance is predominant in the studies, it may not be the most appropriate construct to study the impact of a firm's dynamic capabilities and organisational. This is particularly crucial considering that in this volatile environment firms aim at growing their market by producing new products and entering into new markets. Given the COVID-19 pandemic, the expected performance goals may not be achievable and measurable in the short term, but they can be witnessed through the growth of the firms. In terms of research context, this study contributes in that it provides scientific empirical evidence of dynamic capabilities in practice the tourism service sector in the Zimbabwean context - a volatile environment. The majority of the investigations on dynamic capabilities have been done in the manufacturing sector (Rashidirad & Salimian, 2020). This paper extends the existing knowledge base through focusing on the tourism and hospitality sector, a service industry.

The study has some limitations that offer avenues for further research. Firstly, the study could not yield a comprehensive causality between the dependent and the independent variable due to the cross-sectional approach to research. Hence, future studies need to employ a longitudinal study design to confirm the causality. Secondly, despite the generalisability of the study findings, it should be acknowledged that the Zimbabwean context, particularly in terms of economic and political instability, may bear some influence on the learning orientations of the participating SMTEs. This limitation calls for further studies across different countries with different political and economic contexts. The study was only delimited to three types of dynamic capabilities. Hence, had other types of dynamic capabilities been considered, a different set of findings would have been witnessed. Future researchers need to consider all the types of dynamic capabilities. Finally, future researchers need to assess the mediating effect of other variables, as the current study focused on organisational innovation. Such research would broaden the understanding of the relationship between dynamic capabilities and firm growth. Generally, despite these limitations, the current study provides an academic and practical contribution to the current debate on dynamic capabilities and the growth of SMTEs in a dynamic environment.

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