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KNUST

**THE EFFECT OF DYNAMIC CAPABILITIES ON FIRM PERFORMANCE. THE
MODERATING ROLE OF ENVIRONMENTAL DYNAMISM. A CASE STUDY OF
NATIONAL INVESTMENT BANK**

BY

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**A thesis submitted to the Department of Marketing and Corporate Strategy of the
School of Business, Kwame Nkrumah University of Science and Technology, Kumasi in
Partial fulfilment of the requirements for award of**

MASTERS OF SCIENCE MARKETING

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DECLARATION

I hereby declare that this investigation is my own work and has not been presented to any college or University for any award except for other people's work which have been duly acknowledged at the reference section. I therefore submit it to the Department of Marketing and Corporate strategy of Kwame Nkrumah University of Science & Technology (KNUST) for the award of a Master of Science (MSc) degree in Marketing. I am therefore responsible for the opinions, assessments, analysis and the exactness of its content.

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DEDICATION

This work is wholeheartedly dedicated to my entire family who have been my source of inspiration and which gave me the strength and joy to carry on the study. The next goes to the entire management and staff of National Investment Bank for their support. Also, to all my friends and colleagues for their support during this thesis work

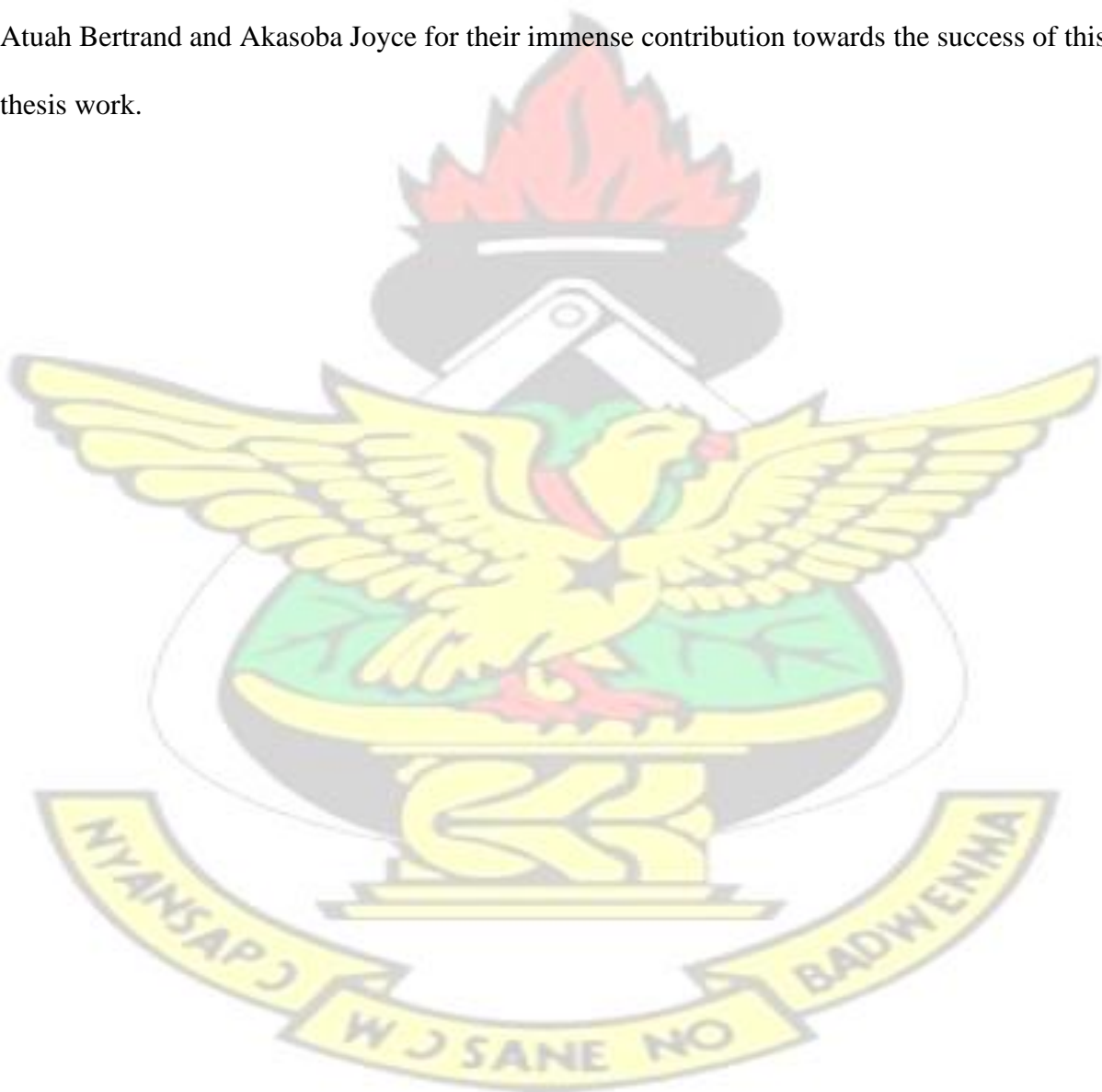
Final dedication goes to the Almighty God for his guidance, protection and good health throughout the study. I say Ayikoo



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All thanks to the Almighty God for the strength and life to complete this program and to my whole family for their support in diverse ways in these difficult times. Unqualified thanks also go to my Supervisor, Dr Enya Ameza-Xemalordzo for the immense support throughout and the struck regime to bring out the very best.

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ABSTRACT

The world is a global village, and things are changing very quickly. The corporate climate is evolving into one that is quite dynamic. The rest are sent home, only the greatest are left. A dynamic capacity to react to a dynamic environment is the initial thing that a whole business requires. The research is on the effect of dynamic capabilities on firm performance. The moderating role of environmental dynamism. The research seeks to assess the relationship between dynamic capabilities and firm performance, to examine the relationship between environmental dynamism and firm performance and to analyze the moderating role of environmental dynamism on the relationship between dynamic capabilities and firm performance

The research design used was the descriptive approach with the addition of deductive research approach. The research also employed the survey design with the use of purposive sampling being a non-probability sampling technique. The research employed the statistical package for social science software for the analysis. The outcome of the research shows a relationship among dynamic capabilities and firm performance. The outcome indicates a relationship among dynamic capabilities and firm performance. The sig. value which shows a statically significant demonstrates a relationship between dynamic capabilities firm performance. Also, the analysis shows that there is an association between environmental dynamist and firm performance. The correlation coefficient shows a strong correlation between dynamism and firm performance. There is a moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance. The results demonstrated that, the interactive effect of environmental dynamism and dynamic capabilities is statistically positive to firm performance. The results demonstrated that environmental dynamism moderate on the relationship between dynamic capabilities and firm performance.

TABLE OF CONTENT

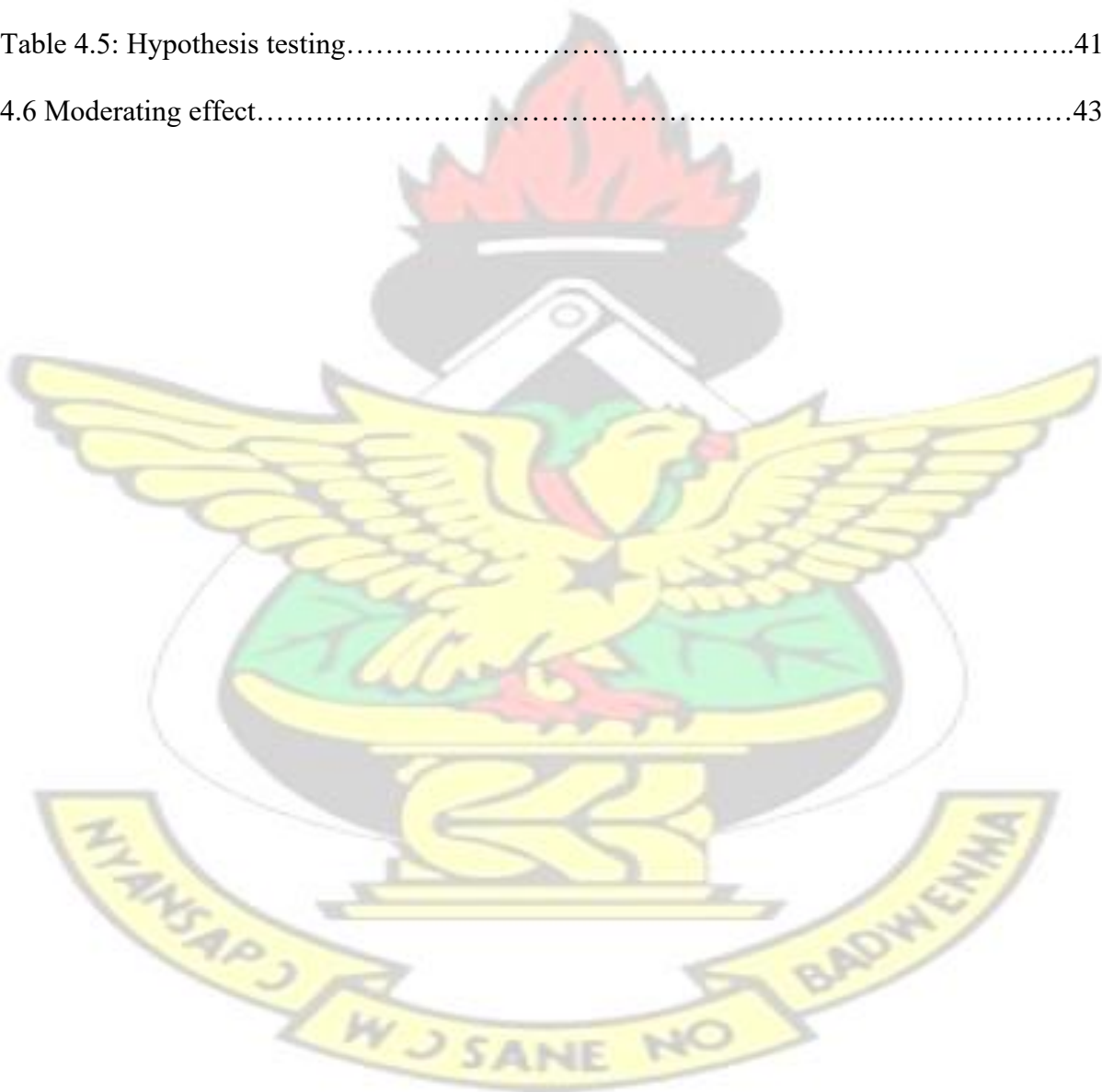
Contents	Page
DECLARATION	II
DEDICATION	III
ACKNOWLEDGEMENT	IV
ABSTRACT	V
TABLE OF CONTENT	VI
LIST OF TABLES	VIII
 Chapter One	 1
1.1 Background Of The Study	1
1.2 Problem Statement	3
1.3 Research Objectives	4
1.4 Research Question	4
1.5 Significance Of The Study	4
1.7 Overview Methodology	5
1.8 Organization Of The Study	7
 CHAPTER TWO	 8
LITERATURE REVIEW	8
2.0 Introduction	8
2.1 Dynamic Capabilities	8
2.2 Environmental Dynamism	10
2.3 Firm Performance	11
2.4 Theoretical Review	12
2.4.1 Dynamic Capabilities Theory	12
2.4.2 Innovation-Based Theory	13
2.4.3 Resource-Based View Theory	15
2.5 Hypothesis Development	17
2.5.1 Dynamic Capabilities And Firm Performance	17
2.5.2 Environmental Dynamism And Firm Performance	21
2.5.3 The Moderating Effect Of Environmental Dynamism	24
 CHAPTER THREE	 26
RESEARCH METHODOLOGY	26
3.0 Introduction	26
3.1 Research Philosophy	26
3.2 Research Design	27
3.3 Research Approach	28
3.4 Population Of The Study	28
3.5 Sample Size And Sampling Techniques	29
3.6 Data Collection Procedure	30
3.7 Sources Of Data	30
3.7.2 Pilot Test	31
3.7.3 Data Collection	32
3.8 Validity And Reliability	33
3.9 Data Analysis Method	33
3.10 Ethical Considerations	34
3.11 Limitation Of The Research	34
CHAPTER FOUR	

4.0 Introduction.....	35
4.1 Demographic Of Participant	35
4.2 Descriptive Statistics.....	37
4.3 Reliability.....	37
4.4 Multi-Collinearity Outcome.....	39
4.5 Hypothesis Testing.....	40
4.5.1 Relationship Between Dynamic Capabilities And Firm Performance.....	40
4.5.3 Moderating Effect Of Environmental Dynamism On The Relationship Between Dynamic Capabilities And Firm Performance	42
4.6 Discussion Of Findings.....	43
4.6.1 Relationship Between Dynamic Capabilities And Firm Performance.....	43
4.6.2 Relationship Between Environmental Dynamism And Firm Performance	43
4.6.3 Moderating Effect Of Environmental Dynamism On The Relationship Between Dynamic Capabilities And Firm Performance	44
CHAPTER FIVE.....	
5.1 Summary Of Findings.....	46
5.1.1 Relationship Between Dynamic Capabilities And Firm Performance.....	46
5.1.2 Relationship Between Environmental Dynamism And Firm Performance	47
5.1.3 Moderating Effect Of Environmental Dynamism On The Relationship Between Dynamic Capabilities And Firm Performance	47
5.3 Recommendation	48
REFERENCE.....	50
APPENDIX 1.....	54



LIST OF TABLES

Table Measurement items.....	31
Table 4.1 Demographic of the respondents.....	36
Table 4.2 Descriptive statistics.....	37
Table 4.3 Reliability (Cronbach alpha).....	38
Table 4.4 Multi-collinearity Results.....	40
Table 4.5: Hypothesis testing.....	41
4.6 Moderating effect.....	43



CHAPTER ONE

1.1 Background of the study

The globe is a global village, and things are changing very quickly. The corporate climate is evolving into one that is quite dynamic. The rest are sent home, only the greatest are left. It is difficult for any business to survive in such an atmosphere, a challenge that has been brought to light in this manner (Khaliq and Zafar 2015). A dynamic capacity to react to a dynamic environment is the initial thing that a whole business requires. They contend that an organization employs dynamic capabilities specifically to respond to changes in the external environment. As a result, it enables the company to seize opportunities when they arise and assists it in making the necessary modifications to its daily operating routine and procedures. In today's highly competitive climate, a business must have dynamic skills to survive (Khaliq and Zafar 2015).

Dynamic capabilities are the means through which a company may combine, create, and set up internal and external capabilities to handle a quickly changing environment (Teece et al., 2014). Dynamic capabilities, in the opinion of Khaliq and Zafar (2015), are final and do give the company a foundation on which to build a long-lasting competitive advantage. In light of the fact that superior dynamic skills enable a business to develop functional competencies, a firm that possesses them will be able to maintain a competitive edge over its rivals.

The process of evaluating the effectiveness of activities and the efficiency of an organization is known as organisational performance (Al-Matari 2014). Performance measurement is the transformation of the complex reality of performance into structured symbols that can be referenced and interconnected. Compared to performance metrics, valuation and accounting, business administration is more significant in today's economy (Al-Matari 2014). Corporate performance administration is relevant to the corporate nature of the activities carried out by

the organization and its subsequent objectives. In addition, the value of the company can be described as the return on equity of the company by shareholders (Rouf, 2011). The business of the company is reported here by the company. Finally, a well-performing company will strengthen its management to unlock quality (Herly & Sisnuhadi, 2011).

The high degree of uncertainty of customers and rivals, as well as the high indications of shifting market dynamics and technological advancements in a given industry, are all related to a dynamic environment. Due to a solid fit between a strategic direction and the environment in such a dynamic environment where demand is still changing and opportunities are expanding, businesses that are focused on using new changes should get the best outcomes (Azadegan 2013,).

Environmental dynamism is also described as changes in the competitive environment that affect rivals' personalities and how they respond to customer demands and the state of the industry (Petrus 2019). Therefore, environmental dynamism indicates the magnitude and unpredictability of changes in consumer preferences, manufacturing techniques or services, and competitive strategies in the major industry players (Drnevich, and Kriauciunas 2011). Inventiveness is regarded as unpredictable, which includes the rate of inventions and developments in the economy as well as the irrationality or unpredictable nature of consumer behaviour. Consequently, Wang, et al. (2015) way of measuring environmental dynamism with technological developments, competitive pressure, and customers, as well as the structure of economic trends contains three parts: this same pace of adjustments and competitive pressure, this same unpredictable nature of technological advancements and competitive pressure, and the ambiguity of client behaviour. As a result, crucial components of environmental uncertainty include variations in branching layout, uncertain economic demands, as well as the potential for environmental disturbances.

1.2 Problem statement

Today's environments are evolving and growing extra competitive as a result of the adoption of emerging technologies, the spread of new business activities, as well as the escalating level of international competitiveness. Due to these difficulties, the business is compelled to innovate novel functional competencies throughout to remain competitive in the volatile environment (Khaliq and Zafar 2015). Dynamic environments urge a company to sense, reallocate, reconfigure, and refresh its current capabilities in order to adapt to environmental changes. In order to achieve this, a company needs to engage inside its capacity to create that specific outcome (Teece et al., 2014).

According to Taouab and Issor (2019), for an organisation to succeed in the business environment, it needs to be innovative so as to conform to the economic, social and political systems on the country by which it operate. Institutional performance has developed much attention in the aspect of research. An organization without performance will stand still and will not grow in the business environment (Khaliq and Zafar 2015).

The business atmosphere has been changing drastically within the last decades. Customers are always looking for new products or services while the political, economic and social climate changes. Governments are coming out with new regulations affecting the business environment during this current decade. Firms have to be dynamic in their operation so as to control the current changing business environment.

According to Teece (2014), firms without a proper system to manage the current changing market dynamic capability will not be able to stand in the business environment. The dynamism of the market could affect a firm drastically if not taken into consideration. The changing market could affect a firm to failure in the market. For firms to stand in the current business environment, the organisation must inculcate the system of innovative ideals and must be continues.

A research conducted by Khaliq and Zafar (2015) indicated that there is connection among dynamic capabilities and firm performance. Their research further prove that organisational competencies pose a moderating role on firm performance and dynamic capabilities. For an organisation to be competitive and stand in the market, it must be environmentally dynamic in their operational market. This argument led to the research the effect of dynamic capabilities on firm performance. the moderating role of environmental dynamism.

1.3 Research objectives

1. To assess the relationship between dynamic capabilities and firm performance.
2. To examine the relationship between environmental dynamism and firm performance.
3. To analyse the moderating role of environmental dynamism on the relationship between dynamic capabilities and firm performance

1.4 Research question

1. What is the relationship between dynamic capabilities and firm performance?
2. What is the relationship between environmental dynamism and firm performance?
3. How does environmental dynamism moderates on the relationship between dynamic capabilities and firm performance?

1.5 Significance of the study

This thesis work focused on the influence on dynamic capabilities on organisational performance with the role of dynamic environment. This study will much about how dynamic capabilities impact on an organisational flow performance. The Management of National

Investment Bank will benefit immensely from the study in the sense that it will give them insight into knowing the dynamic capabilities dimensions that influence the bank performance and then work on it. Also, the outcome of this study will aid the financial sector in Ghana by knowing the dynamic capabilities' factors that affect the profitability of banks so that they work on it for improvement.

The research will also provide practicable data by given banks the period through which dynamics could affect their operation so that they work on it. The study will also serve as a warning for businesses to by environmental dynamic through innovation so as to stand in the competitive market. The research will also provide literature for further research in the area of dynamic capabilities on organisational performance with the role of dynamic environment.

1.6 Scope of the study

The study focused on the influence on dynamic capabilities on organisational performance with the role of dynamic environment within the bank National Investment Bank Ghana. The researcher used national investment bank Ghana because the researcher is certain of getting the necessary data needed for the study. the research was based on the literature relating to the research topic as well as its objectives to be achieved.

1.7 Overview methodology

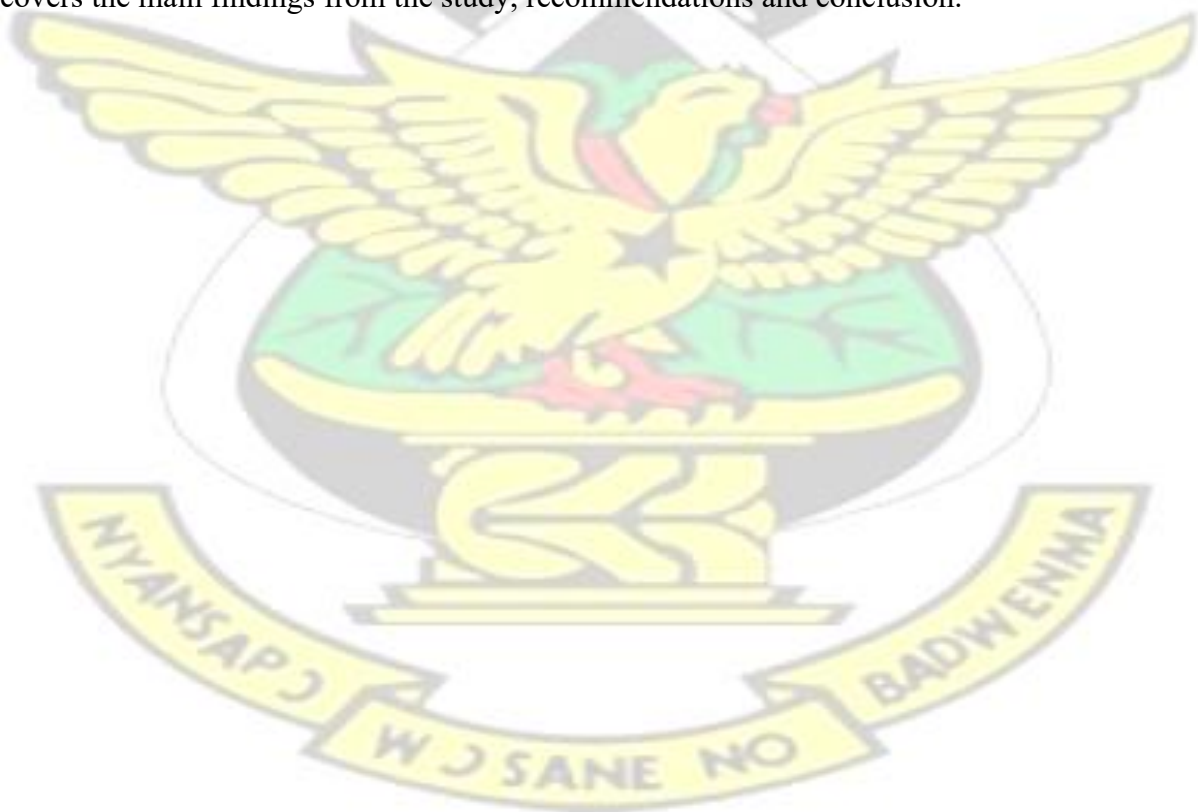
The descriptive research approach was adopted in this study. Descriptive research is a method used to describe and analyse the characteristics of a population or phenomenon (Creswell 2014). It aims to provide a detailed account without manipulating variables (Neuman 2013). There are basically two sources of data collection for this study. The primary sources of data

are considered by the researcher in order to enhance the overall effectiveness of the research process as one can enhance the findings of the other. Base on the research objectives, the researcher employed the quantitative research approach. Quantitative research is a systematic approach that uses numerical data to analyse and draw conclusions (Johnson and Christensen 2020). The quantitative research approach involves collecting and analysing numerical data to draw statistical conclusions (Smith, 2019). The researcher used purposive sampling method and avoided random sampling in selecting respondents for the study. Research population refers to the group of individuals or objects that a research study aims to investigate or study. It is the target population from which a sample is often selected for the purpose of generalizing the findings of the study. According to Bryman and Bell (2015), research population refers to the "total group of individuals, objects, or phenomena that are of interest to the researcher and about which he or she wishes to draw conclusions." The target population consists of the Managers, Marketing Managers and Marketing Executives of National investment bank Ghana. The population was 340 respondents. The sample size is about the number of participants or observations included in a study. It is determined based on statistical considerations and the research objectives (Sharon 2019). This would form the selected sample population size 181 respondents with the use of krjcie and Morgan 1976 formula. The target population was limited to just the senior management team; the customers of the financial institution were excluded because they are not responsible for formulating the marketing strategies for National Investment Bank. The duty of formulating strategies is carried out by senior management team of the organization. According to Holmes (2004), purposive sampling is a technique that selects respondents based on certain factors such as knowledge on the topic, experience and other factors that can influence a positive response to the questions asked. The researcher employed only primary form of data with the usage of 7-point structured

questionnaire. Statistical package for social science (SPSS) was used to analyse questionnaire responses received from respondents.

1.8 Organization of the Study

The research is well-arranged into five chapters. Chapter one is the introduction which is made up of background of the study, problem statement, research objectives and questions, justification and the scope of the study. Chapter two delves into literature, where relevant literature on marketing strategy implementation and its challenges are discussed. Chapter three concentrates on the methodology used in acquiring information for the study. Chapter four discusses the presentation and analysis of the empirical results of the data. Finally, Chapter five covers the main findings from the study, recommendations and conclusion.”



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The literature review comprises the pragmatic theoretical work of experts, which consists of citation, quotations which are relevant to the topic which the researcher has chosen to work on with the objectives of gaining a holistic view of previous research on similar themes.

2.1 Dynamic capabilities

A dynamic environment poses several new dangers to businesses, but it also offers opportunity for development and profitability. The idea of organizational capability has sparked a lot of attention in the field of strategic management given the dynamic environment and backdrop of ongoing change that exists today (Ouakouak et al., 2014). According to Hsu and Wang (2012) firm's competitive skills come from the use of resources amassed through time and are correlated with the firm's capacity to offer creative answers to market changes. The origins of their competitive advantages are sought for and understood by the companies in order to examine their skills.

Inside this theoretical model of an RBV of the company and its extension to dynamic capabilities, assets and capabilities have indeed been proven as pertinent to an effective environmental strategy. According to Teece et al. (2014), a company's competitive advantage in a dynamic environment was built on its intrinsic processes. In our study, we applied the dynamic capabilities method based on the Resource-based theory, which allows businesses to construct collections of resources to support and emphasize value creation in organizational initiatives. Dynamic capabilities, according to Barreto (2010), are the ability of an organization

to methodically handle challenges as a result of its predisposition to see possibilities and dangers and to act swiftly in line with the market.

The study on dynamic capabilities explains whether businesses compete based on their resource base and create organizational capabilities from their already-existing resources (Jeng and Pak, 2016). There have been many different angles and methods used to evaluate the idea of dynamic capacities. There are several important and unsolved problems despite extensive research on the subject (Jurksiene and Pundziene, 2016). The foremost abilities may be used to generally categorize the capacities of the companies. Compared to dynamic capabilities, which are a multifaceted concept required for the growth and realignment of a company's current asset base as well as to create or adjust functional level capabilities, operational capabilities are a company's greatest fundamental actions (Sharma and Martin, 2018).

The "basic components" that are utilized are dynamic capabilities, which are founded on organizational processes (Parmigiani and Howard-Grenville, 2011). This in no way suggests that dynamic capabilities are just routines. Dynamic capabilities are a greater structure which not only consists of a number of interlinked protocols and also necessitates the usage of other aspects, like stored information, so as to accomplish the intended goals (Dosi et al., 2008). A set of higher-level skills known as "dynamic capabilities" affects how quickly a company can react to external changes (Easterby-Smith et al., 2009). This describes the ability of one corporation to consciously build, increase, or adjust its asset base through repeated, structured decisions and procedures (Helfat, et al., 2009). They consist of the following: detecting, grabbing, and reconfiguring skills (Teece, 2014).

2.2 Environmental dynamism

Environmental dynamism is the measure of how quickly things change and how unstable the environment is (Azadegan et al 2013; De Jonge et al. 2019). Low environmental dynamism refers to consistent and predictable market requirements, technical advancements, and organisational environments, whereas strong environmental dynamism refers to the opposite (Chen et. al. 2021). Comparable to the present epidemiological situation, businesses operate in an unpredictable external condition where client demand is continuously declining or shifting (Hou et. al. 2019).

Environmental dynamism refers to the rate and extent of change in the external environment of an organization. It encompasses factors such as technological advancements, market volatility, regulatory changes, and competitive pressures. These dynamic forces can significantly impact an organization's strategic decision-making process and overall performance (Dess and Beard 1984). One study that provides insights into environmental dynamism is by (Dess and Beard 1984). They conducted research on a sample of 92 manufacturing firms and found that environmental dynamism positively influenced the firms' strategic planning processes. The study suggested that organizations operating in dynamic environments need to be more proactive and flexible in their strategies to effectively adapt to changing conditions.

Several more researchers had also examined the mediating impacts of the environment's dynamism as a significant external cause of businesses on entrepreneurial orientation, product innovation, new business venture achievement, and some other entrepreneurship achievements; however, just a small number of research publications have concentrated on the significant impact of environmental dynamism on firm growth or line staff workers' achievement from an individual point of view (Wang et. al. 2020; Deng et al. 2021).

2.3 Firm performance

Firm performance refers to the overall effectiveness and success of a business in achieving its goals and objectives. It can be measured by various indicators such as profitability, market share, return on investment, and customer satisfaction. One comprehensive study on firm performance is by Chen, Cheng, and Hwang (2005). They conducted a meta-analysis of 204 research articles and found that various factors influence firm performance, including strategic orientation, innovation capability, market orientation, and organizational learning. The study emphasized the importance of aligning these factors with the firm's internal resources and external environment to enhance performance.

Income, expansion, and market value are all indicators of a company's capacity to deliver business performance that will please owners and shareholders (Santos and Brito, 2012). The capacity of a company to earn returns in the past is measured by its revenue (Glick et al., 2005). Sales growth is an indicator of a company's previous success in expanding its clientele, achieving economies of scale, and building the kind of market dominance that ensures future prosperity (Arend, 2014). Market share serves as the external evaluation of a company's future results since it is correlated with prior levels of profitability and expansion. Customers want businesses to meet their expectations in the current world by giving them products and services that are up to par (Cronin et al., 2000).

Industrial companies try to increase the perceived quality and value contributed of their products while avoiding faults in order to achieve this. Customer happiness raises consumers' willingness to pay and, in turn, their perception of the value that a company creates (Barney & Clark, 2007). On the contrary, investment in effective human resource management areas what provides employees with their happiness. The level of employee happiness reflects a company's capacity for luring in new hires, keeping them on board, and reducing turnover (Farjoun, 2002). Performance in the social and ecological spheres can also suit various players, such as local

governments and localities (Farjoun, 2002). Secure sustainability efforts, improved product quality and safety, ethical advertising, minority employment, and the creation of social programs are contentment indicators linked to such communities (Santos and Brito, 2012).

2.4 Theoretical review

2.4.1 Dynamic capabilities theory

The resource-based view of the company is extended by the dynamic capacity's theory introduced by Teece and Pisano in 1994. According to resource-based view, companies in the same industry function separately due to their different types of assets and abilities (Zurina and Ismail 2019). The resource-based view is also thought to be static in character and inadequate to clearly comprehend a business's competitive advantage in an evolving marketplace.

Furthermore, the resource-based view of the firm examines the distinct, uncommon, and imitated reserves that perhaps the company has that lead to competitiveness and stock return (Zurina and Ismail 2019). Nevertheless, the method for keeping comparative benefit is endless and evolving (Hung, Yang, Lien, McLean, & Kuo, 2010), as such researchers have proposed that in order for the company to compete in the market, this same company must develop unique skills (Wilden, Gudergan, Nielsen, & Lings, 2013). According to Teece, et. al being cited by Zurina and Ismail (2019), the ability of the company to mix, develop, and reconfigure external and internal expertise in order to adapt to a rapidly changing situation is the concept of dynamic capabilities. Studies from the past has defined dynamic capacities in substantial detail. Dynamic capabilities are defined by Eisenhardt and Martin (2000) as the process of using resources to produce additional materials which can lead to market transformation. Whenever a market evolves, develops, splits, and even dies, the market changes. In addition,

dynamic capabilities are the outcome of the modification of resources that have been acquired, combined, and recombined to produce new strategies (Grant, 1996).

Consequently, the component that leads to the development of new sources of competitive advantage is dynamic capacities (Henderson & Cocburn, 1994; Teece et al., 1997). Prior researchers believed that dynamic capabilities could be used to solve inflexibility in capabilities, as well as to use and apply knowledge (Easterby-Smith & Prieto, 2008), and some even agreed that dynamic capabilities could explain how businesses react to change (Newey & Zahra, 2009), particularly in the context of the environment.

According to empirical investigations, there is a correlation connecting dynamic skills and organizational effectiveness that is good (Hung et al., 2010). For instance, Danneels (2002) studied the top five companies and discovered that skills for product creation improve the competencies and the company's performance. This study also discovered that just little differences in dynamic capabilities among firms can lead to considerable performance divergences. Dynamic capabilities of the firm can affect performance. Again, from viewpoint of global business, Luo (2000) found that the utilization of dynamic capabilities may boost company growth in the global market while concurrently increasing company profitability. This theory is significant to the research study because it adds much value to the literature and also address the issues of dynamic capabilities and organisational performance.

2.4.2 Innovation-based theory

This development concept offers a comprehensive way to look at the problem at hand, emphasizing the development of a comparative strategy through exploiting results from basic company efficiency gains (2011). According to him, innovation is the fusion of both overt and covert manufacturing elements. Hon (2011), citing Schumpeter in a subsequent step,

recognizes and explores the significance of innovation at a period when the majority of economists were focusing on static pricing theory.

In recent research, definitions of innovation can be found in Urabe and Organization for Economic Cooperation and Development (OECD, 2002). Hon (2011) suggests that: innovation consists of the generation of a new idea and its implementation into a new product, process or service, leading to the dynamic growth of the national economy and the increase of employment as well as to a creation of pure profit for the innovative business enterprise.

Hon (2011) refers to innovation as new knowledge incorporated in products, processes, and services. The OECD's (2002) presents a set of R&D activities for technological innovation. In general, we find that innovation can generate and implement ideas to improve capabilities so as to produce value for both organizations and stakeholders.

Meanings of creativity in the contemporary study may be found in Urabe and the (OECD, 2002). According to Hon (2011), innovation is the method of coming up with a fresh concept and turning it into a brand-new good or service that boosts employment and contributes to the nation's economic growth while also generating pure profit for the inventive company. Hon (2011) defines innovation as the incorporation of new information into goods, processes, and services. In its report from 2002, the OECD lists a number of R&D initiatives for technical innovation. Generally speaking, we discover that innovation may originate and put into practice ideas to enhance capabilities so as to provide benefit with both businesses and stakeholders. The theory is important to the research because it add much in the system of environmental dynamism by which firms have to be innovative.

2.4.3 Resource-based view theory

Resource-based theory (RBT) is a prominent framework within the field of strategic management that focuses on the role of organizational resources in achieving and sustaining competitive advantage (Peteraf 1993). This theory argues that the unique combination, allocation, and integration of resources are critical drivers of superior firm performance. This paper aims to provide an in-depth analysis of resource-based theory, examining its key concepts, empirical evidence, and practical implications in strategic management. The foundational concepts of resource-based theory revolve around the identification and assessment of organizational resources that can contribute to competitive advantage. These resources can be classified into tangible, intangible, and human resources. Tangible resources include physical assets, such as machinery, equipment, and financial capital. Intangible resources encompass intellectual property, brand value, reputation, and patents. Human resources refer to the knowledge, skills, and abilities possessed by individuals within the organization (Barney1991).

In addition to identifying resources, resource-based theory emphasizes the importance of resource heterogeneity and immobility. Heterogeneity implies that not all firms possess the same resources in the same combination and quality, which leads to variations in competitive advantage. Resource immobility suggests that resources can be difficult to replicate or transfer, providing sustained advantage to the firm that possesses them.

Several empirical studies have provided evidence in support of resource-based theory. One seminal study by Barney (1991) highlighted the positive relationship between firm-specific resources and sustainable competitive advantage. The research demonstrated that firms with valuable, rare, inimitable, and non-substitutable (VRIN) resources were more likely to outperform their competitors.

Another study by Peteraf (1993) expanded the theoretical foundation of resource-based theory by introducing the concept of dynamic capabilities. This concept emphasizes the importance of the firm's ability to adapt, integrate, and reconfigure its resources to respond to changes in the external environment. The findings of this study further strengthen the argument that firms with superior resource management capabilities are more likely to achieve long-term competitive advantage.

Resource-based theory offers valuable insights for strategic decision-making and resource management within organizations. By conducting a resource audit, firms can identify their strengths and weaknesses, enabling them to allocate resources effectively and align them with their strategic goals. This assessment helps in prioritizing resource investments in areas where the firm possesses unique, valuable, and difficult-to-imitate resources.

Resource-based view also highlights the importance of building and leveraging strategic alliances and partnerships. Collaborations with other firms can provide access to complementary resources, knowledge sharing, and synergistic benefits, thereby enhancing the firm's competitive advantage. Furthermore, resource-based theory emphasizes the role of continuous learning, knowledge creation, and innovation within organizations. Firms that encourage a culture of exploration, experimentation, and knowledge sharing are more likely to develop and sustain competitive advantage. This reinforces the importance of investing in employee development, fostering a supportive learning environment, and promoting knowledge exchange mechanisms.

The core of the resource-based perspective idea, according to Wernerfelt (1984), is that businesses may gain and maintain competitive advantage by developing and using priceless resources and abilities. The resource-based perspective also suggested that the skills and resources of businesses may be used to diagnose centre talents. Resources, capabilities, and resource-based views are typically thought of as the basic building blocks of an idea (Barney,

1991). Both assets and talents are employed as important inputs for the organizational process, according to Barney and Furnish (1991). According to the resource-based perspective theory of corporations, businesses' inventiveness is a "socially intricate and imperfectly imitable valuable resource that provides aggressive benefit and superior efficiency" (Menguc & Auh, 2006).

Firm innovation is highlighted by resource-based perspective theory as a valuable resource (Barney, 1991). According to resource-based viewpoint literature, a business should use its diverse resources to satisfy customer demands in order to gain a long-term competitive advantage (Tsai & Yang, 2013). In order to address the efficacy of the firm's performance, which is often associated with, companies represent innovation. Principle of the resource-based view (Hult et al., 2004). However, in order for a business to maintain its competitive advantage, it periodically has to adjust its resources in response to market developments (Barney, 2011). Resource-based perspectives support the idea that specific environmental circumstances may in some way have an impact on how creative a company is (Tsai & Yang, 2013).

2.5 Hypothesis development

2.5.1 Dynamic capabilities and firm performance

Dynamic capabilities and firm performance are important concepts in the field of strategic management. Dynamic capabilities refer to a firm's ability to adapt, integrate, and reconfigure its resources and capabilities in response to changing market conditions and external environments (Blesa and Ripolles, 2008). Dynamic capabilities is also about an organization's ability to adapt, integrate, and reconfigure its resources and capabilities in response to changing market conditions and opportunities. These capabilities enable firms to sense changes in the environment, seize new opportunities, and transform their strategies and operations to maintain

a competitive advantage (Wang & Ahmed 2007). Firm performance, on the other hand, relates to the ability of a firm to achieve its objectives and outperform competitors in the market Teece et al 1997.

Dynamic capabilities focus on a firm's capacity to sense, seize, and transform opportunities and threats in the market. It involves a combination of strategic thinking, organizational learning, innovation, and the deployment of resources and capabilities to create and sustain competitive advantage. By continuously adjusting and developing their dynamic capabilities, firms can respond effectively to new challenges and exploit emerging opportunities, leading to improved firm performance (Chen et al 2005).

Firm performance is a multidimensional concept that encompasses various aspects such as profitability, growth, market share, and firm value. It is influenced by numerous factors, including the firm's resources, capabilities, strategies, industry dynamics, and the competitive landscape. Dynamic capabilities play a crucial role in shaping firm performance by enabling firms to adapt to changing circumstances, identify and exploit new market opportunities, and effectively utilize their resources and capabilities (Chi, 2015).

Several studies have examined the relationship between dynamic capabilities and firm performance. One notable study by Teece, Pisano, and Shuen (1997) introduced the concept of dynamic capabilities and argued that they are critical for firms to achieve sustainable competitive advantage. The authors emphasized that dynamic capabilities involve not only sensing and seizing opportunities but also transforming the firm's resource base through continuous learning and organizational change.

Furthermore, Eisenhardt and Martin (2000) conducted an empirical study of 12 high-technology firms and found that those with strong dynamic capabilities outperformed their competitors in terms of revenue growth and profitability. The study highlighted the importance of flexibility, adaptability, and innovation in enhancing firm performance in rapidly changing

industries. Another influential study by Zahra and George (2002) emphasized the role of dynamic capabilities in fostering innovation and technological change. The authors argued that firms with strong dynamic capabilities are better equipped to identify emerging technologies, develop new products or services, and effectively respond to market disruptions. These capabilities contribute to improved firm performance by enabling firms to stay ahead of competitors and meet evolving customer needs.

Moreover, Wang and Ahmed (2007) conducted a meta-analysis of 55 studies exploring the relationship between dynamic capabilities and firm performance. Their findings supported a positive association between dynamic capabilities and various performance measures such as profitability, sales growth, market share, and innovation outcomes. The study underscored the significance of dynamic capabilities in driving superior firm performance across different industries and contexts.

The relationship between dynamic capabilities and firm performance is not a linear one, but rather a complex and dynamic interplay. Dynamic capabilities enable firms to improve their performance by enhancing their ability to innovate, develop new products and services, enter new markets, and effectively respond to customer needs and preferences. These capabilities also enable firms to enhance their operational efficiency, achieve cost savings, and improve customer satisfaction, leading to better financial performance (Akgul et al., 2015).

Additionally, dynamic capabilities help firms navigate turbulent environments by facilitating strategic change and adaptation. In today's fast-paced and uncertain business landscape, firms need to constantly evolve and transform to stay competitive. By building dynamic capabilities such as strategic flexibility, agility, and learning orientation, firms can effectively respond to market disruptions, industry shifts, and changing customer demands, ultimately improving their overall performance (Terjesen et al. 2011).

However, it is important to note that the relationship between dynamic capabilities and firm performance is contingent upon various factors such as firm-level characteristics, industry dynamics, and external environment. Not all firms are equally successful in developing and leveraging their dynamic capabilities. It requires a supportive organizational culture, effective leadership, and a commitment to continuous learning and improvement (Chi et al. 2009).

Throughout the context of current economic developments in the global marketing industry, the necessity for dynamic capabilities arises. Improvement of organizational capabilities may have a favourable impact on the company's performance, according to research findings (Judge et al., 2009). A company's ability to form partnerships is another example of its dynamic capabilities. Scholars had already identified a number of factors that may contribute to these partnerships, including the pooling of resources that may balance one another and the potential for reciprocal risk sharing when undertaking costly and uncertain initiatives. Additionally, these actions can help you acquire the necessary resources, skills, and expertise (Jiang et al., 2010).

Marketing capabilities have a great influence on the economic performance of an organization in the global market. Higher returns can be expected when the available resources of a company are integrated into dynamic capabilities. The integration process is specific to a firm, providing value to its customers as well as formulated in a manner that can neither be substituted nor imitated (Blesa and Ripolles, 2008). Variable skills are also closely tied to a company's performance. According to findings from past studies, businesses may form partnerships that help them fulfil their organizational objectives. Additionally, marketing skills play a larger role in enhancing a company's performance since they are directly tied to the company's success in meeting customer expectations and requirements to the highest degree, which boosts sales and solidifies the company's position in the market. A company's success is hugely reliant on its dynamic's skills because the efficient performance of a company entails a number of

challenges relating to appropriate decision-making, the method for selecting, and distribution, and variables that dynamic capabilities are well-equipped to manage. Thus, this idea is emerging in contemporary business, where it may be demonstrated to have enormously beneficial impacts. This led to the hypothesis. In summary, dynamic capabilities play a crucial role in shaping firm performance. By enabling firms to sense, seize, and transform, dynamic capabilities facilitate adaptation to changing environments, enhance innovation, and drive competitive advantage. Through continuous learning, resource reconfiguration, and strategic agility, firms with strong dynamic capabilities are better positioned to achieve superior financial and non-financial outcomes.

H1 Dynamic capabilities are positively linked to firm's performance

2.5.2 Environmental dynamism and firm performance

Environmental dynamism refers to the degree of unpredictability and turbulence in a firm's external environment. It encompasses factors such as technological advancements, market conditions, competition, and regulatory changes (Dess & Beard, 1984). Firm performance, on the other hand, refers to the results achieved by a company in terms of profitability, growth, market share, and overall success.

Numerous studies have explored the relationship between environmental dynamism and firm performance, indicating that these two constructs are closely intertwined. One major impact of environmental dynamism on firm performance is its influence on strategic adaptations. In a dynamic and uncertain environment, firms must continually adjust their strategies and operations to remain competitive. This adaptation may involve introducing new products or services, entering new markets, or implementing flexible organizational structures (Damanpour & Gopalakrishnan, 2001). Research by Gupta, Smith, and Shalley (2006) found

that firms in dynamic environments consistently outperformed those in stable environments due to their higher level of strategic flexibility.

Environmental dynamism also affects a firm's innovation capabilities and thus its overall performance. In a rapidly changing environment, the need to innovate becomes essential for survival and growth. Firms operating in dynamic environments are more likely to invest in research and development (R&D) activities, leading to the development of new products or processes that can outpace their competitors (Chandy & Tellis, 2000). Research by Jimenez-Jimenez and Sanz-Valle (2011) supports this idea, demonstrating a positive relationship between environmental dynamism and innovation performance. Furthermore, environmental dynamism can influence a firm's ability to form and leverage strategic alliances. In dynamic environments, firms often face challenges that require collaboration with other organizations to acquire resources, access new markets, or share risks. By forming strategic alliances, firms can pool their expertise and capabilities, enhancing their competitive advantage and overall performance (Ingram & Silverman, 2002). A study by Rigby and Bilodeau (2015) found that firms operating in dynamic environments engage in more strategic alliances and achieve superior performance compared to their counterparts in stable environments.

It is worth noting that the impact of environmental dynamism on firm performance can vary depending on factors such as industry characteristics, firm size, and managerial capabilities. For instance, research by Slotegraaf, Griffin, and McAuley (2005) suggests that the positive effect of environmental dynamism on firm performance is more pronounced in industries characterized by high technological turbulence. Again, other scholars have theoretically and practically demonstrated how the environment has an impact on how well businesses function (Akgul et al., 2015; Cai & Yang, 2014; Chi, 2015;). Businesses that maintained alignment between their operations plan, business advantage, and atmosphere outperformed those that did not, according to Ward and Duray's (2000) research. They also discovered that the performance

of the company was significantly yet indirectly impacted by the dynamic environment. Similar to this, Anand and Ward (2004) observed that top performing organizations-maintained consistency between flexibility tactics and a changing environment. They did, though, observe that some versatility tactics worked better under specific environmental dynamic features.

According to Chi et al. (2009), good efficiency was produced by an individual business system's fit with the production chain's structure, competitive priorities, and organizational performance. Furthermore, Terjesen et al. (2011) revealed that the connection between quality strategy and venture performance was mediated by the dynamic environment. On the relationship between low operating costs and enterprise effectiveness, however, there was no evidence for the mediating role of a dynamic environment.

Environmental dynamism has a significant favourable impact on company performance, according to Akgul et al. (2015). Furthermore, Chi (2015) observed that in response to environmental dynamism, the best-ranked organizations adopted uniqueness tactics (excellent, efficiency, and adaptability). On the contrary side, low-performing companies prioritized quality, delivery, and flexibility while primarily adopting low-cost operational tactics. Chi (2015) said that the lack of clarity in the development of the strategy formulation process was the cause of the subpar performance. Environmental dynamism significantly influences firm performance. It affects strategic adaptations, innovation capabilities, and the formation of strategic alliances. Firms operating in dynamic environments tend to outperform those in stable environments due to their higher level of strategic flexibility, innovation performance, and alliance formation. However, the impact of environmental dynamism on firm performance may vary across industries and be contingent on other contextual factors. Thus, businesses should carefully assess and adapt to their external environment to enhance their performance and maintain long-term success.

H2: Environmental dynamism has positive and significant impact on firm performance.

2.5.3 The moderating effect of environmental dynamism

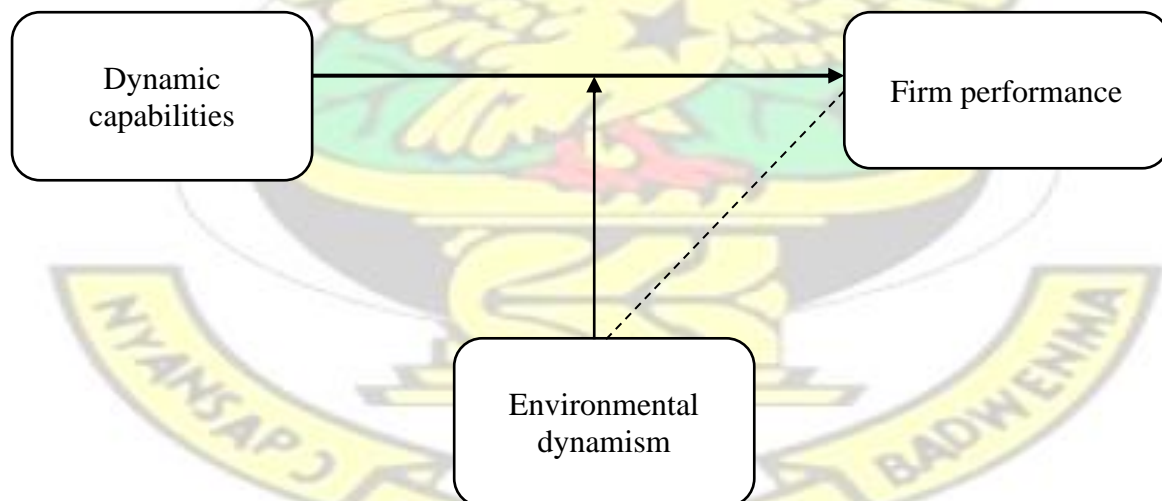
The problem of determining how to match a company's information skills and resources to a surrounding environment is a crucial one in the discipline of strategy implementation (Andrews, 1971). Environmental dynamism represents the most causal factors factor in just this procedure. According to relevant studies, the link between process innovation and dynamic capacities is impacted by environmental dynamism, which is characterized by fast change and a situation of crisis (Pawar and Eastman, 1997; Shamir and Howell, 1999). The link between the strategic plan and dynamic capabilities may vary to varying degrees Environmental dynamism, almost without exception, refers to the pace and unpredictability of developments in a company's surrounding environment (Dess and Beard, 1984). Regarding how environmental factors affect businesses, there are considerable disparities between businesses. As a result, it will become more challenging for all parties concerned, including the senior management team, stakeholders, and others, to appropriately analyse both the current and future health of the environment.

Senior executives must make fast policy options and devise inventive and creative strategies in businesses within industries that demonstrate more environmental dynamism, such as rapid changes in technology, markets, and rivalry, in order to establish a rapid reaction capability to cope with the changing external conditions and, as a result, to survive and/or thrive in the new environment (D'Aveni, 1994; Hitt et al., 1998). The efficacy of communication and aninnovated planning will rise, and the capacity to react will be constantly improved, with an approach to innovation. In order to satisfy the expectations of consumers, a higher degree of dynamic capabilities is needed as the environment changes more quickly (Covin and Slevin, 1989). Customers' tastes are comparatively fixed when the external environment is constant, therefore the higher expenses of innovation are not required.

I think there is a strong and favourable relationship between process innovation, firm performance as well as dynamic capacities. A business organization will be dramatically more worried about external factors and changes in the marketplace if it consistently commits to the creation of new goods as well as to the transformation of existing products. This is because incremental innovation will promote economic firms to improve their dynamic capabilities. Business organizations will also focus more on rivals as they develop new products and advance technologies. In conclusion, such behaviour would significantly contribute to the development of dynamic skills. This emerged along with the theory.

H3. The environmental dynamism is positively related to dynamic capabilities and firm performance.

Conceptual framework



Source: Arthurs construct 2023

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This outline the methodologies used for the research work. This contain the research philosophy, research design, population of the research, data source, data collection procedure, unite of measurement, data analysis, validity and reliability construct and ethical consideration.

3.1 Research philosophy

A research philosophy is a belief about the way data about a phenomenon should be collected, analysed and used. The term epistemology, in contrast to doxology, encompasses various philosophies of research approach. The purpose of science, then, is the process of turning things believed into things known: doxa into episteme. Two main research philosophies have been identified in the Western tradition of science, namely positivist and interpretivist (Galliers, 1991).

Positivists believe that reality is stable and can be observed and described from an objective point of view (Levin, 1988), i.e., without interfering with the studied phenomena. They argue that phenomena should be isolated and that observations should be repeatable. This often involves manipulating reality with variations in only a single independent variable in order to identify regularities in some basic elements of the social world and establish relationships between them. Predictions can be made based on previously observed and explained facts and their interrelationships. "Positivism has a long and rich historical tradition. It is so ingrained in our society that claims to knowledge that are not based on positivist thinking are simply dismissed as scientific and therefore invalid." (Hirschheim, 1985). This view is indirectly supported by Alavi and Carlson (1992), who, in a review of 902 IS research articles, found that

all empirical studies were positivist in approach. Positivism also has a particularly successful association with the physical and natural sciences.

Interpretivists argue that this reality can only be fully understood through subjective interpretation and intervention in reality. The study of phenomena in their natural environment is key to the interpretivist philosophy, along with the recognition that scientists cannot avoid being affected by the phenomena they study. They admit that there can be many interpretations of reality, but argue that these interpretations are themselves part of the scientific knowledge they pursue. Interpretivism has a tradition no less illustrious than that of positivism, nor is it shorter.

While the research philosophy is positivism, I assume that the researcher is unbiased and not influenced or bothered by the priority of the studies. The choice of study method is usually based on (a) the researcher's view of reality (ontology), as this influences the approach to study selection (Chung & Alagaratnam, 2001); and further the necessities resulting from the important research question and goals of the studies (Stake, 1994; Yin, 2003). In accordance with the research, the researcher agreed to use the positivism system of the research philosophy.

3.2 Research design

Research design is the conceptual framework in which the study experiment is conducted, which helps the researcher collect data to solve the study problem. There are several research designs proposed by the researchers, the research design used in this analysis is a descriptive analysis that allows for the evaluation of both implicit and explicit theory. A descriptive sample was used for the analysis. This work was developed as a case study that included a thorough analysis of administrative results related to the impact of market environment aggression on

market performance: the moderating function of marketing strategy. Questions raised in the study were addressed by collecting and reviewing field data.

3.3 Research approach

Researchers collected important information from participants based on general thinking, inserted personal interest into the analysis, analysed the environment or setting of the participants, checked the consistency of the results, created the data, created a change agenda, participants defined the variables, examined the variables considered and used numerically tested and measured the analysis of research reduction approach used for the purposes of the study. According to this method, scientists translate statistical analyses to find out what Trochim 2000 works on. A deductive method was used. This is because it encourages the stimulus to discover and assess the theoretical construct that leads to a concrete description. Closed questions were used to predict statistical results (Trochim 2000).

3.4 Population of the study

The population of a study refers to the group of individuals or elements that the researcher is interested in studying. It is crucial to accurately define and describe the population to ensure the study's findings are representative and applicable to the target group. In research studies, population can be broadly categorized into two types: target population and accessible population (Johnson and Lee 2018).

The target population is the specific group of individuals that the researcher aims to generalize the findings to. For example, if the study focuses on the effects of a new teaching method on elementary school students' academic performance, the target population would be all

elementary school students. However, it may not be feasible to study the entire target population due to practical limitations such as time, resources, or accessibility (Smith et al. 2019). The possible respondents for the study comprise of all the Managers, Marketing Managers and Marketing Executives of National investment bank in the Ghana. This would form the selected sample population size 340 respondents.”

The target population was limited to just the senior management team; the customers of the financial institution were excluded because they are not responsible for formulating the marketing strategies for National Investment Bank. The duty of formulating marketing strategies is carried out by senior management team of the organization.”

3.5 Sample Size and Sampling Techniques

Mouton (1996) defined a sample as elements selected with the intention of finding out something about the total population from which they are taken. From the researcher’s perspective sampling is referred to as the deliberate choice of a number of people; the sample provides data from which to draw conclusion about some larger groups of population, to whom these people represent.

This becomes necessary because the entire population cannot be studied due to the size, time constraints, cost and inaccessibility. This study had a population size of 340 and this large size made it impossible for the researcher to test every individual member in the population. The sample size base on krejcie and Morgan 1970 statistical formular is 181.

In order to ensure complete and reliable information on how and when marketing strategy implementation effectiveness influences marketing performance, the study adopted non-probability sampling techniques but based on purposive sampling technique from which data is gathered. The researcher justification of the purposive sampling techniques was motivated

by the fact that the dynamic capabilities on firm performance. The moderating role of environmental dynamism is specific and therefore top management and marketing expert with requisite experience is required in order to achieve data that is reliable.

3.6 Data collection procedure

Given the widespread nature of the facility and the desire to harvest reliable records, this perspective has adopted the design of descriptive survey studies, which routinely draw on a large representative sample and, in addition, portray an accurate profile of people, occasions, or conditions (Saunders et al., 2015). A descriptive survey was changed to found to be maximally appropriate. Empirical facts have changed into the most effective one point for the entire time from specific types of respondent samples (Malhotra 2010). Self-administered questionnaires were used to obtain facts from respondents. The Records series lasted approximately one week. Ethical issues were considered especially using the informed consent approach and participant confidentiality.

3.7 Sources of data

The data collection technique used for the study encompassed of primary data. For this type of data, their sources and the instruments to use in gathering them are discussed as follows: Semi-structured questionnaires were used in data collection. Whereas the structured questionnaires were being used to get the unbiased opinion of respondents, the interviews will be used for clarifications of some unclear issues. These data collection instruments made it very expedient for respondents to provide the data needed for the analysis.”

3.7.1 Measurement instrument

Constructs were measured using a seven-point Likert scale, ranging from 1 = ‘strongly disagree, 4= ‘neutral’ and to 7 = ‘strongly agree’. Besides, questions related to demographics (sex, age, and educational background) are also included. I measure dynamic capabilities four category (Sensing capabilities, learning capabilities, integrating capabilities and coordinating capabilities) comprising seventeen items from previous research (Khaliq and Zafar 2015) to fit the dynamic capabilities. These items ask each respondent to determine the level of analytical capability of their company in the face of dynamic capabilities. Information quality is measured with seven items related to information that is precise, accurate, complete, adequately available, and reliable. Firm performance is measured with eleven items based on previous research (Khaliq and Zafar 2015) regarding how well the organization is able to perform in the market using its resources, products or services. In measuring organization environmental dynamism, I use ten items and modified from previous studies (Khaliq and Zafar 2015; Ping et. al 2022) and adjusted to the environmental dynamism situation.

Table 3.1 Measurement items

Construct	Number of Items	Source
Dynamic capabilities	17	Khaliq and Zafar (2015)
Firm performance	11	Khaliq and Zafar (2015)
Environmental dynamism	10	Khaliq and Zafar (2015), Ping et. al (2022)

3.7.2 Pilot test

A sample of the questionnaire were given to sample respondent as a pilot form to check how viable and reliable the research will be. Twenty-two of the questionnaires were given to the

sample respondent and were collected back to run the reliability and validity of the variables in the questionnaire.

3.7.3 Data Collection

Primary data are those data obtained from the field through survey, experiment and observation. For the purpose of this research, survey was used by the researcher with the aid of questionnaires. Questionnaires were distributed to the managers, marketing managers and top officials of National Investment Bank as well as personal interview to obtain accurate and not altered information.

The questionnaire contains two segments. The initial segment comprises the items related to demographic measurement. This segment contains the items that captured general information about the respondents such as gender, age, and educational background of respondent. This segment of the questionnaire was designed using the interval scale. The demographics provided a better understanding of the responses from the respondents.

Dynamic capabilities were in four categories (Sensing capabilities, learning capabilities, integrating capabilities and coordinating capabilities) comprising seventeen items from previous research (Khaliq and Zafar 2015) to fit the dynamic capabilities. Firm performance is measured with eleven items based on previous research (Khaliq and Zafar 2015) regarding how well the organization is able to perform in the market using its resources, products or services. In measuring organization environmental dynamism, I use ten items and modified from previous studies (Khaliq and Zafar 2015; Ping et. al 2022) and adjusted to the environmental dynamism situation. The researcher used seven-point Likert scale, ranging from 1 = 'strongly disagree, 4= 'neutral' and to 7 = 'strongly agree'.

The researcher used questionnaire due to its suitability for understudy on the studies challenge. Likewise, it within reason easy to deal with, simple to interpret and primarily capable of extracting answers useful for records processing.

3.8 Validity and reliability

Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull's eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others (Joppe, 2000)

Reliability is defined as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Joppe 2000). With this study, I can emphatically state that the information that will be gotten from the study is reliable and valid for further researchers; banking institutions who want to Focus on how and when marketing strategy implementation effectiveness influences on marketing performance to improve their operations (Joppe, 2000).

3.9 Data analysis method

Data analysis is the process of using instruments, programs and other techniques to interpret the raw data collected. The collected data from management and staff were first edited to ensure consistency. Statistical Product and Service Solutions (SPSS) was used to analyse data collected for the study. Presentation of data was also in tables, bar charts and other statistical diagrams. It comprises the examination of all data with primary and secondary sources to check

for relevance and reliability. Conclusions were drawn solely from the data so obtained. The researcher pitted the research finding against the literature review.

3.10 Ethical considerations

A letter will be taken from the Kwame Nkrumah University of Science and Technology Business School to the study area to gain a formal consent from managers, marketing managers, marketing executives and the institution as a whole. A thorough explanation of the purpose and importance of the whole study will be given to the research participants. Study participants will be given the opportunity to ask questions and share concerns. Their questions and concerns will be addressed and clarified accordingly. Participants will be assured that data obtained will be used for the purpose of the research work only. Confidentiality will be ensured and also names of interviewees will not be attached to contributions made to the research work.”

3.11 Limitation of the research

A restriction is posed by applied or fundamental research. The researcher is constrained by the time allotted for doing the investigation. In this day and age, finding funding is a huge issue, which places restrictions on the researcher. The study uses a case study methodology; hence its conclusions cannot be generalized. The research is also limited by the National investment bank Ghana by their willingness to offer correct data. For a quantitative study, the researcher is employing non-probability sampling, which likewise has limitations.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

The examination of the information which was gathered is presented in this section, and it may be used to support the findings as well as recommendations that follow. The researcher employed Statistics Package for Social Sciences (SPSS) system to analyse data acquired from field. The information is comprised of analyses of the facts and field data. This extends to the study regarding the questionnaires given to the managers, marketing managers, and marketing executives of the national investment bank in Ghana. Frequencies, percentages, mean scores, standard and deviations regression were employed to present findings of the study.

4.1 Demographic of participant

The demographic characteristics of the participants were analysed with the use of SPSS version 22. This consists of sex, age of participant, educational background, position as well as number of years work with firm. The outcome is shown in table 4.1 below.

Table 4.1 Demographic of the respondents

Variable	Item	Frequency	Percentage
Sex	Male	103	56.9
	Female	78	43.1
Age of respondents	Less than 20years	-	-
	20-29 years	58	32.0
	30-39 years	80	44.2
	40 and above	43	23.8
Educational background	HND	27	14.9
	Masters	98	54.1
	Degree	56	31.0
Position of respondents	Lower level	21	11.6
	Middle level	145	80.1
	Top level	15	8.3
Number of years with firm	1-3 years	13	7.2
	4-7 years	31	17.1
	8-11 years	88	48.6
	Above 12 years	49	27.1

Source: Field survey 2023

From table 4.1, the sex of respondents was analysed. The result indicates that 103 of the respondents were male with 56.9 percent while 78 of the respondents were female with 43.1 percent.

On the part of age of the respondents, table 4.1 shows that 20-29 years had 58 respondents with 32 percent. 30-39 years had 80 respondents with 44.2 percent while 40 and above had 43 respondents with 23.8 percent.

With that of educational background of the respondent, 4.1 indicates that HND had 27 responses showing 14.9 percent. Again, Master's degree had 98 responses with a percentage of 54.1 while first degree had 56 responses with a percentage of 31.

To that of the position of respondent, lower level had 21 responses with a percentage of 11.6. again, middle level had 145 responses with a percentage of 80.1. While top level had 15 responses with a percentage of 8.3.

Finally, on the number of years worked with the company, 1-3 years had 13 responses with a percentage of 7.2. Again, 4-7 years had 31 responses with a percentage of 17.1. moreover, 8-11 years had 88 responses given a percentage of 48.6 while above 12 years had a response of 49 percentage of 27.1

4.2 Descriptive statistics

Table 4.2 shows the descriptive statistics outcomes of the research. The researcher used SPSS version 24 to execute the descriptive statistics for the variables. The researcher used a 7-point Likert scale to gather data from the respondent. This range from 1-7. The researcher used 181 valid responses for the research. From table 4.2, dynamic capabilities had a mean of 5.1683 and standard deviation of .43922. Again, firm performance had a mean of 6.1890 and a standard deviation of .40701 while environmental dynamism had a mean of 5.2867 and a standard deviation of .48447. this is demonstrated in table 4.2

Table 4.2 Descriptive statistics

	Obs	Minimum	Maximum	Mean	Std. Deviation
Dynamic Capabilities	181	1	7	5.1683	.43922
Firm Performance	181	1	7	6.1890	.40701
Environmental dynamism	181	1	7	5.2867	.48447

Source: Field survey 2023

4.3 Reliability

Reliability refers to the constancy and steadiness of measurement results, as well as the ability to reproduce those results under similar conditions. It is an important aspect of any measurement or assessment tool to ensure that the obtained data is dependable and trustworthy. In the field of psychometrics, which deals with the measurement of psychological constructs, reliability is a crucial consideration. One way to assess reliability is by calculating the coefficient alpha, commonly known as Cronbach's alpha. This statistic measures the internal consistency of a scale or a set of items intended to measure a specific construct.

The coefficient alpha quantifies the inter-relationships between the items in a scale, indicating how well they collectively represent the underlying construct. As you correctly mentioned, Field (2009) suggests that a Cronbach's alpha value between 0.7 and 0.8 is appropriate, indicating a reliable scale. Lower values might suggest that the scale is less accurate in measuring the intended construct.

Hair et al. (2010) also support this guideline, stating that a coefficient alpha above 0.7 is highly satisfactory for most research purposes. This threshold provides a reasonable indication of internal consistency and reliability, ensuring that the scale consistently measures the construct of interest. The researcher therefore inferred by focusing on the reliability alone.

Table 4.3 Reliability (Cronbach alpha)

Construct	Number of Items	Cronbach alpha
Dynamic capabilities	17	.792
Firm performance	10	.715
Environmental dynamism	10	.745

Source: Field survey 2023

4.4 Multi-collinearity outcome

multi-collinearity, which occurs when predictor variables in a model are highly correlated, leading to problems in estimating the effect of individual variables. High multi-collinearity can result in unstable and biased coefficient estimates in regression analysis. Pallant (2010) states that there are two common methods for spotting multi-collinearity: first, by examining the matrix of multivariate and bivariate correlation; and secondly, by assessing the impact of variance inflation factors (VIF) and tolerance.

When the VIF is high and the tolerance is low (typically around 0.1 or less), it indicates that multi-collinearity is present in the model. In such cases, it becomes challenging to separate the unique contribution of each predictor variable to the outcome variable, and coefficient estimates may become unstable or have inflated standard errors.

Identifying and addressing multi-collinearity is crucial in regression analysis to ensure the reliability and validity of the results. Researchers can take several actions to mitigate multi-collinearity, such as removing or combining correlated predictors, using dimensionality reduction techniques (e.g., principal component analysis), or collecting additional data to improve the measurement of variables.

According to table 4.4 the collinearity statistics on tolerance for environmental dynamism and dynamic are above .2 which is more than the accepted level. Correspondingly, (VIF) for environmental dynamism and dynamic is smaller than 5. This shows that multi-collinearity doesn't exist in the research.

Table 4.4 Multi-collinearity Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	Environmental dynamism	.235	2.582
	Dynamic capabilities	.532	3.582

a. Dependent Variable: firm Performance

4.5 Hypothesis testing

For the purpose of testing the hypothesis, a linear regression was performed. The study analyses the connection between dynamic capabilities and firm performance with the use of the regression. The dependent variable was firm performance and dynamic capabilities serving as the independent variable in model 1 on table 4.6. Again, the study also finds the connection between environmental dynamism and firm performance. The researcher used the regression model to determine as to whether there exists a relationship between the two variables. The researcher used environmental dynamism as an independent variable while firm performance as a dependent variable in model 2 on table 4.6. The outcome is demonstrated in the tables below.

4.5.1 Relationship between dynamic capabilities and firm performance

The result in table 4.5 shows relationship among dynamic capabilities and firm performance. From table 4.5, the percentage change of 14.6 ($R^2 = 0.146$) from dynamic capabilities to firm performance. From the table 4.5, the correlation coefficient ($\beta = 0.382$, $F=30.638$ and $p < 0.001$). The outcome indicates a relationship among dynamic capabilities and firm

performance. The t value=5.535 which is more than showing a relationship between dynamic capabilities firm performance.

Table 4.5.2 Relationship between environmental dynamism and firm performance

The table 4.5 shows the association between environmental dynamism and firm performance. Table 4.5 shows that there is a 15.1 percentage change ($R^2 = 0.151$) in environmental dynamism to firm performance. The correlation coefficient ($\beta = 0.388$, $F=31.789$ and $p < 0.001$) showing a strong correlation between dynamism and firm performance. This indicates that a unit change in environmental dynamism will cause .388 unit on firm performance. The t value=14.532 is more than 2 showing a relationship between environmental dynamism and firm performance.

Table 4.5: Hypothesis testing

Variables	Firm performance			
	Model 1		Model 2	
	Beta value	t-Beta value	Beta value	t-Beta value
Constant				
Dynamic capabilities	.382	5.535		
Environmental dynamism			.388	5.730
R	.382		.388	
F-test	30.638		31.789	
R-squared	.146		.151	
Adj R-squared	.141		.146	
Sig.	.000		.000	

Source: Field survey 2023

4.5.3 Moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance

The result of the moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance is showed table 4.6. Table 4.6 shows that, there is a moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance. The results demonstrated that, the interactive effect of environmental dynamism and dynamic capabilities is statistically positive to firm performance (dynamic capabilities * environmental dynamism, $\beta = 4.007$, $t = 2.605$, $p < 0.05$). The results demonstrated that environmental dynamism moderate on the relationship between dynamic capabilities and firm performance. This shows the interaction connecting dynamic capabilities and environmental dynamism is greater firm performance.

4.6 Moderating effect

Variables	Firm performance	
	Model 1	
	Beta value	t-Beta value
Constant		
Dynamic capabilities	2.086	2.807
Environmental dynamism	2.466	2.837
Interactive	4.007	2.605
Dynamic capabilities*environmental dynamism		
R	.436	
F-test	13.846	
R-squared	.190	
Adj R-square	.176	
Sig	.005	

Source: Field survey 2023

4.6 Discussion of findings

The investigation was examined based on the literature's relationship to the subject of the investigation issue and its specific goals. In order to determine if the literature supported the study's results. The investigator reviewed the results of the study. Here is an outline of it.

4.6.1 Relationship between dynamic capabilities and firm performance

There is a relationship among dynamic capabilities and firm performance. From table 4.8, the percentage change of 14.6 ($R^2 = 0.146$) from dynamic capabilities to firm performance. From the table 4.6, the correlation coefficient ($\beta = 0.382$, $F=30.638$ and $p < 0.001$). The outcome indicates a relationship among dynamic capabilities and firm performance. The t value=5.535 which is more than showing a relationship between dynamic capabilities firm performance. This is in line with a research by findings by Judge et al., (2009) starting that there is an improvement of organizational capabilities may have a favourable impact on the company's performance, according to research findings (Judge et al., 2009). A company's ability to form partnerships is another example of its dynamic capabilities. Scholars had already identified a number of factors that may contribute to these partnerships, including the pooling of resources that may balance one another and the potential for reciprocal risk sharing when undertaking costly and uncertain initiatives. Additionally, these actions can help you acquire the necessary resources, skills, and expertise (Jiang et al., 2010).

4.6.2 Relationship between environmental dynamism and firm performance

The analysis shows that there is an association between environmental dynamism and firm performance. Table 4.7 shows that there is a 15.1 percentage change ($R^2 = 0.151$) in

environmental dynamism to firm performance. The correlation coefficient ($\beta = 0.388$, $F=31.789$ and $p < 0.001$) showing a strong correlation between dynamism and firm performance. This indicates that a unit change in environmental dynamism will cause .388 unit on firm performance. The t value=14.532 is more than 2 showing a relationship between environmental dynamism and firm performance.

This is consistent to the literature stating that Several scholars have theoretically and practically demonstrated how the environment has an impact on how well businesses function (Akgul et al., 2015; Cai & Yang, 2014; Chi, 2015;). Businesses that maintained alignment between their operations plan, business advantage, and atmosphere outperformed those that did not, according to Ward and Duray's (2000) research. They also discovered that the performance of the company was significantly yet indirectly impacted by the dynamic environment. Similar to this, Anand and Ward (2004) observed that top performing organizations-maintained consistency between flexibility tactics and a changing environment. They did, though, observe that some versatility tactics worked better under specific environmental dynamic features.

4.6.3 Moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance

The research outcome after analysing the moderating effect indicate that, there is a moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance. The results demonstrated that, the interactive effect of environmental dynamism and dynamic capabilities is statistically positive to firm performance (dynamic capabilities * environmental dynamism, $\beta = 4.007$, $t = 2.605$, $p < 0.05$). The results demonstrated that environmental dynamism moderate on the relationship between dynamic capabilities and firm performance.

This affirms the literature showing that environmental dynamism represents the most causal factors factor in just this procedure. According to relevant studies, the link between process innovation and dynamic capacities is impacted by environmental dynamism, which is characterized by fast change and a situation of crisis (Pawar and Eastman, 1997; Shamir and Howell, 1999). The link between the strategic plan and dynamic capabilities may vary to varying degrees Environmental dynamism, almost without exception, refers to the pace and unpredictability of developments in a company's surrounding environment (Dess and Beard, 1984).



CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

The study's final section provides an overview of the conclusions and suggestions that were drawn from the findings. The researcher seeks to the effect of dynamic capabilities on firm performance. the moderating role of environmental dynamism. A case study of national investment bank ltd Ghana.

5.1 Summary of findings

The researcher aimed to assess the relationship between dynamic capabilities and firm performance. to examine the relationship between environmental dynamism and firm performance and to analyse the moderating role of environmental dynamism on the relationship between dynamic capabilities and firm performance

5.1.1 Relationship between dynamic capabilities and firm performance

The results of the analysis show a relationship among dynamic capabilities and firm performance. The outcome indicates a relationship among dynamic capabilities and firm performance. The sig. value which shows a statically significant demonstrates a relationship between dynamic capabilities firm performance.

5.1.2 Relationship between environmental dynamism and firm performance

The analysis shows that there is an association between environmental dynamism and firm performance. The correlation coefficient shows a strong correlation between dynamism and firm performance. This indicates that a unit change in environmental dynamism will cause a unit on firm performance. The t value being is more than 2 showing a relationship between environmental dynamism and firm performance.

5.1.3 Moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance

The research outcome after analysing the moderating effect indicate that, there is a moderating effect of environmental dynamism on the relationship between dynamic capabilities and firm performance. The results demonstrated that, the interactive effect of environmental dynamism and dynamic capabilities is statistically positive to firm performance. The results demonstrated that environmental dynamism moderate on the relationship between dynamic capabilities and firm performance.

5.2 Conclusion

The study provides evidence that dynamic capabilities significantly influence firm performance. Dynamic capabilities refer to an organization's ability to adapt, innovate, and reconfigure its resources in response to changes in the external environment. The findings suggest that firms that excel in developing and leveraging dynamic capabilities are more likely to achieve higher levels of performance compared to those that do not. The research highlights the moderating role of environmental dynamism in the relationship between dynamic capabilities and firm performance. Environmental dynamism refers to the degree of

unpredictability and turbulence in the external business environment. The results indicate that the impact of dynamic capabilities on firm performance varies depending on the level of environmental dynamism. In highly dynamic environments, dynamic capabilities may have a more pronounced effect on firm performance compared to stable environments.

The study underscores the importance of building adaptive and agile capabilities within organizations. Given the dynamic nature of the business environment, firms that can quickly sense changes, seize opportunities, and adapt their strategies and resources are more likely to outperform their competitors. The findings have strategic implications for businesses. To enhance firm performance, managers should prioritize the development of dynamic capabilities within their organizations. Additionally, they need to consider the context-specific nature of environmental dynamism when implementing strategies and making decisions.

In conclusion, this research highlights the importance of dynamic capabilities in influencing firm performance and emphasizes the role of environmental dynamism as a crucial contextual factor. By understanding and effectively leveraging dynamic capabilities in response to changes in the business environment, firms can position themselves for sustained success and competitive advantage. However, further research is needed to delve deeper into the underlying mechanisms and explore additional contextual factors that may moderate this relationship.

5.3 Recommendation

Base on the research findings provides the outlined recommendation. The study recommended that firms should prioritize investing in the development of dynamic capabilities. This includes fostering a culture of innovation, encouraging learning and experimentation, and building the capacity to adapt quickly to changing market conditions. By enhancing their dynamic capabilities, firms can better respond to environmental changes and gain a competitive advantage.

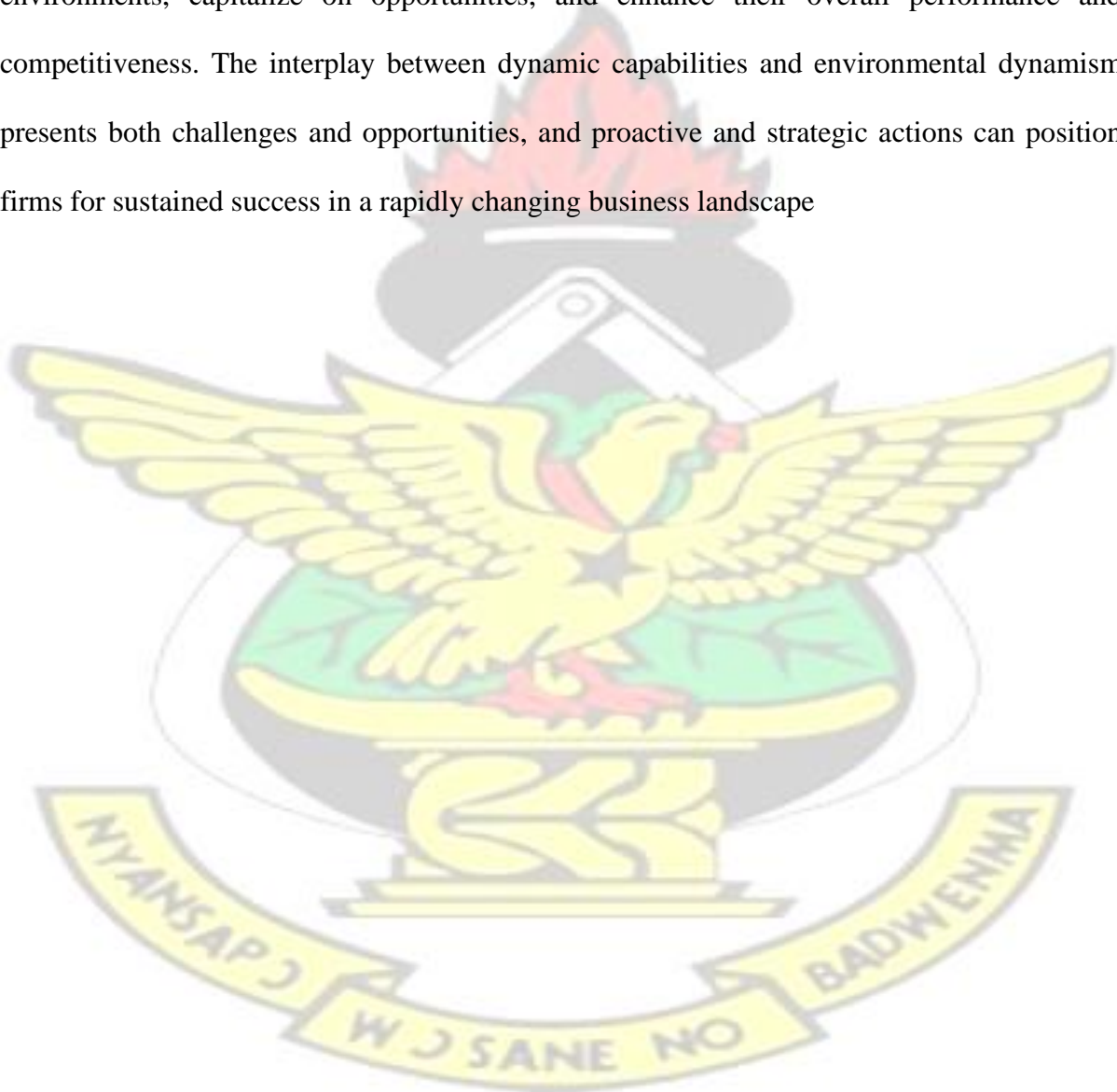
Given the moderating role of environmental dynamism, it is crucial for firms to engage in continuous environmental scanning. Monitoring changes in the external business environment will help firms identify emerging opportunities and threats. This information can inform strategic decisions and guide the allocation of resources to capitalize on favourable conditions and mitigate risks. Recognize that the impact of dynamic capabilities on firm performance may vary depending on the level of environmental dynamism. Firms should develop context-specific strategies that consider the unique challenges posed by different environmental conditions. Flexibility in strategic planning and resource allocation is essential to adapt to varying levels of dynamism.

Emphasize agility and responsiveness as key organizational traits. Firms that can quickly adapt their strategies and resources in response to changing circumstances are more likely to thrive in dynamic environments. Encourage a proactive and nimble approach to decision-making and execution. In highly dynamic environments, forming strategic alliances and collaborations with other firms may be beneficial. Pooling resources, knowledge, and expertise can enhance the overall capabilities of the firm and improve its ability to respond effectively to environmental changes.

While dynamic capabilities can positively impact firm performance, it is essential to maintain a long-term focus. Building and leveraging dynamic capabilities often require sustained efforts and investment. Leaders should resist the temptation to pursue short-term gains at the expense of long-term organizational adaptability and innovation. Benchmarking and learning from industry leaders. Look to industry leaders and successful companies that have effectively harnessed dynamic capabilities in dynamic environments. Benchmarking against best practices and learning from their experiences can offer valuable insights and guide the development of effective strategies. Institutions should invest in human capital. Recognize that dynamic capabilities rely heavily on human capital. Encourage continuous learning, professional

development, and knowledge sharing within the organization. Having a skilled and adaptable workforce is essential for building and deploying dynamic capabilities effectively.

There should be data-driven decision-making. Invest in data collection and analytics capabilities to make informed decisions. Data-driven insights can help firms identify patterns, trends, and potential disruptions in the business environment, enabling more effective responses to changing conditions. Firms can better navigate the complexities of dynamic environments, capitalize on opportunities, and enhance their overall performance and competitiveness. The interplay between dynamic capabilities and environmental dynamism presents both challenges and opportunities, and proactive and strategic actions can position firms for sustained success in a rapidly changing business landscape



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APPENDIX 1
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
KNUST SCHOOL OF BUSINESS, KUMASI
SURVEY ON THE EFFECT OF DYNAMIC CAPABILITIES ON FIRM
PERFORMANCE. THE MODERATING ROLE OF ENVIRONMENTAL
DYNAMISM

This is being carried out to discover the effect of dynamic capabilities on firm performance. The moderating role of environmental dynamism. I would be pleased if you could take some time to complete this questionnaire.

Evidence provided for this study as a result of you completing this questionnaire will be used for academic purposes only. I pledge to keep information very confidential and not to release it to any other person(s). Please tick (✓) the correct answer in the appropriate boxes and specify where necessary.

SECTION A-DEMOGRAPHIC OF RESPONDENTS

1. Sex

☐ Male

☐ Female

2. Age

☐ Less than 20years

☐ 20 – 29 years.

☐ 30 – 39years

☐ 40years and above

3. Education background

☐ HND

☐ Master's degree

☐ First Degree

☐ PhD

4. Number of years with firm

☐ 1-3year

☐ 4-7years

☐ 8-11 years

☐ Above 12years

Position

☐ Lower level

☐ Middle level

☐ Top level

SECTION B- DYNAMIC CAPABILITIES

Please indicate to what extent you agree/disagree with each statement as the statement relates to dynamic capabilities

1 = Strongly Disagree

4 = Neutral

7 = Strongly Agree

	1	2	3	4	5	6	7
Sensing Capabilities (SC)							
We frequently scan the environment to identify new business opportunities.							
We periodically review the likely effect of changes in our business environment on customers.							
We often review our product development efforts to ensure they are in line with what the customers want.							
We devote a lot of time implementing ideas for new products and improving our existing products.							
Learning Capabilities (LC)							
We have effective routines to identify, value, and impart new information and knowledge.							
We have adequate routines to assimilate new information and knowledge.							
We are effective in transforming existing information into new knowledge.							
We are effective in utilizing knowledge into new products.							
We are effective in developing new knowledge that has the potential to influence product development							
Integrating Capabilities (IC)							
We are forthcoming in contributing our individual input to the group.							
We have a global understanding of each other's tasks and responsibilities.							
We carefully inter-relate our actions to each other to meet changing conditions.							
Group members manage to successfully interconnect their activities							
Coordinating Capabilities (CC)							
We ensure that the output of our work is synchronized with the work of others.							
We ensure an appropriate allocation of resources (e.g., information, time, reports) within our group.							
Group members are assigned to tasks commensurate with their task-relevant knowledge and skills.							
Overall, our group is well coordinated							

SECTION C- FIRM PERFORMANCE

Please indicate to what extent you agree/disagree with each statement as the statement relates to firm performance

1 = Strongly Disagree

4 = Neutral

7 = Strongly Agree

	1	2	3	4	5	6	7

Quality of your company's products/services is high							
Level of your customers' satisfaction is very high							
Technological developments in your company are mostly rampant							
Profitability of your company is high							
Sales growth in your company is very good							
Your company's "Returns on Investment" is high							
Your company's market share is very high							
New products launched by your company are of high quality							
Overall growth of your company is very high							
Image of your company in market is very high							
Our organization believes in having co-operation with universities and other research institutes to be competitive in market.							

SECTION D- ENVIRONMENTAL DYNAMISM

Please indicate to what extent you agree/disagree with each statement as the statement relates to environmental dynamism

1 = Strongly Disagree

4 = Neutral

7 = Strongly Agree

	1	2	3	4	5	6	7
Environmental dynamism in our local banking market change are intense							
In our local banking market, changes are taking place continuously							
In our local banking market, the volumes of products and services to be delivered change fast and often							
Our clients regularly ask for new products and services							
Our Organization has a very strong brand name among its competitors							
Our Organization put its emphasis to build strong sales force							
Our organization has well-organized marketing department							
Our organization believes in continuous adaptation of new manufacturing technology							
Our organization has very strong R&D department, and organization spend a lot on R&D							

Our organization believes in having co-operation with universities and other research institutes to be competitive in market.

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THANK YOU

KNUST

