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Mediating Effect of Dynamic Capabilities on the Relationship between Strategic Firm Resources and Competitiveness of MICE Destinations

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Abstract

Dynamic capability view theory stipulates that an organization's basic competencies should be used to create short-term competitive positions that can be developed into long-term competitive advantage. This study aimed at establishing the mediating effect of dynamic capabilities on the relationship between strategic firm resources and competitiveness of Meetings, Incentives, Conference and Exhibition (MICE) destinations in Nairobi and South-Rift circuits. The study used explanatory research design with a purposive sampling technique to arrive at a sample size of 107. Closed-ended questionnaires were utilized during data collection with key respondents being marketing and /operations managers. Descriptive and inferential statistics were used to analyse data. Findings revealed that dynamic capabilities did not significantly mediate the relationship between strategic firm resources and competitiveness of MICE destinations in Nairobi and South-Rift circuits, however dynamic capabilities had direct significant effect on competitiveness. Consequently, this study proposes a path dependence process for MICE destinations that will enable them adapt to rapidly changing competitive environment by marshalling, building, integrating and reconfiguring their resources and capabilities portfolio.

Keywords: *Dynamic Capabilities, Strategic Firm Resources, Competitiveness, MICE destinations, Circuit*

1. Introduction

Dynamic capabilities are considered as dynamic routines that govern the ability of a firm to learn, adapt, change and renew over time (Teece *et al.*, 1997). Eisenhardt and Martin (2000), view dynamic capabilities as the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve and die. Further, Jantunen *et al.* (2005), perceives dynamic capabilities as structures and processes that constitute a firm's ability to reconfigure its asset base to match the



requirements of the changing environment and the firm's ability to sense and seize opportunities. Furthermore, Bledy *et al.* (2018) posits that dynamic capabilities are processes that enable an organization to reconfigure its strategy and resources to achieve sustainable competitive advantages and superior performance in rapidly changing business environments. The study conceptualizes dynamic capabilities to include: skills and knowledge base, managerial systems and values and norms.

Strategic firm resources, on the other hand, are available factors or inputs, both tangible and intangible, that are owned and/or controlled by the firm. These resources consist, among other things, financial or physical assets know-how that can be traded (Amit & Schoemaker, 2016). Williamson (1999) conceptualizes strategic firm resources as a series of assets and capabilities which becomes the core competencies of a company to produce competitive advantage. According to Fernandes (2020), strategic resources are the basic strategic instruments in creating a competitive advantage. They are a firms' assets that are valuable, rare, inimitable and non-substitutable. Helfat and Peteraf (2003) describe firm resources as assets or tangible or intangible factors of production possessed by a firm, that have the potential to generate economic rent. Intangible assets comprise of brand reputation, intellectual property and innovation, while tangible assets are characterized by facilities and equipment, technology, location and access to financial resources.

Competitiveness can be looked at from three interrelated dimensions namely competitive performance, competitive potential and competitive process. Competitive potential refers to the resources used to generate superior performance. Competitive performance is a performance outcome comparative to that of competitors while competitive process relates to the management or administration of the company (Buckley *et al.*, 1992). Competitiveness depends on the amalgamation of strategic firm resources, that is, tangible and intangible assets, dynamic capabilities within an organization and the business competitive forces, which together provide competitive advantage (Ajitabh & Momaya, 2004). Furthermore, competitiveness is a business concept that describes the attribute of allowing an organization to outperform its competitors. These attributes may include access to natural resources, low-cost power source, skilled labour, location and high entry barriers (Jofre, 2011). Dong *et al.* (2021), describe competitiveness as organizations ability to attract customers along with increasing the perceived value and achieving customers' satisfaction. This study conceptualizes competitiveness to include: financial outcomes, market outcomes and differential advantage.

Empirical studies on firm resources (Marchand *et al.*, 2018; Muchiri *et al.*, 2019; D'Oria *et al.*, 2021; Schauerte *et al.*, 2021), are majorly anchored on RBV theory however, it's relatively silent on actions managers need to take in a dynamic competitive environment. In addition, there is minimal focus of mediating effect of dynamic capabilities on competitiveness of MICE destinations. Therefore, this study bridges the gap by establishing the effect of strategic firm resources on competitiveness of MICE destinations given the mediating effect of dynamic capabilities.



1.1 Specific Objective of the Study

The specific objective is to establish the mediating effect of dynamic capabilities on the relationship between strategic firm resources and competitiveness of MICE destinations in Nairobi and South-Rift circuits in Kenya.

1.2 Hypothesis of the Study

The hypothesis was thus stated as:

H₀1: Dynamic capabilities do not significantly mediate the relationship between strategic firm resources and competitiveness of Meetings, Incentives, Conference and Exhibition destinations in Nairobi and South-Rift circuits.

2. Theoretical Framework: Dynamic Capability View theory

Dynamic capability view theory was developed by David Teece, Gary Pisano and Amy Shuen in 1997. The theory emerged as both an extension to and a reaction against the inability of Resource Based View theory to interpret the development and redevelopment of resources and capabilities in a rapidly changing business environment. The theory is also considered a source of competitive advantage and goes beyond the idea that sustainable competitive advantage is based on a firm's acquisition of valuable, rare, inimitable and non-substitutable (VRIN) resources (Teece *et al.* 1997). The main assumption of the theory is that an organization's basic competencies should be used to create short-term competitive positions that can be developed into longer-term competitive advantage (Nelson, 1982). The dynamic capability view perspective fundamentally bases on the dynamic routines, which reflect and actualize the firms' latent competencies. The major components of dynamic capability view theory are adaptive, absorptive and innovative capabilities. Adaptive capability refers to a company's ability to analyse the market, customers and competitors, allocate resources and respond to changing market conditions.

Absorptive capability enables company to recognize the value of new, external information, absorb it and use it while innovative capability is ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the firm and its stakeholders (Eisenhardt & Martin 2000). The theory was ideal for the study as it helped establish path-dependent processes, which would allow MICE establishments adapt to rapidly changing business environments by marshalling, building, integrating and reconfiguring their resource and capabilities portfolio. Based on the theory, it's expected that dynamic capabilities will mediate the relationship between strategic firm resources and competitiveness of MICE destinations.

3. Review of Relevant Literature

Researchers have investigated the mediating effect of dynamic capabilities on the relationship between strategic firm resources and competitiveness, with studies agreeing that dynamic capabilities have positive mediating effect on strategic firm resources and competitiveness. Kiiru (2015) examined how strategic orientation mediated dynamic capabilities and competitive advantage relationships in small and medium-retail enterprises (SMRE's) facing dynamic situations especially from large retail enterprises. The findings of the study indicated that SMREs competitive advantage was directly influenced by the deployment of strategic dynamic capabilities. The results of the research



also showed that, both competition orientation and customer orientation of an enterprise partially mediated the relationship between seizing and reconfiguration capabilities and fully mediated the relationship between sensing capabilities and competitive advantage. This implied that, customer-oriented strategies coupled with reconfiguration capabilities were the most critical dynamic capabilities in enhancing an SMRE's competitive advantage.

According to Khan (2018), for a society to organize production competitively so that educated and skilled people can be employed profitably, they must have firms with dynamic capabilities. Without appropriate dynamic capabilities, investments in other types of knowledge can fail to achieve adequate returns. The required dynamic capabilities can range from basic, intermediate to dynamic, depending on whether firms in the sector are catching up or innovating. Ceptureanu *et al.* (2017) analyzed the relations between entropy, dynamic capabilities and corporate entrepreneurship. The results indicated strong links between strategy and corporate entrepreneurship, moderated by dynamic capabilities. In other words, companies with strong dynamic capabilities and using a systematic strategic approach, widely use corporate entrepreneurship as an instrument to fulfil their objectives. The present study however used dynamic capabilities as a mediator to test the relationship between strategic firm resources and competitiveness as opposed to being the moderating variable.

Elsewhere, Elbana and Elsharnouby (2018), investigated whether formal planning is a worthy approach for hotels. In so doing, the authors developed a theoretical model that extended prior research by exploring how the formal planning process influences dynamic capabilities and decision-making style. Findings indicated that the practice of formal planning in the tourism sector does matter and both dynamic capabilities and decision-making style were important factors in predicting planning effectiveness. Consequently, Najmi *et al.* (2018) examined and assessed the effect of knowledge management and strategic leadership on performance of hospitals by using dynamic capability as a mediating variable. Based on the results, dynamic capabilities as a mediation variable in relationship between knowledge management on the performance indicated that knowledge management will result in increased performance, if mediated dynamic capability were also increased. Second, dynamic capabilities as a mediator in relationship between strategic leadership and performance, indicates that the higher the strategic leadership the higher the performance, if mediated dynamic capability were also higher.

A study by Bykova and Jardon (2018) used a combination of multinational enterprises and dynamic capabilities perspectives to illustrate how the involvement of foreign investors contributes to a company's corporate performance. Using Russian companies as an empirical sample and applying partial least squares-structural equation modelling, the study tested hypotheses regarding the impact of dynamic capabilities in terms of absorptive, adaptive, and communicative capabilities, on the relationship between foreign ownership and performance. Findings indicated that dynamic capabilities fully mediated the process of foreign direct investments transformation into firm's performance. Moreover, Mikalef *et al.* (2019) examined the indirect relationship between a big data analytics capability and two types of innovation capabilities: incremental and radical in Greek firms. By means of partial least squares-structural equation modelling, the results confirmed assumptions regarding the indirect effect that big data analytics capabilities have on innovation capabilities. Specifically, they found out that dynamic capabilities fully mediated the effect on both incremental and radical innovation capabilities. However, the study used self-reported data to test research hypotheses which is potential for biases.



A study by Kabrilyants *et al.* (2021) sought to investigate the role of dynamic capabilities on e-business successful implementation. The proposed conceptual framework was tested on a sample of 16 Jordanian companies with an online involvement, and a total of 263 valid returns were obtained in a questionnaire-based survey. The results provided quite a strong support for the hypothesized relations: dynamic capabilities, namely learning dynamic capabilities and information technology capabilities had significant direct impact on e-business implementation success. Further, Putra *et al.* (2021) examined the effect of Enterprise Resource Planning (ERP) system implementation on company performance with dynamic capabilities as a mediating variable. The study was quantitative and used 117 samples of manufacturing companies listed on the IDX from 2013 to 2018. The results showed that dynamic capabilities mediated the relationship between ERP system implementation and company performance.

In summary, there is minimal focus on mediating effect of dynamic capabilities on the relationship between strategic firm resources and competitiveness. Review of literature has also revealed varied results, with some studies confirming direct mediating effect on the two variables while some reveal inverse results. In some cases, studies have used same methodological approaches leading to generalization of empirical results.

4. Methodology

The study employed explanatory research design. This design builds on exploratory and descriptive research and goes on to identify actual reasons a phenomenon occurs. Explanatory survey research also looks for causes and reasons and provides evidence to support or refute an explanation or prediction (Boru, 2018). This study focused on Nairobi and South-Rift circuits. Nairobi circuit covers Nairobi (1.29210 S, 36.82190 E), Kajiado (2.09810 S, 36.78200 E), Kiambu (1.03140 S, 36.86810 E) and Machakos (1.51770 S, 37.26340 E) Counties, while South-Rift circuit covers Nakuru (0.30310 S, 36.08000 E) and Narok (1.36050 S, 35.74070 E) counties. Nairobi circuit has a total of 268 registered MICE destinations, with 28.44% being classified MICE destinations while South-Rift circuit has 228 registered MICE destinations with 23.22% being classified MICE destinations (TRA, 2021).

The study used purposive sampling technique. This sampling technique was ideal for this study as it helped identify registered MICE destinations and then screened them down to classified MICE destinations. The researcher chose to use classified MICE destinations in order to obtain authentic information as opposed to non-classified MICE destinations. More specifically, five, four, three- and two-star MICE destinations were ideal for this study since they offer a range of MICE services and activities as opposed to one-star MICE destinations. The sampling technique was also used to draw a sample size of 107 MICE destinations from a target population of 496 MICE destinations. This comprised of 59 classified MICE destinations and one (1) convention centre in Nairobi circuit, and 47 classified destinations in South-Rift circuit.

The four-step model by Baron and Kenny (1986) was used to test the mediation effect of dynamic capabilities on the relationship between strategic firm resources and competitiveness. This is an approach in which several regression analyses are conducted and significance of the coefficients examined at each step. The mediation



effect is tested by regressing the independent variable on the dependent variable in step 1, regressing the independent variable on the mediating variable in step 2 and regressing the mediating variable on the dependent variable in step 3. The purpose of steps 1-3 is to establish that zero-order relationships exist among the variables.

If one or more of these relationships are non-significant, the conclusion is that mediation is not possible or likely - although this is not always true (MacKinnon *et al.* 2007). Assuming there are significant relationships from steps 1-3, then the analysis proceeds to step 4. In step 4, mediation is supported if the effect of dynamic capabilities remains significant after controlling for strategic firm resources. If strategic firm resources are no longer significant when dynamic capabilities are controlled, then the findings support full mediation. If strategic firm resources are still significant (that is, both strategic firm resources and dynamic capabilities significantly predict competitiveness), the finding supports partial mediation. The possible mediation models are as presented below and a decision framework for testing mediation is presented in table 1.

$$CO = \beta_0 + \beta_1 TA + \beta_2 ITA + \varepsilon \dots\dots\dots [1]$$

$$DC = \beta_0 + \beta_3 TA + \beta_4 ITA + \varepsilon \dots\dots\dots [2]$$

$$CO = \beta_0 + \beta_5 DC + \varepsilon \dots\dots\dots [3]$$

$$CO = \beta_0 + \beta_6 TA + \beta_7 ITA + \beta_8 DC + \varepsilon \dots\dots\dots [4]$$

Where; CO, DC, TA and ITA are Competitiveness, Dynamic Capabilities, Tangible Assets and Intangible Assets respectively, β_i ($i=0, 1, 2, \dots, 8$) are regression parameters and ε is the error term.

Table 1: Framework for Mediation Decision

Outcome	Conclusion
β_3 and β_4 insignificant in model 2	Possibility of a mediation relationship
β_5 insignificant in model 3	Possibility of mediation
β_1, β_2 and β_6 significant in model 3.4 and β_1 and β_2 insignificant in model.1	Total mediation
β_1, β_2 and β_6 significant in model 4 and β_1 and β_2 significant in model 1	Partial mediation

Source: Researcher (2023)

Construct validity was ensured by variables under study being drawn from literature, theories, and a comprehensive review of empirical literature conducted on the variables. Content validity was achieved by ensuring questions cover all the research objectives. A pilot test was conducted to ensure that the questionnaire captured the right set of questions, while reliability of the instrument was determined by Cronbach's alpha (α) coefficient method. It was used to determine the degree to which the items in the questionnaires were reliable.

Both descriptive and inferential statistics were used in data analysis. Descriptive statistics summarized the data on the basis of means, minimum and maximum values



and standard deviations. Inferential statistics analysed data using multiple regression, which was used to test hypothesis at $\alpha=0.05$. Hypothesis testing was concerned with the development of procedures or rules for deciding whether or not to reject the null hypothesis. The study used F-statistics and t-statistic to test hypotheses. The F-statistic was used to test whether there was a regression relationship between the response variable Y and the set of X variables. The decision rule for testing the hypotheses was, if computed $F \leq F$ critical (F^*), conclude null hypothesis (H_0) but if computed $F \geq$ to critical (F^*), conclude alternative hypothesis (H_a). The decision on whether the regression coefficients were significant or not were in reference to the t-value. t-statistic indicates the significance of the various regression parameters (β_i 's) in the regression model. It tested whether the regression parameters were significantly different from zero. The decision rule for testing the hypothesis was, if computed $|t| > t(1-\alpha/2; n-p)$, reject the H_0 ; otherwise, you fail to reject H_0 .

5. Results and Discussion

Dynamic capabilities were assessed using a set of three measures namely; skills and knowledge base, managerial systems, and values and norms. Table 2 presents descriptive statistics for dynamic capabilities. From the findings in table 2, skills and knowledge base had the highest mean of 4.6591. This was followed by values and norms which had a mean of 4.0284, while managerial systems had a mean of 3.6667. From the results, skills and knowledge base is the most predominant capability for a MICE destination with managerial systems being the least prevalent. This is an indication that MICE destination managers need to invest on employees' skills, more specifically by ensuring their knowledge of ICT is up to date, they are able to adapt to change positively in response to changing circumstances, they are able to attend to customers effectively and efficiently, they are in a position to communicate effectively, multitask and make use of their interpersonal skills in order to compete effectively in the market.

Table 2: Descriptive Statistics for Dynamic capabilities

Dimensions	Minimum	Maximum	Mean	Std. Deviation
Skills and Knowledge base	3.50	5.00	4.6591	.37813
Managerial Systems	1.89	5.00	3.6667	.66645
Values and Norms	1.50	5.00	4.0284	.82214

Valid N (listwise) = 88

Source: Survey Data (2023)

To test the various hypotheses the response variables were regressed against the predictor variables using four step-step model as indicated in section 4. The F-statistic was used to test the significance of the regression models (Blackwell III, 2005). As contended by Greene (2008), the F – statistic tests the hypothesis that the joint significance of all explanatory variables is equal to zero. For all the models, the results show that the F – statistics were significant (p-value < 0.05) and therefore there was a regression relationship in the models. To test the hypotheses, the t – test was used to



test the significance of the regression parameters at 5% significance.

According to MacKinnon, Fairchild and Fritz (2007), if one or more of the relationships in steps 1-3 are non-significant, then mediation is not possible. However, if there are significant relationships from steps 1-3, then mediation or otherwise is confirmed in step 4 where mediation is supported if the effect of mediator remains significant after controlling for the independent variables. Total mediation is confirmed if the coefficients for independent variables become insignificant when the mediator is controlled with partial mediation arising when the coefficients of independent variables and mediator are concurrently significant in the model. The results are presented in table 3.

Table 3: Regression Results of Mediating Effect of Dynamic capabilities on Strategic Firm Resources and Competitiveness

Predictor	Model 1 ^a	Model 2 ^b	Model 3 ^a	Model 4 ^a
	Coefficients			
Constant	2.320** [4.839]	1.955** [5.989]	2.190** [4.250]	2.011** [3.518]
Tangible Assets	0.168 [1.193]	0.278** [2.891]	-	0.125 [0.842]
Intangible Assets	0.218** [2.464]	0.276** [4.584]	-	0.174 [1.765]
Dynamic capabilities	-	-	0.403** [3.288]	0.158 [0.990]
R	0.396	0.658	0.334	0.408
R-Square	0.157	0.432	0.112	0.166
Adjusted R-Square	0.137	0.419	0.101	0.137
S.E of Estimate	0.40406	0.27517	0.41230	0.40411
MS Regression	1.290	2.452	1.838	0.913
MS Residual	0.163	0.076	0.170	0.163
F-Statistic (df1, df2)	7.899 (2,85)	32.378 (2,85)	10.810 (1,86)	5.592 (3,84)
Sig. (F-Statistic)	0.001	0.000	0.001	0.002

^a dependent variable = competitiveness; ^b dependent Variable = dynamic capabilities; **significant at the 0.01 level; * significant at the 0.05 level; values in [] are t-statistics

Source: Survey Data (2023)

As shown in results, variance for strategic firm resources accounted for 15.7% of all the variance in MICE destinations in Model 1 (R-square = 0.157). The variance for strategic firm resources in Model 2 accounted for 43.2% of all the variance in competitiveness (R-square = 0.432). In addition, the variance for dynamic capabilities accounted for 11.2% of all the variance in competitiveness in Model 3(R-square =0.112), while the variance in Model 4 for strategic firm resources and dynamic capabilities accounted for 16.6% of competitiveness (R-square = 0.166). All the models had significant regression relationships as indicated by the significant F-Statistics (Model 1: F-statistic = 7.899, p-value = 0.001<0.05; Model 2: F-statistic = 32.378, p-value. = 0.000 <0.05; Model 3: F-statistic = 10.810, p-value = 0.001<0.05; Model 4: F-statistic = 5.592, Prob. =



0.002<0.05). Though tangible assets ($\beta=0.278$, p-value <0.05) and intangible assets ($\beta=0.276$, p-value <0.05) significantly affected dynamic capabilities (model 2) and dynamic capabilities had a significant direct effect on MICE destination competitiveness ($\beta=0.403$, p-value <0.05) in model 3, the independent variables (strategic firm resources) and mediator (dynamic capabilities) had an insignificant effect on competitiveness in model 4 (tangible assets: $\beta=0.125$, p-value >0.05; Intangible assets: $\beta=0.174$, p-value >0.05; and dynamic capabilities: $\beta=0.158$, p-value >0.05). The hypothesis that dynamic capabilities do not significantly mediate the relationship between strategic firm resources and competitiveness of MICE destinations in Nairobi and South-Rift circuits was not rejected. This implies that dynamic capabilities have no significant mediation effect on the relationship between strategic firm resources and competitiveness of MICE destinations.

The finding contrasts findings by Jiang *et al.* (2015) who advanced the concept of integrative capability as a critical dynamic capability and empirically investigated its implications for a firm's sustainable competitive advantage in business partnerships. Findings from their study revealed integrative capability as a dynamic capability being an important mediator in relationship between operational capabilities and firm performance. Additionally, Aminu and Mahmood (2015) investigated the mediating role of dynamic capabilities on the relationship between intellectual capital and manufacturing firm performance in a turbulent business setting. Findings revealed a positive mediation effect of dynamic capabilities on firms' performance.

Furthermore, Han and Li (2015) were of a contrary opinion. They empirically analyzed the impact of intellectual capital on innovative performance and the role knowledge-based dynamic capability plays in firms in China. Their results showed that knowledge-based dynamic capability partly mediated the relationship between intellectual capital and innovative performance. Claver-Cortés *et al.* (2017) in the study of 610 high-technology companies confirmed that firms located in scientific-technological parks are not only more innovative but also that dynamic capabilities play a mediating role in their competitiveness.

Khan (2018) affirmed the need for firms to invest in dynamic capabilities competitiveness without which they can fail to achieve adequate returns. Similarly, Najmi *et al.* (2018) posits that dynamic capabilities as a mediating variable improves performance. Sachitra and Chong (2018) empirical findings on collective actions, dynamic capabilities and competitive advantage revealed a significant relationship between collective actions and competitive advantage, as well as between collective actions and dynamic capabilities. Still according to Bykova and Jardon (2018), following their study in Russia, dynamic capabilities fully mediated the process of foreign direct investments transformation into firm's performance.

Further Rehman *et al.* (2019) study which examined the mediating role of dynamic



capabilities on organizational performance and its detriments revealed that dynamic capabilities mediated the relationship between management control systems as a package and organizational performance. Further, a study by Mikalef *et al.* (2019), examined the indirect relationship between big data analytics capability and two types of innovation capabilities that is, incremental and radical. Results revealed a mediation effect on both incremental and radical innovation capabilities with dynamic capabilities as a mediator in enhancing firms' competitiveness. Similarly, Bhatt *et al.* (2020) study on mediating role of dynamic capabilities between organizational culture, entrepreneurial orientation and organizational performance of SMEs, revealed a significant mediation effect between dynamic capabilities and organizational performance. Additionally, study by Putra *et al.* (2021) on effect of enterprise resource planning system implementation on company performance also contradicted this study finding. Their study findings revealed the mediating role of dynamic capabilities on company performance.

Even though dynamic capabilities did not mediate the relationship between strategic firm resources and competitiveness, tangible assets ($\beta=0.278$, $p\text{-value} < 0.05$) and intangible assets ($\beta=0.276$, $p\text{-value} < 0.05$) had a direct and significant influence on dynamic capabilities implying that strategic firm resources positively and significantly influenced firms' dynamic capabilities. This study finding is in agreement with Garcia *et al.* (2018) findings. They investigated the mediating role of competitive advantages in the relationships between strategic resources, dynamic capabilities and performance in a dynamic environment. The results showed that achieving competitive advantages, which are decisive for business results, depends on the available strategic resources and the generating of dynamic capabilities and that dynamic and changing sectors strategic resources are essential in generating dynamic capabilities. Furthermore, Sunday and Vera (2018) examined the dynamic process of ICT adoption using the concepts of dynamic capabilities. The study developed a framework from the concept of dynamic capabilities and found that using the concept of dynamic capabilities to examine the process of emerging information and communication technology adoption as a firm's resource, helps unveil the recursive nature of the process and how the factors vary at both single and multiple stages of adoption.

Moreover, Monteiro *et al.* (2019) investigated the effect of intangible resources and entrepreneurial orientation in export performance, by examining the mediating effect of dynamic capabilities, shedding light on how intangible resources can be used to enhance export performance, highlighting also the role of entrepreneurial orientation to leverage business' export performance. The results pointed out the mediating role of dynamic capabilities, business' export performance. Along the same school of thought, Hinasah and Nuryakin (2020) study on influence of dynamic capabilities and organizational learning on the financial performance showed that dynamic capabilities positively and significantly affected financial performance. What's more, dynamic capabilities ($\beta=0.403$, $p\text{-value} < 0.05$) had a significant direct effect on the competitiveness of MICE destinations. This underscored their importance in MICE destinations attaining competitiveness. Moreover, Lofsten (2017) acknowledged the vital



role played by dynamic capabilities in innovation performance, the study offered empirical evidence that dynamic capabilities are important in firms' competitiveness. Correspondingly, Annunziata *et al.*, (2018) study on the role of dynamic capabilities in implementing proactive socio-environmental practices and related economic performance, highlighted the importance of dynamic capabilities on firms' performance. Moreover, Elbana & Elsharnouby (2018) explored how the formal planning process influences dynamic capabilities and decision-making style. The study concluded that the practice of formal planning in the tourism sector does matter and that dynamic capabilities are important factors in predicting planning effectiveness of an organization.

Study findings by Zia-Ur-Rehman *et al.* (2019) were also in agreement with this finding. The study investigated the relationship between dynamic capabilities and firm performance through the mediating role of generalized system of preference plus status. Results showed that dynamic capabilities had a significant effect on firms' performance. Al-Omouh (2020) investigation on the role of top management support and organizational capabilities in achieving e-business entrepreneurship also showed a direct impact of dynamic capabilities on e-business performance. Similarly, Kabrilyants *et al.* (2021) findings on role of dynamic capabilities on e-business successful implementation revealed a significant impact of dynamic capabilities on e-business performance. Moreover, Tanjung & Musa (2021) study on the impact of achievement motivation on dynamic capabilities and firm performance aimed to establish a possible relationship between variables comprising dynamic capabilities and organizational performance. The study provided empirical validation that achievement dynamic capabilities positively affect firm performance.

From a theoretical front, the findings concur with dynamic capability theory which asserts that core competencies or dynamic capabilities should be used to modify the short-term competitive positions to build long term competitive advantage (Teece *et al.* 1997). This study confirms the prescriptions of dynamic capability view theory that skills and knowledge base, managerial systems and values and norms eventually contributes to competitiveness of firms.

6. Conclusions and Recommendations

Dynamic Capability View theory stipulates that an organization's basic competencies should be used to create short-term competitive positions that can be developed into longer-term competitive advantage. From the findings, even though dynamic capability did not mediate the relationship between strategic firm resources and competitiveness, it however had a direct significant effect on competitiveness of MICE destinations. An indication that dynamic capabilities are key for MICE destinations adapting to changes in the environment. The study proposes a path-dependent process for MICE destinations to adapt to rapidly changing competitive environment. Such a process would involve; a search for opportunities with the ability to create new ideas and awareness of changes in the environment; acquiring requisite skills, managing intellectual property and encouraging innovation and experimentation; coordination



which ensures creating a vision that integrates stakeholders and building strategic alliances; configuration and reconfiguration by creating resources and capabilities, acquiring resources and capabilities and integrating resources and capabilities; and adapting and implementing best practice and managing organization's identity. The researcher recommends doing further research in this area by searching for variables mediating the relationship between firm resources and capabilities. Additionally, since the study was cross sectional in nature, a longitudinal research framework could further explore the role of strategic firm resources on competitiveness given the mediating effect of dynamic capabilities and thus draw more conclusions. Besides, the cross-sectional nature of the study also provides a snapshot about the issue for a specific point in time but gives no indication of the sequence of events.

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