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# Guest editorial: Dynamic capabilities and international business research: managerial and financial perspectives

Guest editorial

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## 1. Introduction

The interest in dynamic capabilities (DCs) has grown significantly in the past two decades and the concept has attracted a lot of attention from both management scholars and practitioners (Barreto, 2010). While originating from the field of strategy (Teece *et al.*, 1997; Eisenhardt and Martin, 2000), research on DCs has expanded in other management fields as well, including entrepreneurship, management information systems, technology and innovation management, operations management, marketing management and human resources management (Schilke *et al.*, 2018). Although the concept has been commonly explored with recent efforts to consolidate both definitional and theoretical divergences, the literature remains fragmented and dissimilar (Baia and Ferreira, 2019). In particular, an increasing number of researchers recognized that DCs are not a unitary concept and these capabilities manifest themselves in several different forms (Helfat and Winter, 2011). Wang and Ahmed (2007) highlight that scholars consider DCs as a wide range of resources, processes and capabilities. Furthermore, the contribution of DCs to company performance (e.g. financial, economic) are not fully clear (Wilden *et al.*, 2016) and is at the center of debate (Baia and Ferreira, 2019). On the one hand, DCs are deemed to be even more important for multinational enterprises, both nascent and established (Luo, 2000; Weerawardena *et al.*, 2007; Dunning and Lundan, 2010; Zollo *et al.*, 2016), whereas on the other hand, the potential and realized relationships to the performance of new ventures and established companies are also relevant (Teece, 2007; Zahra *et al.*, 2006; Wu, 2007), but yet limited.

From this point of view, there is an ongoing need for more attention on DCs by drawing on theories from various disciplines (e.g. resource-based view, organizational learning theory, evolutionary economics and transaction cost economics). Furthermore, the effects related to COVID-19 pandemic on the global business landscape was very crucial with several negative outcomes for businesses. Accordingly, the need for research insights to develop and enhance various DCs to overcome these negative consequences is of great importance. It is essential to synthesize the conceptual debates and the various empirical findings to a more integrated understanding of DCs.

Therefore, there is a need to shed light on the complex relationship between:

- DCs and international business strategy;
- DCs and other relevant theories; and
- DCs and company performance (e.g. economic, financial).

Accordingly, this special issue sought contributions that helped in a better understanding of the DCs concept in the global business landscape. Papers considered for the special issue addressed a real-world DC question within the context of international business research.

The next section offers the synopsis of the contributions included in the special issue.



## 2. Synopsis of the special issue contributions

This special issue comprises eight papers from dissimilar fields, with original informative content and implications for theory and practice.

The contribution of Ahmad *et al.* “*Small and medium enterprises dynamic capabilities efficacy during COVID-19: moderating role of CEO gender*,” examines the role of DCs in the financial performance of the small-medium enterprises (SMEs) during COVID-19 in Pakistan. The authors provide evidence that DCs have a significant positive effect on the SME's operating level and revenues in a pandemic context. Furthermore, the authors highlighted the role of CEO gender in the performance of SMEs.

Barcelos *et al.* in their paper “*The role of a local network in achieving contextual ambidexterity in foreign subsidiaries operating in Brazil – a multi-level analysis*,” present empirical evidence regarding the strong influence of the management team in achieving subsidiary ambidexterity in Brazilian context. The authors highlight that subsidiaries need to improve the management team's effectiveness to achieve contextual ambidexterity.

The paper “*Accelerated internationalization of SMEs and microfoundations of dynamic capabilities: towards an integrated conceptual framework*” by Chebbi *et al.* presents a conceptual framework, based on ten propositions, to better identify the microfoundations of DCs based on sensing opportunities, seizing opportunities and reconfiguring, and their impact on SMEs' accelerated internationalization.

The study by AlShehhi *et al.* “*Influential dynamic capabilities and small and medium enterprises' internationalization success: mediating role of international entrepreneurial orientation*” investigates how international entrepreneurial orientation (IEO) mediates the relationship among influential DCs and the internationalization success of SMEs in the United Arab Emirates. In particular, the IEO mediates the relationship between DCs and internationalization success based on a sample of 660 SMEs.

Abdelzاهر *et al.* in the work “*MNCs' orchestration capability of the 3Ds and financial performance*,” consider a sample of companies drawn from Fortune 500 and show that orchestrating multinational corporations with an international configuration described by high density, low geographic distance and low internetwork scope diversity has a positive impact on firm performance.

The paper by Bresciani *et al.* “*Environmental MCS package, perceived environmental uncertainty and green performance: in green dynamic capabilities and investment in environmental management perspectives*” analyzes the influence of environmental management control system package and perceived environmental uncertainty on green performance and green DCs as mediators. In particular, the authors consider the investments in environmental management as a moderator between green DCs and green performance in Pakistan.

Olawejaju and Ajeyalemi, in their study “*COVID-19 uncertainties, dynamic capabilities and the strategic response of multinational enterprises*,” highlight six unusual uncertainties and challenges that multinational enterprises might face because of COVID-19 pandemic. In particular, the authors present evidence to support the suggestion that multinational enterprises could persist resilient by using DCs in response to uncertainties connected to the pandemic context.

Finally, the contribution by Abdelzاهر and Ramadan “*Dynamic capabilities and FDI in conflict zones: the role of diversification and stock management capabilities*” reveals that companies with superior international geographical diversification capabilities and those with superior local stock management capability are more probable to launch subsidiaries in high ongoing conflict zones. Furthermore, this paper highlights that while it may be

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unprofitable for companies to seek foreign direct investment in high-conflict zones, companies that operate in manufacturing, infrastructure and natural resource extraction experienced positive performance. Guest editorial

### 3. Concluding remarks

Each contribution of this special issue generates insight for scholars and practitioners from financial and managerial perspective, by digging in depth on the topic of DCs. The guest editors hope that the eight contributions selected will add to enrich the debate on DCs, motivating researchers to conduct future research.

Finally, the authors would like to thank the co-editors of the Journal, Prof Hussain G. Rammal and Prof Elizabeth Rose, for the opportunity to host this special issue in this important journal, and all the reviewers for offering many relevant suggestions during the review process.

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