

Title: Dynamic capabilities of the SMEs for sustainable innovation performance: role of environmental turbulence

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Abstract: Purpose This study aims to investigate how dynamic capabilities, i.e. sensing, learning, integrating and coordinating trigger sustainable innovation performance. It also examines the direct and moderating role of environmental turbulence towards the sustainable innovation performance of small and medium-sized enterprises (SMEs).

Design/methodology/approach The data were collected through a cross-sectional survey of 169 SMEs in Oman and analysed through structural equation modelling using SmartPLS software.

Findings Findings of this study reveal that the sustainable innovation performance of SMEs is greatly influenced by the synergy of learning, integrating and coordinating capabilities. Notably, among these capabilities, coordinating capability emerges as the most important capability for SMEs with a primary emphasis on fostering both human and organizational well-being. However, this research reveals that building dynamic capabilities alone might not be sufficient to address social, ecological and economic sustainability criteria, and SMEs may need to extend their view beyond internal processes and integrate various environmental contingencies into their approaches while focusing on sustainable innovation performance.

Practical implications This research is useful for business managers while allocating resources in their business efficiently and effectively to achieve sustainable innovation performance. It also highlights that SMEs need to integrate various environmental contingencies into their approaches while focusing on sustainable innovation performance.

Originality/value To the best of the authors' knowledge, this study is one of the first to contribute to SME scholarship by mainly investigating the effect of specific four types of dynamic capabilities on sustainable innovation performance in a turbulent environment. This study is likely to contribute to the SMEs addressing sustainability innovation performance and develop capabilities to be sustainable in a turbulent environment.

Keywords: Learning capability, Sensing capability, Integrating capability, Coordinating capability, Sustainable innovation performance, SMEs

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