Unobserved heterogeneity of dynamic capability and sustainable performance of dairy microfirms

By

Maulid H. Bwabo

and

Ma Zhiqiang

ABSTRACT

Scholars have examined populations within firms and found that managers and employees exhibit similar characteristics in the relationship between dynamic capability drivers and sustainable performance. However, the unobserved relationship between dynamic capability drivers and sustainable performance in the context of dairy microfirms is less investigated. The main motive is to examine the unobserved connection in the relationship between dynamic capability drivers and sustainable performance in dairy microfirms in Tanzania. Illustrating the knowledge-based view (KBV), this study determines that valuable competencies impact dairy microfirms' sustainable performance. The 300 participants in this study were employees and managers of dairy microfirms in three regions of Tanzania Tanga, Arusha, and Kilimanjaro. A unique unit segment technique - response-based unit segmentation-partial least squares (REBUS-PLS) path modelling - is used to uncover latent classes to meet the research objective. Our findings reveal that the aggregate model hypotheses were significant. Furthermore, the paper illuminates potential unobserved variations between managers and employees concerning the dynamic capability drivers and sustainable performance of dairy microfirms in Tanzania.The potential unobserved differences between managers and employees provide an alternative explanation for the relationship between dynamic capability drivers and sustainable performance. This helps avoid the 'competency trap' and explains how to improve the dynamic capabilities of dairy microfirms Homogeneous behaviour among managers and employees strongly suggests collectivist work to improve sustainable performance. We contribute empirically by demonstrating the underlying dynamic capability drivers of managers and employees in heterogeneous segments to explain sustainable performance

Keywords: dynamic capability drivers; sustainable performance; knowledge sharing; sensing capability; agility; REBUS-PLS; managers; and employees.