Dynamic Capabilities and Business performance of Small and Medium Scale Enterprises in Edo State, Nigeria

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Abstract

Small and Medium Enterprises (SMEs) in Edo State operate in an increasingly volatile business environment marked by competition, technological changes, and unstable economic conditions. To survive and grow, SMEs must develop *dynamic capabilities that come in forms of* the ability to sense opportunities and threats, seize them, and reconfigure resources to enhance their overall business performance. There is no consensus on the ability of SMEs in Edo State to adapt quickly to market and environmental changes. Also, their dynamic capabilities to facilitate their competitiveness and effectively leverage opportunities for growth are still subject of research. The study focused on how dynamic capabilities influence business performance among SMEs in Edo State. The independent variable – dynamic capabilities – is decomposed into sensing, seizing, reconfiguration and learning capabilities. The study adopted survey (cross sectional) research design was adopted, relying upon a structured questionnaire as the data collection instrument. The population comprised all SMEs in Edo State. The method of data analysis was descriptive and inferential statistics (multiple regression). The study found that the performance of SMEs in Edo state is positively and significantly related to their capabilities within the environment in which they operate. Also, both sensing and learning dynamic capabilities are seen to be positive and significant to performance, while seizing and reconfiguration capability is not significant. The study therefore recommends that SMEs in Edo State must understand specific prevailing environmental conditions that may affect their performance within their immediate environment.

Keywords: SMEs, dynamic capabilities, business performance, business environment and Edo State.

1.0 Introduction

The increasing level of globalisation coupled with competitive edge owned by small and medium scale (SMEs) determine the ability of the SMEs to identify prevailing environment conditions within their immediate business environment (Lawal and Oguns-Obasohan, 2025). This argument was supported by Garbellano and Da Veiga (2019) that unfavourable market conditions do not provide better opportunities for business to develop ways to improve their performance. Most business firms including SMEs need to develop appropriate frameworks to improve their ability to identify these prevailing environmental conditions within their immediate business environments. These frameworks are identified as the Porter five model, balanced scorecard, value disciplines, Ansoff Matrix, SWOT analysis, BOSTON consulting Group and dynamic capabilities. However, this study address issue around dynamic capabilities and how firms can use them to improve their performance. The work of Teece, et. al., (1997) provides dynamic capabilities explore key path-dependent activities that may enhance capacity for firms to identify key environmental conditions within their business with focus on integrating available resources to improve their market niche. In Nigeria, SMEs help to diversify the economic activities through production for key final users for consumption and subsequently improving their standard of living. Notably, SMEs are seen as important especially in developing nations like Nigeria and other Africa country that depend solely on oil

as their major source of foreign exchange (Joseph, et al., 2021). Furthermore, SMEs are crucial component and driver for economic growth, development and sustainability that provides opportunities for innovation, empowerment, employment and creativity.

Prior studies such as Patricio, et al., (2022) establish relationship between dynamic capabilities and business performance of SMEs in developed nations like UK and Portugal but these studies often lack specific focus on the variable that may influence the dynamic capabilities of SMEs in developing country like Nigeria. Also, there are paucity in term of knowledge-based evidence that exist on studies that establish SME-specific which focused on mostly large institutions other than SMEs with limited focus. As part of this, empirical studies review that there is huge neglect in terms of the current challenges and opportunities facing SMEs as most prior studies focused on large organisation (Adewale and Okoro, 2021). This research gap requires adequate attention as there is need for specific SMEs studies that can constantly investigate dimensions of SMEs dynamic capabilities. It is important to note that prior studies based their arguments on the underlying assumptions that dynamic capabilities may not be the only factor responsible for improving SMEs performance (Olanrewaju and Abdulrahman, 2022). This findings from this study will improve the quality of information that SMEs will have about their business environment. It will help SMEs to have adequate information on how to develop processes that can integrate and build their capabilities to improve their business model. Based on this, the study examines how dynamic capabilities influence business performance of SMEs in Edo State with specific focus on SMEs current trends, opportunities and challenges. The research hypotheses are stated as follows: H_1, H_2; H_3; & H_4: *There is no significant relationship between independent variable (dynamic* capabilities- *sensing, seizing, reconfiguration and learning) and dependent variable (employee performance)*. The research objectives are established below:

(i) ascertain the effect of sensing capabilities on business performance in Edo State.
(ii) examine how seizing capabilities influence business performance in Edo State.
(iii) examine the influence of reconfiguration capabilities on business performance in Edo State.
(iv) determine the effect of learning capabilities on business performance in in Edo State.

2.0   Literature Review

This section presents the conceptual, theoretical and empirical reviews of the work. This is in a bid to find relevant research gaps and fashioning ways to fill the same.

2.1 Overview of SMEs in Nigeria

SMEs are considered and seen as key instrument for any nation to foster their economic growth, as prior studies have review that the pervasive nature and contribution of SMEs cannot be underrated as indicated among scholars and professionals (Gbandi & Amissah, 2014) In Nigeria, SMEs are seen as key instrument for improving growth, employee opportunities and creativity as over 40% of the country GDP and 70% employment from SMEs contribution. In the opinion of Kowo and Akanmu (2018), 87% of the overall economic growth which accounted for 61% GDP are from manufacturing and industrial unit of SMEs. The significance of SMEs includes improved standard of living, employment opportunities, improve foreign exchange, poverty reduction and income redistribution (Tobora, 2014).

2.2 Performance of SMEs

The concept of business performance is deeply rooted in the assumption that firm is a business unit that ensure the effective utilisation of the available resources to ensure that specific of the

organisation are achieved. Firm performance relates to the ability of the firm to defined critical opportunities to achieve their prevailing corporate goals within their environment. In support of this, business performance relates to the ability of the firm to acquire and ensure the effective utilisation of the available resources to achieve specific goals and direction. Li and Liu (2014) cite that firm performance include different components that defined specific tasks in such a way that key processes are employed in carrying out activities to improve organisational efficiency. In support of this, Ogunsanwo (2019) opine that business performance enhances organisational capacity, internal business processes, effective workforce management and conductive work environment.

This implies that firm performance develops strategies for business to plan and examine their overall corporate goals and objectives. SMEs performance is best conceptualised as a holistic construct that integrates financial results, operational efficiency, innovation capacity, and strategic adaptability. This broader understanding captures the realities of resource-constrained SMEs operating in environments that demand continuous improvement and responsiveness. Li and Liu (2014) argue that performance encompasses components such as innovation, market responsiveness, and product development, which collectively determine how well a firm competes in its environment. Non-financial indicators such as customer satisfaction, workforce productivity and organisational learning also contribute significantly to performance by supporting long-term sustainability (Saunila, 2016).

2.3 Dynamic Capabilities

The concept of dynamic capabilities is essential in identifying key prevailing conditions for SMEs to know the level of information available in response to possible changes within their business environment. It identifies key competencies, competitiveness and integrating key driving activities (Akenroye, et al., 2020). Scholars and professionals argue that dynamic capabilities is unique to firm to identify their peculiarities on how to identify key conditions that may influence their performance and distinguish clearly from their competitors in the market. In the work of Teece, 2023), the theory of dynamic strategic activities that are considered as important for creating and acquiring appropriate capabilities for developing ways to reconfigure new innovative ideas that can resolve business challenges within their business environment.

In essence, dynamic capabilities reveal an organisation's proficiency in attaining innovative competitive advantages guided by specific path dependencies and market positions (Teece, 2023). The efficacy of a company's dynamic capabilities determines the speed and extent to which its resources can adjust its business model according based on customer needs and aspirations which can be achieved through periodic opportunity assessment and proactive cultural shifts to address new threats and opportunities in business development (Teece, 2016). It functions as the company's ability to collaborate with partners, coordinating resources and alliances to effect changes in the market and business environment (Kapoor and Aggarwal, 2020). Dynamic capabilities determine the extent to which the firm available resources influence how firm interact with market and available resources within their business. These research gap provides the need to establish appropriate structure that can answer pending questions on how capabilities can influence performance (Teece, 2016).

2.3.1 Dimensions of Dynamic Capabilities

(i) Sensing Capabilities

Sensing capabilities are described as the process of gathering and filtering information from the environment to form hypotheses about the probable developments in technologies,

customer needs, and market responses (Teece, 1997). It involves the proper identification of opportunities by vigilantly observing the environment for potential opportunities within or outside the company's boundaries. The rapid changes in the environment and market present a challenge in predicting and identifying future development paths and difficulties in identifying new ideas, information, and knowledge that can lead to development opportunities (De Carvalho, 2021). For a firm to achieve sustainable competitive advantage, it must be able to reconfigure its resource base by effectively sensing shifts in the environment and responding accordingly as this may enhance capacity for improving performance. There is relationship between sensing and performance since sensing capabilities pertain to an organisation's ability to consistently observe and analyze its surroundings which involves appropriate monitoring of both internal and external technological advancements that may influence their performance (Teece, 2007).

(ii) Seizing Capabilities

Seizing capabilities can help SMEs to identify key resources and knowledge to improve their competitive advantage and performance (Kump et. al., 2019). Rashidirad et. al. (2014) stated that there is need for SMEs to identify capacity to drive resources and identify opportunities that can improve both internal and external knowledge and their corporate existence on the longrun. Once it is recognized that there is a need to make decisions and investments to address market needs with new products, processes, or services (Teece, 2016), it has the potential to reach public acceptance and to shape or create a sustainable market. An organization exhibits a high seizing capacity, according to Singh et al. (2013), when it is able to recognize the potential value of information, transform that information into tangible business opportunities that complement its strengths and weaknesses, and make decisions appropriately. Perceptive abilities and seizing capacities are related since identifying prospects or potentialities requires using creative products, processes, or services to increase performance.

(iii) Reconfiguration Capabilities

Reconfiguration capabilities provides an organisational structure that integrates the skills and competencies that differentiate products and services from those of their rivals in the market (Girod and Whittington, 2017). SME's ability to ensure it achieve reconfiguration is the key to sustained growth and appropriate requirements for creating and capturing value (Teece, 2016). Reconfiguration capability has relationship with performance since it empowers firm to reject or reconstruct specific organisational routines and practices to enhance their operational efficiency and improve their performance (Mora et al., 2008). The importance of reconfiguration capabilities is demonstrated by their critical roles in correcting gaps in a firm's resource base, developing new resources, and realigning available resources with new framework (Yeow, et. al., 2018). More significantly, reconfiguration is necessary in quickly shifting market conditions because it is regarded as a crucial component in assessing the performance of SMEs (Helfat & Peteraf, 2015).

(iv) Learning Capabilities

Prior studies review that knowledge articulation, new thinking and creative solutions that can improve performance are some of the examples of learning processes. Learning capacity is necessary to gain and absorb knowledge to drive support for business model and adaptability to enhance capacity for driving goals. Learning capability may be especially useful in the work of Akpan et al., (2022) because increased adaptability should allow SMEs to benefit from changes in their resource base and make it easier for them to reap the resource-related advantages that such changes may generate, which could improve SMEs' performance.

Protogerou, Caloghirou, and Karagouni (2014) opine that learning process improve how firm react to their environment and achieve their goals. Lin et al. (2016) believe that learning can be achieve through effective training programs and other knowledge-based processes that can increase capacity for improvement. As a result, it is considered a crucial source of knowledge and experience that SMEs require to continuously increases and sustain their competitiveness within their business environment (Morgan et al., 20211).

2.4 Theoretical Review and Framework

The study is based on resource-based theory and the underlying assumptions of this theory is that there are several managerial resources that the firm refused to utilise as this may serve as the main driver to achieve sustainable expansion within the limit of the business. In the work of Penrose (1959) as cited by Ruivo, et al., (2015), it is noted that it is possible for business to continuously achieve competitive advantage when they consider their resources and integrate with their capacity to achieve result. This implies that it is important for firm to develop capacity to effectively manage their resources (tangible and intangible) in order to achieve diversification, competitiveness and productive capacity. The theory takes into account the idea of resource immobility, which postulates that the persistence of resource disparities is a result of the complexity of resource trade between enterprises. This theory's use is justified by the fact that it assists businesses in locating and utilising their uncommon, precious, unique, and non-replaceable resources in order to obtain a competitive edge and enhance operational efficiency.

2.5 Empirical Review

Sharfaei et al. (2023) did a study on the effect of dynamic capabilities on the performance of international SMEs in Iran. The study examined that developing countries such as Iran face many challenges that can impact international small and medium-sized enterprises (SMEs) to a larger extent due to their limited resources and bargaining power. Furthermore, the study investigated how competitive advantage mediates the impact of dynamic capabilities and firm performance. The authors argued that international SMEs are confronted by a number of challenges such as how to develop the dynamic capabilities needed to help them attain a high level of performance. The study method of data analysis was a partial least square technique through the use of a self-administered questionnaire survey. Based on this, the study obtained 166 responses from the SMEs, the study revealed that dynamic capability does not have a significant impact on international SME performance. Also, that competitive advantage does not mediate the relationship. The study recommended that there is a need for SMEs to leverage comprehensive knowledge of dynamic capabilities and competitive advantage to enhance their performance in developing markets. Bett and Anene (2023) investigated how dynamic capabilities influence performance among SMEs in Nairobi, Kenya. The study population consisted of 129 Food and Beverage SMEs based in Nairobi as listed in the Kenya Association of Manufacturers' 2022/2023 database. The study adopted a random sampling method in order to identify the appropriate sample size using systematic random sampling. A sample size of 96 was determined using the formulae for determining sample size from a finite population. The study adopted a random sampling method in order to identify the appropriate sample size using systematic random sampling. A sample size of 96 was determined using the formulae for determining sample size from a finite population. A pilot test was done to determine the validity and reliability of the instruments. Data was analysed using both descriptive and inferential statistics. Descriptive statistics were used to provide a summary of survey data and summary statistics of the objectives. The study found that dynamic capabilities (sensing, seizing, innovation, and learning) play a crucial role in the performance of small and medium-sized enterprises in Kenya.

Beigi et al. (2023) investigated the relationship between dynamic capabilities and knowledge management in Tehran. This study aimed to investigate the effect of knowledge management (KM) and dynamic capabilities (DCs) on the improvement of the performance of knowledge firms through the mediating role of sustainable competitive advantage (SCA). The study applied descriptive correlational techniques to interpret and present data collected from the respondents. The findings revealed that KM and DCs enhanced the performance of knowledge firms by strengthening SCA. The current study extends the literature on management by bridging the research gap. The study recommended that creating and applying KM and DCs simultaneously, through SCA, can provide the essential setting for the significant improvement of knowledge firms' performance and assist managers and policymakers in understanding how to improve firm performance (FP) in dynamic environments. The work of Dejardin, et al., in 2023 did a study on the impact of dynamic capabilities on SME performance during COVID-19 in Portugal. The study provided that dynamic capabilities (DCs) are a growing field of research within the scope of theoretical structures based on resource and strategic management. The study adopted structural equation model (SEM) with a focus on 209 SMEs. The study revealed that DCs positively affect company performance both prior to and during the pandemic. However, we also verify that while prior to the pandemic companies placed greater emphasis on the search for new opportunities, following the onset of the pandemic the focus shifted to getting their products to the market.

Usman (2023) did a study on organizational agility and performance of SMEs in Bauchi State, Nigeria. The study explored organizational agility as the independent variable as been dimension of dynamic capabilities and ICT adoption, leadership, and resource fluidity as the dependent variable. The study adopted the cross-sectional survey and self-administered questionnaire as the main research instrument. The study adopted a simple random sampling technique. Data generated were analysed and presented using both descriptive and inferential statistical techniques. The hypotheses were tested using Spearman's rank-order correlation statistics. The findings revealed a positive and significant relationship exists between organizational agility and the performance of SMEs. Also, the study recommended that recommends that flexible budgets should be used and a continuous change in environmental dynamics is maintained.

2.6 Research Gaps

Although several studies have examined the relationship between dynamic capabilities and firm performance, the existing empirical evidence remains inconsistent and context-specific. Sharfaei et al. (2023) found that dynamic capabilities had no significant effect on the performance of international SMEs in Iran, suggesting that the relationship may be influenced by contextual challenges such as limited resources and restricted bargaining power. Conversely, Bett and Anene (2023), in their study of SMEs in Nairobi, revealed that dynamic capabilities particularly sensing, seizing, innovation, and learning positively influenced performance, highlighting a contrasting outcome within an African context. Further studies such as Beigi et al. (2023) and Dejardin et al. (2023) demonstrated that dynamic capabilities improve performance when mediated by factors such as sustainable competitive advantage or when influenced by crisis conditions. However, these studies are predominantly situated in foreign contexts such as Iran, Kenya, Portugal, and Tehran, with very limited evidence from Nigeria, particularly at the sub-national level. Existing Nigerian research, such as Usman (2023), focuses narrowly on organisational agility rather than the broader scope of dynamic capabilities, leaving a significant gap in understanding how sensing, seizing, reconfiguration, and learning capabilities jointly influence SME performance. More importantly, none of these studies examines SMEs in Edo State, a region experiencing unique economic, infrastructural, and competitive pressures. This geographical and conceptual gap underscores the need for an

empirical investigation into how dynamic capabilities shape SME performance within the unique business environment of Edo State, Nigeria.

3.0   Methodology

Survey (cross sectional) research design was adopted as the main research design. The study population comprises of all SMEs in Edo State which was obtained from Ministry of Business, Trade and Cooperatives, Edo State in collaboration with SMEDAN as at December, 2024 which stands at 898, 084. The research instrument was questionnaire and the source of data was primary which enable the study to obtain information from the respondents. The method of data analysis was descriptive statistics and inferential statistics with 5% level of significance using Statistical Packages for Social Sciences (SPSS) version 24. The validity of the research instrument was carried out by giving the questionnaire to experienced faculty member in the field for evaluation and all suggestions are appropriately incorporated, thus enriching the quality of the instrument for the study. The reliability was conducted through pilot study sampling 40 questionnaire to participants who were not member of the sample for this study The data collected were tested with a construct composite reliability co-efficient (Cronbach's alpha) value for each latent variable are: sensing (0.938), seizing (0.910), reconfiguration (0.845); learning (0.938) while business performance (0.949) which indicates that those values 0.70 bracket are considered to be acceptable and those reliability less than 0.60 are considered to be poor. The samples size was determined based on the Taro Yamani formula and the data reflect that the sample size was 400. Filtering sampling method is a process of selecting a subset of respondents or data from a larger population based on specific criteria or "filters. Filtering sampling method was used as the sampling method in order to achieve and meet up with the condition of homogeneity of data collected. See below:

$$\frac{N}{1 + N(e^2)}$$

Where, n = sample size; N = Population (898, 084); e =significance level (0.05%)

$$\frac{N}{1+N(e^2)} = \frac{898,084}{1+ 898,084 (0.05^2)} = 400$$

The model was adopted from these works: Teece et al. (1997); (2007) and (2017) and Bett and Anene (2023) and is stated as follows:

PERSME $= f (ENTORI, CUSSAT, QUPRSER, EMPSAT)$…… …………… 1

PERSME = f (SENC, SEIC, RECC, LEAC)…………………………………2

PERSME$_i = \beta_0 + \beta_1 SENC_i + \beta_2 SEIC_i + \beta_3 RECC_i + \beta_4 LEAC_i + e$……… 3

Where:

PERSME$_i$ = Performance of SMEs; SENC$_i$ = Sensing Capability; SEIC$_i$ = Seizing Capability; RECC$_i$ = Reconfiguration Capability; LEAC$_i$ = Learning Capability

β_i = regression parameters or coefficients to be estimated; 1….4

e$_i$ = Stochastic error term and a priori expectations: $\beta_1, \beta_2, \beta_3, \beta_4 > 0$

4.0 Results and Discussions
4.1 Correlation Analyses

Table 4.1: Correlation Analysis

Bivariate Pearson correlation coefficients were conducted on the data

		PERSME	SENC	SEIC	RECC	LEAC
PERSME	Pearson Correlation	1	0.487**	0.421**	0.466**	0.729**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	394	394	394	394	394
SENC	Pearson Correlation	0.487**	1	0.343**	0.019	0.398**
	Sig. (2-tailed)	0.000		0.000	0.713	0.000
	N	394	394	394	394	394
SEIC	Pearson Correlation	0.421**	0.343**	1	0.178**	0.427**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	394	394	394	394	394
RECC	Pearson Correlation	0.466**	0.019	0.178**	1	0.691**
	Sig. (2-tailed)	0.000	0.713	0.000		0.000
	N	394	394	394	394	394
LEAC	Pearson Correlation	0.729**	0.398**	0.427**	0.691**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	394	394	394	394	394

Source: Researcher Fieldwork (2025)

The Pearson's correlation coefficients between each pair of variables are shown in the Table. Based on the above, there is none of the correlation coefficients that is up to 0.80. This shows that serial correlation is not present in the dataset. The results further show that SMEs performance (PERSME) is related to sensing, seizing, reconfiguration and learning capabilities.

4.2 ANOVA Results

Table 4.2: ANOVA results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	38.084	4	9.521	137.329	0.000[b]
Residual	26.970	389	00.069		
Total	65.054	393			

a. Dependent Variable: PERSME

b. Predictors: (Constant), LEAC, SENC, SEIC, RECC

The F-statistic of 137.329 is significant at $p < 0.05$. This indicates that the dynamic capabilities and business performance factors collectively have a statistically significant connection. Additionally, the F-statistic value of 137.329 shows the significance of the difference between SMEs' performance and dynamic capacities as well as the ratio of variance.

4.3 Regression Results

Table 4.3: Regression Results

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.7470	0.2140	-	3.4920	0.0010
SENC	0.2300	0.0390	0.2330	5.9720	0.0000
SEIC	0.0930	0.0370	0.0940	2.5330	0.0120
RECC	0.3530	0.0410	0.0640	8.6098	0.0001
LEAC	0.4300	0.0440	0.5520	9.8450	0.0000

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.765[a]	0.585	0.581	0.2633067	2.155

a. Predictors: (Constant), LEAC, SENC, SEIC, RECC

b. Dependent Variable: PERSME

The table reveal that SMEs performance is positively and significantly related to all the dynamic capabilities dimensions except reconfiguration capabilities that is not statistically. The details of the relationship between the dependent variable and independent variable as shown in the table above.

The result shows that the coefficient of determination (R^2) is 0.585, implying that the independent factors collectively account for 58.5% of the changes in the dependent variable, with Adjusted R^2 being 0.581.

4.4 Hypotheses Testing

Based on the results above, the following inferences are drawn on the hypotheses.

H$_1$: sensing capabilities has no relationship with performance of SMEs with this, we reject the null hypothesis.

H$_2$: Seizing capabilities has not relationship with performance of SMEs with this, we reject the null hypothesis.

H$_3$: Reconfiguration capabilities has not relationship with performance of SMEs with this, we reject the null hypothesis.

H$_4$: Learning capabilities has not relationship with performance of SMEs with this, we reject the null hypothesis.

4.5 Discussion of Findings

Going by the outcome of the first hypothesis, as shown in the Table 4.5, the first null hypothesis was rejected which implies that sensing capabilities have positive and significant relationship with performance of SMEs in Edo State. To this extent, SMEs that engage in sensing capabilities holding other variables constant are strongly associated with high business performance. Researcher like Rothaermel (2017) also corroborated the above view that sensing capabilities has a way to help SMEs discover potential opportunities to enable them respond to competitive positions to improve their sustainability and performance in the market. In support of this, Helfat and Peteraf (2015) supported finding and even previous empirical investigations that when firms identify new opportunities, sensing capability not only helps them understand which technologies to explore but also enable them to identify target market segments and make reasonable profit in the market. These studies support the current finding on the impact of sensing on business performance. The outcome of the second hypothesis test shows seizing capabilities has positive and significant relationship with performance of SMEs in Edo State.

Thus, the null hypothesis (H$_{02}$) was rejected as shown in the Table 4.3 and also predict the apriori expectation of a positive relationship. However, Teece (2007) supported this finding that seizing capabilities are interconnected with perceptive abilities since identified or potentialities must be dealt with through innovative products and services to improve competitiveness and performance. Yeow, et al. (2018) argued that the ability of SMEs to seize opportunities and enhance their performance is vital for economic growth and innovation. By fostering an environment that supports market sensing, SMEs can better navigate challenges and capitalize on new opportunities. Similarly, Atiku and Abatan (2021) provided that the ability to mobilize resources efficiently is another critical aspect of seizing capabilities

As regards the third hypothesis test, the results showed that there is positive and significant relationship between reconfiguration capabilities and performance of SMEs in Edo State. This result also corroborates with Girod and Whittington (2017) who opined that reconfiguration capabilities develop structure for SMEs to combines abilities and competencies to produce goods and services for their target market. Research such as Leemann and Kanbach (2022) indicates that reconfiguration capabilities significantly impact the performance of SMEs by enhancing their ability to adapt and innovate in response to changing environments. These capabilities are part of dynamic capabilities, which involve the reconfiguration, integration, and renewal of resources to achieve better performance outcomes. However, other scholars such as Warner and Wager (2019) supported the study result that reconfiguration capabilities are vital for SMEs to navigate technological advancements and market changes. Similar to the above tested hypotheses, the fourth hypothesis (H$_{04}$) revealed that there is positive and

significant relationship between learning capabilities and performance of SMEs in Edo State. Thus, the null hypothesis (H_{04}) was rejected as shown in the Table 4.3 which implies that SMEs with strong learning capabilities build new thinking to enhance their existing resources to exploit existing knowledge to improve their business model. In support of this result, Vazquez et al. (2015) opine that learning capability is required to acquire to assimilate knowledge to facilitate the creation and modification of a firm's capabilities and resource base to influence performance. Amarakoon et al. (2018) opine that learning capabilities is crucial for acquiring, sharing and utilizing knowledge which are essential for SMEs to enhance their competitiveness and performance.

5.0 Conclusion and Recommendations
5.1 Conclusion

Dynamic capability is an approach that promotes a better understanding of how the business can approach changes within their business environment and develop ways to identify critical conditions that can influence their competitiveness and performance. The researcher ensure that all the data collected from the questionnaire are presented accordingly and the result found out that there is positive relationship between dynamic capabilities and business performance in Edo State. Sensing capabilities refers to the ability of SMEs to identify potential business opportunities by vigilantly observing the environment within or outside the company's boundaries. The relationship found in the study between and business performance suggests that there is need for SMEs to develop capacity for gathering information about specific source of opportunities within their business. The study further concluded that reconfiguration capabilities have a significant and positive relationship with all the dimensions of performance of SMEs. Finally, the study found out that learning has significant relationship with business performance and this highlights the significance of knowledge sharing and quality training process to enhance performance.

5.2 Recommendations

Based on the findings, the following recommendations are proffered:

(i) There is a need for SMEs to invest heavily in strategic flexibility, enabling rapid adjustments to strategy in response to changing market conditions that can influence their performance. Also, SMEs in Edo State must continuously monitor and assess the nature of dynamic capabilities they possessed, identifying areas for improvement and investing in their development as this can improve their competitiveness, sustainability and performance. This may include ways of having understanding of their agility, resilience and flexibility.

(ii) SMEs should invest in systems and practices that allow them to continuously scan the market for new opportunities, customer needs, and emerging trends. This can include market research, competitor analysis, and customer feedback mechanisms. Also, since seizing capabilities often involve exploiting opportunities for innovation, SMEs should encourage the development of new products, services, or business models to maintain competitiveness.

(iii) SMEs should regularly review and adjust their organizational structures, processes, and workflows to respond effectively to changing market conditions and internal challenges. Also, businesses should focus on reallocating resources financial, human, and technological efficiently to support new strategic priorities, ensuring optimal utilization and responsiveness.

(iv) SMEs should foster an environment where employees regularly acquire new skills, share insights, and learn from both successes and failures to improve organizational performance. Also, implement structured training, workshops, and mentorship programs to enhance

employees' competencies, keeping them aligned with evolving market demands and technological changes.

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