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## Faculty of Business Economics

Master of Management

### **Masterthesis**

***The role of dynamic capabilities in brand sustainability. The case of innovation speed at large organizations.***

**Sajedah Sami Salameh Alamro**

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization International Marketing Strategy

### **SUPERVISOR :**

Prof. dr. Pieter PAUWELS



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# **The Role of Dynamic Capabilities in Brand Sustainability - The Case of Innovation Speed at Large Organizations**

By

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## ABSTRACT

This research focus on the sources of a company's competitive advantage that makes firms performs better than their competitors in a certain market. Since long many theories have explained how to benefit from the resources of the firm that are paramount in reaching competitive advantage.

The sample of the study consists of 250 employees in Jordanian private companies, malls and various large and medium size projects. The study found that there were a statistically significant a positive effect of organizational structure as a mediate variable on the relationship between the dynamic capabilities and brand sustainability, and there were a statistically significant a positive effect of competitive market and innovation speed as a mediate variable on the relationship between the dynamic capabilities and brand sustainability in private companies in Jordan.

Moreover, the results show that there are a statistically significant relationship between the dynamic capabilities and brand sustainability, and the dynamic capabilities and brand sustainability when organizational structure and competitive market and innovation speed as a mediate variables.

The researcher recommends that, there is need to develop the level of dynamic capabilities of enterprises to sustain the brand, and there is need to create a sophisticated organizational structure in order to raise the dynamic capabilities of companies.

**Keywords:** Dynamic capabilities, Brand sustainability, Organizational structure, Competitive market, innovation speed.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

Ask many of today's CEOs and they are likely to tell you that the ability to develop new ideas and innovations is one of the top priorities of their organizations (Porter & Stern, 1999: p,7). Combining theory on brands and sustainability is an essential contribution of research about dynamic capabilities needed to build and defend competitive advantages, Looking deeper into this theory is the main aim of this dissertation, The combination demands us to determine both brands and sustainability.

A brand is defined as "a product, service, or concept that is publicly distinguished from other products, services, or concepts so that it can be easily communicated and usually marketed. A brand name is the name of the distinctive product, service, or concept. Branding is the process of creating and disseminating the brand name. Branding can be applied to the entire corporate identity as well as to individual product and service names" (Brands are frequently expressed in the format of logos, graphic representations of the brand. In a field of computers, a late example of widespread brand application was the "Intel inside" label, given to manufactures that use Intel's microchips. A firm's brands and the awareness of the public of them is frequently used a factor in estimating a firm. Corporations sometimes hire market research organizations to study public recognition of brand names and attitudes toward the brand.

"Sustainability is striking a balance between the financial, human, and environmental issues in the right way; it is about living combined values and acting with integrity, responsibility and generosity. It is about being in a community of discussion, dialogue and action – because no person or company lives on an island and because the previously mentioned issues are all interconnected" (Anon, 2016: p. 3).

Based on one elaborate case, Apple, the author wants to dig deeper into this theory of dynamic capabilities. Apple is a brand to sustain as well as a global company in field of innovation and electronics. The author have chosen this company as a basic case study since it can be used as a general example for other companies within this particular industry. By using theoretical frameworks such as the Resource Based View, Dynamic Capabilities and Innovation speed, it will more deeply analyze Apple first.

The Resource-Based View (RBV) of the company has emerged clear as one of the more influential paradigms within which to comprehend organisational activities and their competitive strategies. The central focus of the RBV is on the capabilities and resources controlled by a company that underlines constant performance distinctions among companies. As well, it identifies the internal capabilities of an organization in formulating a strategy to gain a sustainable competitive advantage in an industry (Peteraf & Barney, 2003: p.312).

Sustainability of innovations reflects the social and environmental concerns embedded on innovation and the economic aspect, so the speed of innovation poses a major challenge for organizations in responding to external change. A high rate of change can be seen in the shortening of product life cycles, increased technological change, increased speed of innovation, and increased speed of diffusion of innovations. whilst innovation capability indicates the sources of knowledge to achieve that sustainability. These are key challenges for organizations, as the generation of profits from new ideas must fit into a slimmer chronological window—thus underlining the great value of being a first-mover" (Cabral, 2010: p4).

Apple has a set of goals and clear strategy which it has been experienced several changes in the executives that run the company in the last couple of years. So the development of Apple different products such as the iPhone, iMac and iPod. The production of music, video, movie and electronic records helped Apple to gain valuable brand recognition as in 2008 it was recognized as 24th most valuable brand (Johnson, 2012: p.4).

In the present research the author will examine the dynamic capabilities and the strategic management responses in an in-depth case study of Apple as well as Cisco and how innovation speed supported their strategy, this dissertation aims not only to identify the main factors underlying these dynamic capabilities, but also aims to give a guide for entrepreneurs to innovatively develop a strong strategic management base under the umbrella of the dynamic capability approach in order to sustain brand and reach a competitive advantage.

### **1.1.1 Dynamic Capabilities**

Dynamic capabilities are neither capability by themselves nor are they resources. While using the term dynamic capabilities, it must always be used both words together and the meaning certainly will not be the correct. (Enríquez-de-la-o, 2015: p.51) Dynamic capabilities can be understood as the "firm's potential to systematically solve problems" (Barreto, 2010: p.271). As it seen above the function of the dynamic capabilities to solve the problems of the organization, Dynamic capabilities deal with changes. (Collis, 1994: p. 19) According to the functions of dynamic capabilities it can keep the sustainability of the Brand (organisation). Dynamic capability plays a moderately role on resource and capability to attain SCA. The level of being SCA depends on how a company adapts its crucial strategic resources for any changes efficiently (Kruasom & Saenchaiyathon, 2014: p.92).

### **1.1.2 Brand Sustainability**

Combining theory on brands and sustainability is an important contribution of research about dynamic capabilities necessary to build and defend competitive advantages, looking deeper into this theory is the main purpose of this dissertation. The combination requires us to define both brands and sustainability.

A brand must develop an informed set of small ideas. Covering small ideas is a powerful way to attain rapid development in the associated community. Small ideas are fresh and effective. Brands with autonomy and sustainability are better suited to meet demand, both in real time and on a local level.

### **1.1.3 Competitive Market**

Competitive market has two characteristics which are competitive advantage and diminish ability. In the present research the author will focus on competitive advantage. CA is an important quality dimension of an organisation. It allows an organisation to keep its stability. Competitive advantage is an ability of the company to be special in some features. "A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy" (Barney, 1991: p2). Competitive advantage is based on a ratio between the speed of innovations and success of the project of development (Kessler & Bierly, 2000: p.1).

### **1.1.4 Innovation Speed**

Innovation speed, which also called NPD speed and speed to market, shows how fast an idea moves from concept to a product in the marketplace, evaluating a team's capability to quickly develop and set off a NP (Chen, Reilly & Lynn, 2005: p. 436). Innovation speed has many advantages for an organisation.

### **1.1.5 Organisational Structure**

Organisational structure – is one of the factors of competitive intensity of an organisation. The traditional organisational structure consisting of a great number of functional groups, such as marketing or finance is incapable to give the capabilities necessary for increase in competitiveness and minimization of risks of the organisation (Mitchell, 2013: p.1).

## **1.2 Statement of the Problem**

Each organisation attempts to be a profitable. "Profitability is a measurement of efficiency – and ultimately its success or failure" (Horton, 2015, p.1).

The aim of the research is to find out how the dynamic capabilities affect the brand sustainability and to analyze the speed of innovation in large organisations. The author found that there are no sufficient studies on the required topic.

The market is changeable, so every organisation must follow the changeable environments. According to Gathungu & Mwangi (2012) the most of the researches on dynamic capabilities claim that dynamic capabilities are needed to deal with quickly changing environments. Thus, dynamic capabilities of the organization are responsible for this function.

It is a significant factor of an organisation to keep its stability because in a competitive market some organisations fail, while others keep its successful activity. How to make an organisation successful? How to increase its productivity and sustainability? There are many factors which affect the sustainability of an organisation. For example, competitive advantage. It is an important quality dimension of an organisation, as well as organizational structure or innovation speed. Competitive advantage allows an organisation to keep its stability. Stability of competitive advantage depends on interchangeability and transferability of dynamic capabilities (Fuhl, 2006).

### **1.3 Research Objectives**

1. To investigate the role of dynamic capabilities in brand sustainability.
2. To analyze if organisational structure as a mediate variable effects on the relationship between the dynamic capabilities and brand sustainability.
3. To analyze if Competitive market & innovation speed each as a mediate variable effects on the relationship between the dynamic capabilities and brand sustainability.

### **1.4 Questions of the Study**

The study aims to answer the following questions:

1. How dynamic capabilities affect the sustainability of the brand?
2. How organisational structure as a mediate variable effects on relationship between dynamic capabilities and the sustainability of the brand?

3. How innovation speed and competitive market as a mediate variable effects on relationship between dynamic capabilities and the sustainability of the brand?

### **1.5 Significance of the Study**

Every organisation has its own structure, objectives and capabilities. Dynamic capabilities are the capacity of a firm to purposely build, expand or change its resource base. Some dynamic capabilities allow organisations to start a new business and expand old one via inner growth, obtaining and strategic processes (Helfat et al., 2009).

The qualitative side of dynamic capabilities and its influence on the performance of the company presents a clear research gap. Making focus of the research on the elements of a dynamic capability which lead to a high or low quality of dynamic capabilities unreservedly contains the question of if dynamic capabilities affect performance of the company (Jekel, 2009). Jekel (2009) argued that many empirical articles have a tendency to use the theoretical perspective of dynamic capabilities only as an explanation approach without increasing or even referencing the conception of dynamic capabilities in their empirical work. (For example: Delmas, 1999; Levinthal & Myatt, 1994; Griffith & Harvey, 2001; Camuffo & Volpato, 1996, etc.) Some refer to dynamic capabilities only to talk about concrete side effects of their findings (for example, Tripsas & Gavetti, 2000).

According to the fact that market is changeable and needs to be regularly observed the author aimed to conduct a research to examine the role of dynamic capabilities in brand sustainability. As well, after observation of existed literature, author revealed that there are no sufficient studies on this topic. Except mentioned ones there are mediating variables. The author will measure all dimensions, including also: organizational structure, innovation speed, competitive market (competitive advantage) and leadership. By examining the dynamic capabilities and the strategic management responses in an in-depth case study of Apple as well as Cisco and how innovation speed supported their strategy, the author will not only identify the main factors underlying these dynamic capabilities, but also will give a guide for



entrepreneurs to innovatively develop a strong strategic management base under the umbrella of the dynamic capability approach in order to sustain brand and reach a competitive advantage. The present study can be useful and applied for every organisation regardless of size. As well, it can be useful for students studying marketing.

### **1.5 Definitions of terms**

**Dynamic capabilities:** "the ability to sense and then seize new opportunities, and to reconfigure and protect knowledge assets, competencies and complementary assets so as to achieve sustained competitive advantage" (Teece, 2009: p.206).

**Brand sustainability:** is considered from 2 point: brand and sustainability.

**Brand:** is a "unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors... Thus brands help consumers in a crowded and complex marketplace, by standing for certain benefits and value" (www.BusinessDictionary.com, 2016). "Sustainability's striking a balance between the financial, human, and environmental issues in the right way" (Anon, 2016: p. 2).

**Organizational structure:** "the sum total of the ways in which it divides its labour into distinct tasks and then achieves coordination among them" (Mintzberg, 1979: p. 2).

**Innovation speed:** Innovation speed, which also called new product development' speed and speed to market, shows how fast an idea moves from concept to a product in the marketplace, evaluating a team's capability to quickly develop and set off a NP (Chen, Reilly & Lynn, 2005:p.3).

**Competitive market (competitive advantage):** "superior differentiation and/or lower costs by comparison with the marginal (breakeven) competitor in the product market" (Bridoux, 2004: p.9).

## 1.6 Study Model

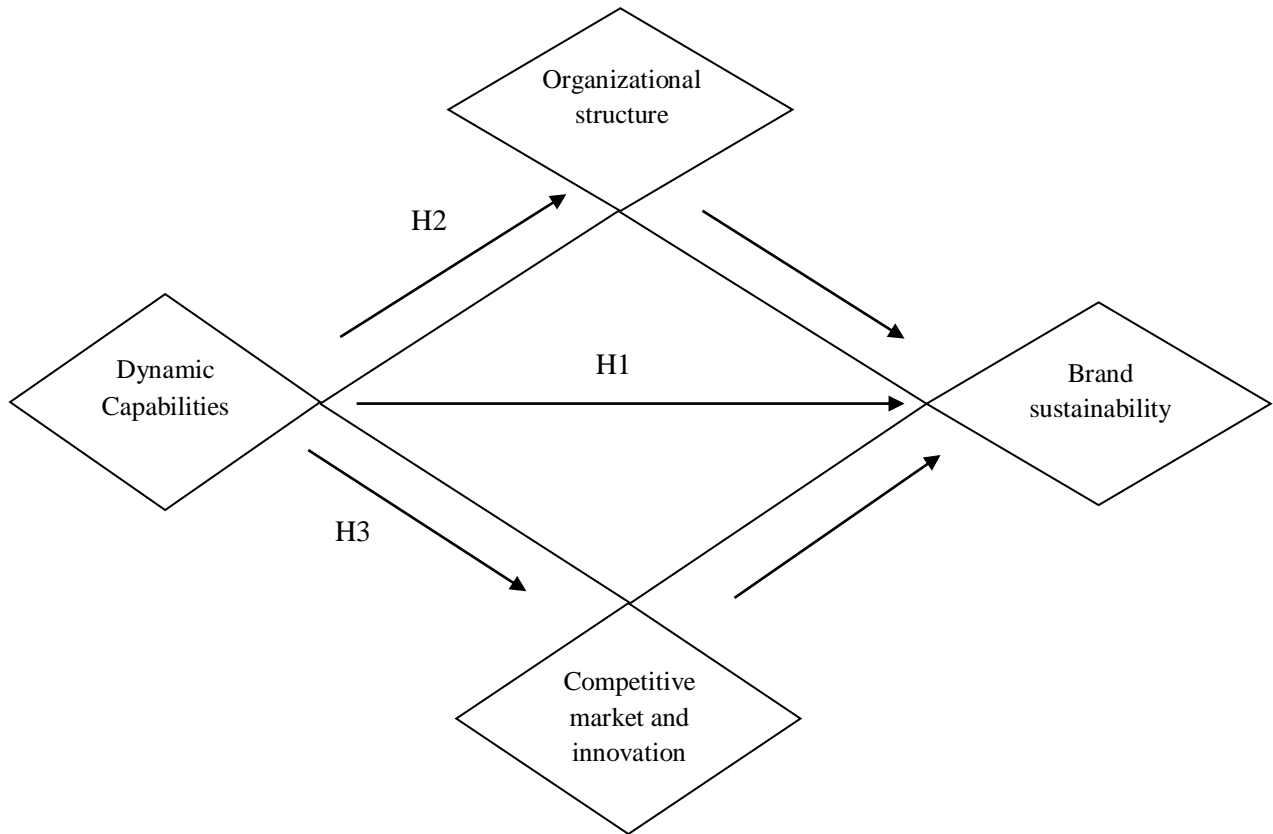


Figure 1. *Study Model*

## 1.7 Hypotheses

The researcher stated 3 following hypothesize based on the objectives of the study and gap into previous studies.

1. There is a relationship at the level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability.
2. There is a relationship at the level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when organisational structure as a mediate variable.
3. There is a relationship at the level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when competitive market & innovation speed as a mediate variable.

## **1.8 Organization of the Study**

**Chapter one** is an introduction chapter and aims to explain the research problem and identify the study questions and its aims and objectives, and also highlight the significance of the study.

**Chapter two** focuses on the framework of the study and review relevant literature. The framework consists of 5 concepts, which are dynamic capabilities, brand sustainability, organizational structure, competitive market (competitive advantage), innovation speed. Moreover, relevant literature is reviewed in order to provide better understand of the issue being investigated.

**Chapter three** focuses on the methodology and design of the study. It discusses research paradigm, ontological assumptions and epistemological assumptions and methodology and the research approaches are discussed are discussed. Moreover, the procedure of the data collection and analysis are discussed. Finally, ensuring data quality and research ethics are discussed.

**Chapter four is the findings chapter.** Chapter four presents the findings regarding to research questions and hypothesis testing.

**Chapter five** is a discussion chapter where the findings are discussed and linked to the relevant literature according to the research questions, summaries results, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The present study investigates the relationships between dynamic capabilities and brand sustainability and to consider the role of organisational structure, competitive market, innovation speed as mediating variables between the dependent and independent variables.

The brand was at the beginning of its appearance and before the development of its use and independence is a system of customary and written rules regulated in commercial law as one of the moral elements of the store with other moral elements, Which did not have special legislation governing this field of commercial property, but with the economic development and after the industrial revolution that swept most of the world in the seventeenth century This economic revolution, industrial and commercial impact on all aspects of trade, prompting most of the world's attention to the sign Through the promulgation of laws regulating them as a significant part of the business premises (Zine El-Din, 2000: p.8)

The right to legitimate competition is available to every trader. This right is a set of powers and powers that enable him to use all fair means that do not conflict with commercial customs and customs and, more importantly, do not conflict with the regulations established by law in order to achieve the best results (Al Zafar, 2002: p.8).

The brand has become a commercially significant wealth. The statistics show that the value of some of the world's most famous brands has exceeded \$ 36 billion. (Coca-Cola brand), (Al Zafar, 2002: p.9).

A well-known trademark is characterized by its legal protection as an exception to two basic principles of trademark law: the principle of territoriality (national) and the principle of specialization. The principle of territoriality is that the protection of a trademark is limited only to the territory of the State in which it is registered or used, so that a person may register the use of the trademark in a State that has not been registered or used, but that is not

compatible with the well-known trademark and is no longer sufficient to provide protection in the other countries to which the trademark has been registered and not registered, Especially as the principle of regionalism encourages the attack on the famous brand in countries where it has not been registered, which leads to the unfair use of others and harm the interests of the owner. The principle of specialization is that the protection of a trademark is only when used on products or services similar to those of a well-known trademark, but may be used for differentiated or different services (Bayoumi, 2007: p.12).

## **2.2 Brand Sustainability**

The sustainability challenges of today reporting are relatively novel concepts. Citizens and Taxpayers want to know public sector organisations are addressing them their global materiality and consideration have contributed to a significant volume of literature being produced. In order to prudently select literature germane to the current research question, the researcher acknowledged the notion that relevant research has three central functions: to replicate prior research results, to fill a gap in previous research and to solve a problem (Mink, 2012: p.19).

Brand sustainability reflects the service and products in company performance in the social, economic and environmental, which is determined by the ability of the company to continuously develop and understand aspects of quality, innovation, efficiency and the response to the customer responsiveness which refers to the value of long-term over a certain advantage, thus creating a super values and competitive advantage (Jones, Aguirre & Calderone, 2004: p. 147).

The association amongst brands and customers is gigantic – in a way that buyers decide improvement and the accomplishment of brands, marks conversely impact and direct shopper conduct. Accordingly, marking has turned into “the story of belonging and pervasion”, as it empowers consumers to express their interests, dispositions, inclinations and general identity through brands they utilize. Additionally, they are dependable wellspring of data and

extraordinary middle person in instruction end control of expansive gathering of buyers which, when make group of a brand, can be exceptionally persuasive power in the public arena. As of late customer enthusiasm for condition well-disposed options has risen drastically, thus their desires of brands. Despite the fact that the state of mind conduct hole, portrayed as the irregularity between buyers' dispositions and real purchasing conduct, is recognized in many investigations, manageable qualities are ending up progressively vital in a brand valuation. Connecting brand execution and picture with supportability concerns is getting to be plainly driving path for separation. Subsequently, mark administration rises as a central and significantly more powerful business process with supportability in the focal point of its reasoning, and fundamental initiator of conventional brand administration hypothesis and practice move (Grubor & Milovanov, 2017: p.5).

Also Yakovleva & Flynn (2004: p.229) indicate to concerns about brand sustainability arise either as a direct result of technological developments or as exemplified as a by-product. Which include reductions in waste up to the point of retail sale and more efficient use of energy per unit of output 'the understanding of the antecedents (dynamic capabilities) and consequents (sustainable outcome) of firms 'innovative process.

Organizations have been heavily criticized for treating sustainability as a marketing ploy rather than a sincere effort to environmental, social growth and sustain economic (KPMG, 2008: p.13).

In order to sustain planet earth for future generations, companies are increasingly required to consider their social and environmental performance next to their economic performance (Eikelenboom & de Jong, 2017: p.100).

A trademark is a means of distinguishing products from one another. The abuse of them by imitation or use by others is detrimental to both the producer and the consumer and the state as a whole, it harms the product through its loss of marketing its products and the presence of competitors in the trade. To the consumer because the illegal imitation of the

goods will reduce the quality of the original product and make the consumer get a product of poor quality and this makes him a prey to deception, and that it is harmful to the state because it leads to weakening national and foreign investment in the state (Zuin, 2004: p.11).

Brand is a one of a kind mix of practical and enthusiastic trademark apparent by buyers as an extra esteem, unique experience and fulfilled promise. It has a representative esteem not quite the same as everything that is accessible actually, and capacity to speak to intrigues that go past the brand itself. For the organization, it is the center key asset and most intense significant resource (Grubor & Milovanov, 2017: p.4).

The connection between standard brands and their customers have thrived in a way that individuals need significantly more for their cash – they endeavor to get the entrance to every one of the advantages produced by the organization; and, from the point of view of the organizations, that implies doing "the best thing" by adding to a more noteworthy reason. In expressions of Paul Polman, CEO of Unilever, "organizations can not prevail in social orders that fall flat". Manageability, as a methodology, unavoidably develops in cutting edge of marking and general business strategy, showing mindful position toward humankind necessities (Grubor & Milovanov, 2017: p.4).

Sustainability depends on a basic rule: Everything that we requirement for our survival and prosperity depends, either specifically or by implication, on our common habitat. sustainability makes and keeps up the conditions under which people and nature can exist in gainful concordance that allow satisfying the social, monetary, and different necessities of the present and who and what is to come. Sustainability is important to making sure that we have and will continue to have the water, materials, and resources to protect human health and our environment (Ivan, Mukta, Sudeep & Burak, 2016: p. 5).

### **2.3 Conceptual Model of the Study**

For the successful work of the organisation and the stability of the brand, it is necessary to maintain the organisation's competitiveness, generating and modifying the organisation's working processes. This can be achieved by introducing new products and services and constantly updating in accordance with a changeable market.

The competitive intensity of products and the competitiveness of the enterprise-manufacturer of products are correlated as a part and a whole. The ability of a company to compete in a particular product market directly depends on the competitiveness of the product and the totality of economic methods of the enterprise.

## **2.4 Organizational Structure**

Organisational structure is one of the factors of competitive intensity of an organisation. For the effective operation of the organisation it is very important to set the goals and objectives of the enterprise correctly and to divide the activities between the structural units. As larger the organisation, as more departments and units required for its effective operation.

Some authors conducted a research on a connection between dynamic capabilities, organisational structure and competitiveness in the market. For example, Wilden, Gudergan, Nielsen & Lings, 2013: p.9) discussed theoretically and demonstrated empirically that dynamic capabilities are dependent on the organisational structure and the competitiveness in the market. Outcomes showed that organic organisational structures contribute the influence of dynamic capabilities on organisational productivity. Moreover, the authors detected that the influence of dynamic capabilities on performance depends on the competitiveness faced by organisations. The outcomes showed the productivity effects of inner alignment between dynamic capabilities and organisational structure and the outer fit of dynamic capabilities with competitiveness.

The structure of the organisation usually is determined as "the sum total of the ways in which it divides its labor into distinct tasks and then achieves coordination among them." (Mintzberg, 1979: p.2) Structures can be categorized by using a mechanistic-to-organic



structural measurement. Mechanical structures are characterized by the centralized decision-making, observance of formal rules and procedures, rigid control of flows of information and development of structures of the reporting. On the contrary, organic structures are usually connected with the decentralized decision-making process, open communication, organisational adaptation and de accent on formal rules and procedures. (Burns & Stalker, 1961; Lawrence & Lorsch, 1967: p.21) Organisational structures impacts organisational' answers to change. (Teece, 1996: p.510) Though the above-mentioned characteristic of organisational structures is rather familiar, intuitive and simple; the issue of organisational alignment is difficult, demands continuous studying and interpretation of the environment, and also understanding of the purposes, strategy and resources of the organisation. (Khandwalla, 1973: p.20) It will be coordinated with the theory of unforeseen circumstances which demonstrates that organisational contexts represent restrictions with which firms have to be corrected by change of their structure. The proper correction of endogenous variables of a design (for example, organisational structure) with exogenous variables of a context (for example, intensity of the competition) helps firms to reach bigger productivity (Lawrence & Lorsch, 1967: p.11). Effects of organic and mechanistic structures on productivity are many-sided. For example, though in some researches it is reported about positive interrelation between organic structures and an adaptability and overall performance, others claim that the formalized planning and mechanistic structures increase overall performance. (For example, Adler & Borys, 1996; Schwenk & Schrader, 1993)

The traditional organisational structure consisting of a great number of functional groups, such as marketing or finance is incapable to give the capabilities necessary for increase in competitiveness and minimization of risks of the organisation. Instead of this, heads have to consider the possibility of reorganisation of the structures around strategic capabilities to maximize overall performance of the organisation at the minimum expenses. The first step is in that each company defined those opportunities which are necessary for a

circumvention of the competition, and that for whom they are simply necessary that "to hold light included". For strategic capabilities the firm will define what internal and external components are necessary for creation of opportunities of a world class. When many of these people, tools and IT assets are brought together, the management will want to integrate them into the enterprise by means of the following steps: a) to establish new senior roles; b) to create constant inter functional groups; c) to customize systems; d) to develop generalizing; e) to measure productivity (Mitchell, 2013: p.10).

The mainstream of the business is crucial. The mainstream is the organisation's interface with clients and the market. Being highly-innovative is not sufficient for an organisation. There should be practices of controls and management allowing it to manage the growth's tensions and innovation vs. control (Sculley, 1987: p.20).

Teece & Pisano (1994: p.512) and Teece, Pisano & Shuen (1997) gave a framework that firm-level differences in capabilities were rooted in three factors:

1. Asset Positions: an ability of an organisation to change its future repertory of capabilities is limited by its actual stock of capabilities.
2. Processes: Organisations can "reconfigure" their property positions by investments and other managerial interferences. But an organisation's capacity to reconfigure is not limitless. It depends on a set of "higher-order" procedures (like governance structures, management systems, resource allocation processes etc.) which form organisational adaptability.
3. Paths: According to the fact that most capabilities are cumulative and develop after a while via a series of coordinated investments, they include commitments to "paths", sooner than discrete projects. A crucial strategic problem for organisations is to reveal and commit to paths for capability creation which result a competitive advantage. Administrative discretion in the selection of paths — along with limitations imposed by

pre-existing positions of assets and processes for reconfiguration - can result distinctions in capabilities of an organisation.

The competitive advantage is one of the characteristics of a competitive market, while the second is diminish ability.

A competitive market is the market, where there are multiply producers who compete with each other, hoping to supply goods and services, which consumers want and need. One producer and one customer can't choose the cost of goods or choose the amount which will be produced. For instance, the farming. There are thousands of farmers but no one of them can impact the market or the price depending on their growth.

Ambrosini & Bowman (2009: p.1) argued that it is only via the capability perspective which organisations can change their valuable resources with a time and do that persistently in their quest to cause and keep in a competitive advantage.

Bridoux (2004: p.9) determined a competitive advantage as "superior differentiation and/or lower costs by comparison with the marginal (breakeven) competitor in the product market",

Barney (1991: p.2) said about the competitive advantage the following: "A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy".

RBV underlines the company's resources as the basic factors of competitive advantage and performance. It accepts 2 hypothesizes while analyzing of the source of competitive advantage (Barney, 1991; Peteraf & Barney, 2003: p.340).

RBV strategy focuses on the optimization of the role of resources and capabilities as the principal basis for a sustainable competitive advantage (SCA). The RBV is a theory centered on the nature of firms based on its resources, as opposed to theories such as transaction cost

economics, which seeks to explain the reason why firms exist (Lockett, Thompson & Morgenstern, 2009: p.3).

Most RBV explorers prefer to "look within the enterprise and down to the factor market conditions that the enterprise must contend with, to search for some possible causes of sustainable competitive advantages" while holding constant all outer environmental factors (Peteraf & Barney, 2003: p.312).

Competitive advantage can be viewed from 2 factors, which are resources and capabilities (Colgate, 1998; Lee, 2001).

Resources have a potential of rent if they bring (independently or together with other resources) a contribution to the creating of competitive advantages (that is excellent differentiation and/or lower expenses in comparison with the marginal competitor in the commodity market). This potential for the creating of a rent is supported if the resource or set of resources, on which competitive advantage is based, is motionless and doesn't become outdated owing to changes of the environment. The resources having the steady potential of a rent are called strategic resources (Bridoux, 2004: p.11).

The resources are distributed to give a benefit, basing on their properties, to establish a sustainable competitive advantage (SCA) (Clulow, Gerstman & Barry, 2003; Fahy, 2000: p.7).

There is no single right formula to create a competitive advantage. It is important to find that characteristic of the business that will be able to maintain the company's high profit level, for example:

1) Research and Innovation: IT branch is the most technologically equipped business area.

Every player of this market strives to become a leader in innovative solutions and developments. In this industry, those who set the pace for the development of innovations and technologies are in the lead and receive super-profit.

2) Brand awareness.

- 3) Corporate reputation: a high level of corporate reputation can also serve as a source of competitive advantages in the market.
- 4) Patents: patented technologies are assets that can provide companies with a competitive advantage in the long term.
- 5) Savings on a scale: The ability to produce goods in large quantities and keep a uniform level of prices throughout the trading territory.
- 6) Quick access to working capital: In the world practice, JSCs benefit to private companies due to their ability to attract a high level of investment in a very short period of time.
- 7) Entry barriers: Restrictions on the part of the state for competitors, the country's protectionist policies can serve as a competitive advantage for local companies.
- 8) High quality of goods and service level: A high level of service is always a strong competitive advantage of the product.
- 9) Exclusive.
- 10) Flexibility: The ability to quickly adapt to market changes.
- 11) Speed and time: The concentration of all efforts to achieve the maximum speed and shorten the service execution time.
- 12) Low prices: The strategy of low prices and the ability to retain it, strengthen and develop.
- 13) Improved database processing.

## **2.5 Dynamic Capabilities**

Dynamic capabilities have been defined as “the capacity to renew competencies so as to achieve congruence with the changing business environment” by “adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies” (Teece et al., 1997, p. 515). More recently, have defined a dynamic capability as “the capacity of an organization to purposefully create, extend or modify its resource base”. It is this definition that we have adopted to facilitate the development of our argument.

Stability of competitive advantage depends on interchangeability and transferability of dynamic capabilities. A DC which is easily copied or transferred to another firm can scarcely become a base of steady competitive advantage. Transferability depends on which factors affect its evolution and development. (Fuhl, 2006: p.4) Dynamic capability plays a moderately role on resource and capability to attain SCA. The level of being SCA depends on how a company adapts its crucial strategic resources for any changes efficiently (Kruasom & Saenchaiyathon, 2014: p.92).

The conception of dynamic capability is an expansion of RBV. (Chien & Tsai, 2012: p.494) It implies long-time commitments regarding specialized resources like a development of a new product. Jarratt (2004: p.1) argued that it must engage in organisational renewal, comprising changing a company's resources and competencies with time and especially a company's product.

Wang and Ahmed (2007: p.4) stated that several questions surrounding conceptualization of dynamic capabilities still remain ambivalent despite the notion of dynamic capabilities completes the premise of the RBV, capabilities and core capabilities and has leveraged vigour into empirical research in the last decade. Though, based on the empirical progress about the subject, they propose that dynamic capabilities can be analysed by its 3 main elements: adaptive capabilities, absorptive capabilities and innovative capabilities. Vivas López (2005: p.1) aimed to contribute the usage of dynamic capabilities as a strategic instrument of the highest order from a viewpoint of organisational management. The content of the study was built from a table that offers some insights into the relations between the 3 theoretical perspectives which were analyzed in the study: RBV, dynamic capabilities view, knowledge-based view. The document described the evolution which could be revealed in the developing process of competitive advantage, from RBV to a dynamic capabilities framework.

The ability to achieve new forms of competitive advantage is referred to as dynamic capabilities. These two terms "dynamism" and "capabilities" in themselves require a deep understanding when studying the competitive advantage.

Kruasom & Saenchaiyathon (2014: p.1) aimed to examine the integration of dynamic capacity and resource-based view for attaining a sustainable competitive advantage. 3 petroleum industries were chosen for the study. 3 supervisors responsible for the management and strategic planning were interviewed with semi structured individual depth interview. The results showed that to attain sustainable competitive advantage, the capabilities and resources are defined by 4 main types, which are: a) knowledge management capability, b) innovative capability, c) technological capability, d) HR capability. But, dynamic capacity plays a mild role on capability and resource to attain sustainable competitive advantage.

Dynamic capability (DC) is determined as "the ability to sense and then seize new opportunities, and to reconfigure and protect knowledge assets, competencies and complementary assets so as to achieve sustained competitive advantage" While determined the dynamic capability "as a learned and stable pattern of collective activity through which the organisation systematically generates and modifies its operating routines in pursuit of improved effectiveness (Teece, 2009: p.206)."

Dynamic capabilities, which are determined as "higher-order" or "meta-capabilities" are significant since they are able to assist companies in avoiding path dependencies inflicted by their actual "lower-order" competencies. Thus, a company has to evolve capabilities to study and predetermine its base of resource to surmount the trap made by their existing competencies and make new sources of competitive advantage (Collis, 1994: p.8).

Dynamic capabilities depict the various strategic movements that happen between business capabilities with various dynamics. Competitive strategy is applied to deal with the outer environment and presents the mediating force between a firm and its environment (Mintzberg, 1987: p.12)

Dynamic capabilities define the ability of manager to react proactively or reactively to different requirements from changing competitive environments. They are based on dynamic competition models which propose the capacity to change is a significant source of competitive advantage (Teece, Pisano & Shuen, 1997; Eisenhardt & Martin, 2000; Jansen, Van Den Bosch & Volberda, 2005).

Many authors conducted their researches to investigate the connection between dynamic capabilities and organisational performance. Among them, Protogerou, Caloghirou & Lioukas (2012) tried to empirically investigate the relations between dynamic capabilities and productivity of an organisation. Particularly, the author considered the question of if dynamic capabilities affect directly or indirectly on productivity. For the research it was used a structural equation modelling, which investigated if their effect on productivity is mediated through operational—marketing and technological—capabilities. For the research the author used data on 271 Greek firms of the manufacturing sector. Empirical outcomes showed that dynamic capabilities encroach on operational capabilities what, in turn, has an essential impact on productivity. Direct impacts on productivity are found to be inessential. Moreover, it seemed, that similar effects had a place for higher and lower levels of environmental dynamism. Also, Zott (2003) investigated how the dynamic capabilities of organisations may be connected to different productivity in an industry. A formal model, in which dynamic capabilities are considered as a set of routines leading the evolution of an organisation's resource configuration, was presented. 3 performance-relevant features of dynamic capabilities are suggested: timing, cost and learning of resource development. It is revealed that timing, cost and learning effects promote the emergence of robust productivity distinctions among organisations with strikingly alike dynamic capabilities. Furthermore, the outcomes indicated that even small initial distinctions among organisations can cause large interindustry different productivity of the organisations, especially when the results of timing, cost and learning are united. As well, Wu (2006: p.1) presented the results of an analysis of



resources, dynamic capabilities and productivity in a dynamic environment. The author used data from 244 Taiwanese IT organisations and detected that, in an unsteady environment, resources, whether from the organisation itself or from associated support organisations didn't directly impact productiveness. Instead of this, resources impacted productivity through using dynamic capabilities. Moreover, this effort indicated that IT organisation productivity can be directly evaluated by exploring the speed of innovation, speed of market response, production effectiveness and production flexibility of an organisation. And, Fuhl (2006) examined the factors that determine the development of dynamic capabilities from the holistic viewpoint. The author conducted an in-depth research on innovation technologies in two Korean electronics companies: LG Electronics and Samsung Electronics. The results indicated that the influence factors of dynamic abilities can neither unambiguously refer to the firm's environment nor to the firm itself. Depending on the specific combination of a particular capability's factors of the influence, the manager's opportunity of actively guiding the development of this capability and the ability to transfer it to other firms are explained and in final joint with the revealed origins of impact factors of those dynamic capabilities. Fang, Huang & Huang (2010: p.125) conducted a research in which he considered the kinds of CSR strategies from both strategic orientation and value perspective. The authors also included dynamic capabilities perspective to interpret the impacts of CSR strategies on organisational productivity. The data for the study was gathered from yearly reports, reports' databases on environmental performance and sustainable development of businesses of Taiwan, interview reports of CSR from the media and websites. The outcomes showed that an organisation's specific dynamic capabilities of stakeholder relations management can define the efficiency of alternative CSR strategies, what affects organisational productivity.

The dynamic capacities structure goes past customary ways to deal with understanding competitive advantage in that it not just emphasises the qualities and procedures expected to accomplish great situating in a positive biological system, however it additionally attempts to

elucidate new key considerations and the basic leadership disciplines expected to guarantee that open doors, once detected, can be seized; and how the business can be reconfigured when the market or potentially the innovation unavoidably is changed by and by. In this sense, dynamic capacities try to be a moderately miserly structure for clarifying a to a great degree fundamental and confused issue: how a business undertaking and its administration would first be able to recognize the opportunity to gain financial benefits, settle on the choices and organization the orders to execute on that open door, and after that stay spry to continuously invigorate the establishments of its initial achievement (Teece, 2007: p. 1347).

The Dynamic Capabilities Framework has emerged, in order to embrace new elements of competition. It offers a comprehensive, multidisciplinary approach to managerial decision-making. No other framework offers a comprehensive and multidisciplinary, research-based perspective on key strategic challenges. The Dynamic Capabilities Framework helps in identifying the factors likely to impact enterprise performance (Teece, 2010: p.682).

Dynamic capabilities are neither capabilities by themselves nor are they resources. While using the term dynamic capabilities, it must always be used either words together or the meaning certainly will not be the correct. (Enríquez-de-la-o, 2015: p.54)

The ordinary capabilities can be usually tuned to match sectorial best practices, dynamic capabilities are more specific. This is partially because they are connected to managerial cognition (Adner & Helfat, 2003: p.7).

Collis (1994: p.13) differentiated between operational capabilities, which are described as the intentional combinations of resources that allow a company to carry out functional activities, like logistics, marketing, sales or manufacturing; and dynamic capabilities, which deal with changes.

Protogerou, Caloghirou & Lioukas (2012: p.5) states that there is an agreement about the difference between operational/functional and dynamic capabilities, along with the next broad characteristics: capabilities can be operational or dynamic and they both present the

company's capacity to carry out a specific activity or function, but operational capabilities assist the company to carry out basic functional activities, when dynamic capabilities "are referring to the transformation and reconfiguration of functional capabilities".

The theory of dynamic capabilities is a "subset of the competences/capabilities which allow the firm to create new products and processes and respond to changing market circumstances" (Teece & Pisano, 1994: p.541).

The general structure progressed here observes dynamic abilities as the establishment of enter-prise-level upper hand in administrations of fast (innovative) change. The structure indicates that the degree to which an undertaking reveal-operations and utilises unrivalled (nonimitable) dynamic abilities will decide the nature and measure of immaterial resources it will make as well as amass and the level of monetary benefits it can acquire. Moreover, the system stresses that the past will affect present and future performance. Nonetheless, there is much that administration can do to at the same time configuration procedures and structures to help advancement while unshackling the endeavour from useless procedures and structures intended for a before period (Teece, 2007: p. 1347).

For building a dynamic capability it is required a holistic and evolving approach in order to promote a range of crucial capabilities that can synergistically facilitate to strategic benefits and success of an organisation (Agarwal, Selen, Sajib & Scerri, 2013: p.5).

Some authors think that dynamic capabilities are affected by the size of the organisation, in this regard Alves, Salvini, Bansi, Neto & Galina (2016: p.1) conducted their research. The authors tried to find out how the size of an organisation impacts dynamic capabilities in Brazil. In the research the author examined for distinctions between SMEs and large organisations in respect to the relations between absorptive capacity (AC) dimensions and innovation productivity. The outcomes indicated that in big organisations, Potential AC and Realized AC affect innovation productivity, while in small and medium-sized firms (SMEs), only Realized AC has an impact. Additionally, SMEs are better at transforming

Realized AC into innovation productivity than big organisations, likely because of their agility and flexibility. Those outcomes showed that "organisational sizes influence the impact of dynamic capabilities on performance."

The perspective of the dynamic capability proposes a try to explain how organisations can use their strategies and change their valuable resources which allow them to resist and overcome numerous challenges with a time (Foss et al., 2012: p. 4).

There are 3 levels of dynamic capabilities which are connected to perceptions of managers about environmental dynamism:

- At the 1<sup>st</sup> level there are progressive dynamic capabilities. Those capabilities which are concerned with the continuous betterment of the organisation's resource base;
- At the 2<sup>nd</sup> level are updating dynamic capabilities, which adapt, refresh and increase the resource base. These two levels are usually designed as one and introduce what the literature considers as dynamic capabilities;
- At the 3<sup>rd</sup> level there are regenerative dynamic capabilities, which affect not on the resource base of the organisation, but on its actual set of dynamic capabilities, i.e. these change the method the organisation changes its resource base. (Ambrosini, Bowman & Collier, 2009: p,15)

The development of dynamic managerial capabilities demands: a) absorptive capacity of managers to recognize the need to change quickly; b) knowledge base of managers, expertise or ability to devise suitable answer; c) administrative experimentation and wide mindsets to rise the diversity of dynamic capabilities; d) higher-order administrative learning abilities to support an adequate repertory of dynamic capabilities. (Volberda & van den Bosch, 2005: p,4)

These capabilities allow fast reaction (speed) to a diversity of unpredictable contingencies and require changes (Ittner and Kogut, 1995: p. 9). Many of them have been developed in dynamic areas like supplier relations, manufacturing or HR management.

(Volberda & van den Bosch, 2005: p. 13) For example, Fernández-Mesa, Alegre-Vidal, Chiva-Gómez & Gutiérrez-Gracia (2013: p. 1) aimed to introduce design management as a dynamic capability and to analyse its mediating role between product innovation productivity and organisational learning capability and in small and medium enterprises (SMEs). For the research the author collected data from 182 organisations (50% of the target population). It was used a questionnaire addressed to Product Development Managers and HR Managers. The outcomes showed that organisational learning capability increases the innovation of product through the mediation of design management capability. As well, the authors detected an interesting interaction between design management capability, organisational learning and product innovation what can be very helpful for better understanding of how to better innovation productivity. This finding indicated that "design management, as a dynamic capability, emerges from learning and allows the firm to adapt to environmental changes."

But, the more complicated ones are more widely based (Stalk, Evans & Shulman, 1992: p. 155) comprising the whole value chain like short product development capabilities or quick product and process innovative capabilities. Dynamic capabilities should be clearly differentiate from specialized routines.

Dynamic capabilities have no doubt been relevant to accomplishing advantage for some time. Be that as it may, their significance is presently amplified on the grounds that the worldwide economy has turned out to be more open and the wellsprings of development, advancement, and assembling are more differing topographically and authoritatively (Tece, 2007: p.1320).

As concrete processes, dynamic capabilities can create, integrate, reconfigure and release resources. In the case of product development procedure, managers merge resources combining knowledge, skills and experience across various functional teams to prepare new and various products that ensure a competitive advantage to the company (Eisenhardt & Martin, 2000).

Agarwal, et al. (2013: p.1) aimed to improve the comprehension a dynamic capability creating process via efficient collaboration, and distinguished the detailed mechanisms and processes of capability creating within a service value network framework to supply

An innovation in services. For the research Interviews were organized with 15 managers and personnel hired by a Telecommunications company of Australia (Telco) and their trading partner (TPartner). The outcomes revealed that collaboration, joint organisational learning, joint innovative capacity, enterprise and collaborative agility "are all core to fostering innovation in services."

As showed, the ownership of dynamic capabilities is particularly pertinent to multinational enter-prise execution in business situations that show certain attributes. The first is that nature is available to universal business and completely presented to the open doors and dangers associated with quick innovative change. The second is that specialized change itself is foundational in 2 the administration capacities recognized are comparable to that of an ensemble conductor, in spite of the fact that in the business setting the 'instruments' (resources) are themselves always being made, remodelled, or potentially supplanted. Besides, totally new instruments show up with some recurrence, and old ones should be relinquished. While adaptability is positively a component of orchestration, the last idea suggests considerably more (Tecce, 2007: p.1320).

Dynamic capabilities are the capacity of a firm to purposely build, expand or change its resource base. Some dynamic capabilities allow organisations to start a new business and expand old one via inner growth, obtaining and strategic processes. Other capabilities assist an organisation to make new products and production processes. The conception of dynamic capability contains the capacity to find out the need or opportunity for change, formulate an answer to this need or opportunity and make a course of action. Not all dynamic capabilities serve all 3 functions. Instead of this, various dynamic capabilities serve various objectives. (Helfat et al., 2009). It is seen above, that one of the objectives of dynamic capabilities is a

contribution in producing a new product or production process, which means in other words an innovation. In this regard, the research of Čirjevskis (2016) was made. The author focused on innovative ambidexterity and on the conception of dynamic capabilities. The author aimed to reveal similarities and link those two techniques. The analysis is concentrated on the examining and using activities which later compiled into dynamic capabilities which lead to innovations. The outcomes of the study showed that the somewhat evasive conception of dynamic capabilities could be figured out with the use of exploration and exploitation. The dynamic capabilities and the innovative ambidexterity make flows of innovative products and services, which result the creating of sustained competitive advantages. The study showed that the existence of the research on innovative ambidexterity activities can be a critical contributor to enhance the comprehension of dynamic capabilities.

While developing dynamic capabilities to manage innovation, the essential point is that innovation becomes more and more a corporate-wide objective, which expands over the borders of the company. Thus, the people who have skills and experience to create and manage relations and networks on an inter-firm base could play a more and more great role. "This puts functions like procurement centre-stage in the emerging innovation agenda – and, of course, there is plenty of track record on which to build" (Bessant & Phillips, 2013: p.368).

That different developments must be joined to create items as well as administrations that address client needs. The third is that there are very much created worldwide markets for the trading of (part) products and ventures; and the fourth is that the business condition is described by inadequately developed showcases in which to trade innovative and administrative know-how. These qualities can be found in huge parts of the worldwide economy and particularly in high-innovation divisions. In such areas, the establishments of big business achievement today depend next to no on the undertaking's ability to participate in (reading material) enhancement against known limitations, or catching scale economies underway. Or maybe, undertaking achievement relies on the revelation and advancement of

opportunities; the powerful blend of inside generated and remotely produced creations; proficient and compelling innovation exchange inside the enter-prise and between and among ventures; the insurance of licensed innovation; the redesigning of 'best practice' business forms; the invention of new plans of action; settling on impartial choices; and accomplishing assurance against imitation and different types of replication by rivals. It likewise includes forming new 'tenets of the amusement' in the worldwide commercial centre. The customary components of business achievement—keeping up impetus adjustment, owning unmistakable resources, controlling costs, looking after quality, 'improving' inventories—are fundamental yet they are probably not going to be adequate for managed unrivalled endeavour execution. Dynamic capabilities assist in achieving evolutionary fitness, in part by helping to shape the environment. The element of dynamic capabilities that involves shaping (and not just adapting to) the environment is entrepreneurial in nature. Arguably, entrepreneurial fitness ought to have equal standing with evolutionary fitness (Tecce, 2007: p.1320).

While the advancement and adroit administration of impalpable resources/scholarly capital is increasingly perceived as key to managed enter-prise intensity, the comprehension of why and how intangibles are presently so basic still stays obscure and isn't tended to by standard systems. What is required is another structure for business and financial examination. As previous U.S. Central bank Chairman Alan Greenspan commented, 'we should start the essential work of building up a structure equipped for dissecting the development of an economy progressively commanded by theoretical products.'<sup>5</sup> The dynamic abilities approach created here undertakings to be react (Tecce, 2007: p.1321).

## **2.6 Competitive Market and Innovation Speed**

Innovation presents nowadays a competitive edge, assisted by strong mainstream capabilities in effectiveness, quality, speed and flexibility. Innovation can assist organisations to play a dominating role in forming the future of their industries. Innovators with high-performing are able to support a giant juggling act of capabilities and systematically bring



new high-quality products to the market quicker, more often and by cheaper cost than competitors. Furthermore, these organisations use process and systems of innovation as a method of further improving their products and for adding a value to clients. This combination builds a dynamic and sustainable strategic position, which make the organisation a constantly moving target to competitors (Kiernan, 1996: p.53).

Innovation is the technique by which organisations make the new products, systems and processes necessary to adapt for changing markets, modes of competition and technologies (D'Aveni, 1994; Dougherty & Hardy, 1996; Utterback, 1994).

Damanpour, Walker & Avellaneda (2009) and Schumpeter (1934) argued that innovation is the basic source of economic growth, competitive advantage and industrial change.

Competitive advantage is based on a ratio between the speed of innovations and success of the project of development. The existing empirical researches show that speed has stronger influence on success of the innovative project, than the cost and quality (Kessler & Bierly, 2000).

Innovation potential is suggested as a higher-order integration ability, namely, the ability to form and manage numerous capabilities (Fuchs, Mifflin, Miller & Whitney, 2000).

Innovation and innovative potential are significant to firms seeking to enhance productivity. The connection between innovation and company's productivity is well set in the management literature. Crossman & Apaydin (2010) For example, Perez-Freije & Enkel (2007) made an analysis of twelve successful practice firms' innovation control systems by means of these determinants to determine how supportive/ counterproductive they are regarding enhancing R & D effectiveness. It was revealed 3 samples of innovation control system design, where each one depends on the dynamic of the industry in which firms operate. Strategic hypotheses were revealed from these archetypical designs to give helpful guidelines for management who run into multi-faceted and complex control situations.

Steiber & Alänge (2013: p.1) aimed to investigate, from viewpoint of firm, organisational characteristics for unceasing innovation in quickly changing industries. Outcomes from 28 interviews at Google Inc., were compared to previous studies on organisational characteristics for unceasing innovation. The authors concluded that Google's organisation can be considered as a dynamic and open corporate system for unceasing innovation, involving the whole organisation and supported by an innovation-oriented and change-prone top administration and board.

An innovation capability can be determined as the ability without a break to transform knowledge and ideas into new products, systems and processes for the benefit of the organisation and its stakeholders. Innovation capability is not only an ability to run a business's new stream successfully or to manage mainstream capabilities. Innovation capability is a synthesising of those two operating paradigms. High-performing innovators comprehend this connection (Lawson & Samson, 2001: p.381).

According to the difficulty of classification of innovation, a plenty of typologies has appeared to describe and categorize innovations from a viewpoint of their characteristics and effects. These classifications comprise: "administrative, architectural, technical, fundamental, minor, continuous, discontinuous, normal, routine, incremental, enabling, disruptive, sustaining, revolutionary, process, product, generational, and evolutionary" (Linton, 2009: 729).

Garcia & Calantone (2002: p.1) report how discrepancies in marking of innovations interfered with the academic achievements for identification of development processes of new products (NPD) of various innovative types. The existing definitions of destructive innovations include the effects connected with the market dynamics (destructive or steady); organisational competencies (competence destruction vs. competence increasing), technological gaps (continuous vs. discontinuous).

Zhang (2004: p.1) aimed to draw on new experimental evidence to examine theories of capability-performance relations at firm level by investigating if innovation capabilities impact firm financial, innovation and market performance in a transitional economy China. The experimental data was drawn from over than 3000 Chinese industrial organisations in 6 different cities and provinces. The author revealed that innovation capabilities carry important implications for increasing the productivity of the organisation. But, the analysis also shows the difficulty of this linkage. Innovation capabilities have both interactive and independent influence on the productivity of the organisation. Furthermore, the influence of innovation capabilities is decreased by some environmental and organisational points.

"An innovation that radically transforms existing markets and/ or creates new markets through the introduction of alternative performance dimensions that redefine customer value" - is a disruptive innovation (Mount, 2012: p.69). He conducted the research on the developed a model of market growth which is able to analyze multiple market segments and innovations. The model was made with the use of data on global shipments of hard disk drives (HDD) in 4 market segments: desktop computer, mainframe, minicomputer, portable computer markets. Outcomes showed that the proposed model is able to evaluate successive waves of disruptive technological innovation in the industry of HDD. The author found that the magnitude of optimal requirement and rates of growth in technological improvement and absorptive capacity and distance between market segment preferences have a direct impact on the speed and probability of market disruption. Results propose that destruction is not always absolute. Disruptive and disrupted innovations can co-exist in the market under specific circumstances. Thereby, the structure of the market and competition define the diffusion conducts of disruptive innovations.

Successful new product development (NPD) is broadly known as a crucial determinant of organisation's productivity and competitive advantage. While finding better or new solutions to client's problems, NPD can both create new markets and transform those, which

already exist. Without innovation, owners slowly lose both sales and effectiveness because competitors implement innovations past them (Hauser, Tellis, & Griffin, 2006: p.690).

Lisboa, Lages & Skarmeas (2011: p.1) investigated the inner process by which innovativeness, proactiveness and risk-taking, affect productivity in export markets via the promotion of dynamic capabilities in NPD (explorative and exploitative capabilities) and new product advantage (speed to market and differential products). The outcomes showed that all the dimensions of entrepreneurial orientation are the antecedent of dynamic capabilities, both explorative and exploitative. Yet, innovativeness has a higher influence. The outcomes also propose exploitative capabilities run new product' speed to market and investigative capabilities impact new product distinction. Those advantages, in turn, increase efficiency.

Which difference plays a key role as a product, which goes in the market as one of the pioneers (an early-entrant product) has other problems and market conditions than a true pioneer has? For instance, the true pioneer doesn't have a direct competition, but it has a competition with other forms of products, which already exist in the same product class and with substitute product classes which fulfil the same need of the market and faces the threat of potential members. Oppositely, early entrants have the competition with one or several products that already exist in the market. In the same way, the early participant faces various market conditions, than the late participant does. The early participant enters the market at the earliest phase of the life cycle of a product before NP sale while the late participant follows pioneer(s) and goes in the growing or mature market “i.e. sales of NP have are already removed” (Agarwal & Bayus, 2004; Robinson, Fornell & Sullivan, 1992).

Innovation speed, which also called NPD speed and speed to market, shows how fast an idea moves from concept to a product in the marketplace, evaluating a team's capability to quickly develop and set off a NP (Chen, Reilly & Lynn, 2005: p.202).

There are numerous advantages of innovative speed. The increase in profit, increase in a share of the market, establishment of industry standards and locking of channels of

distribution, are examples of arguments for a quick innovative process with the short time to entry into the market (Dumaine, 1989: p.56).

When a firm introduces an innovation, it is required all systems and processes of the firm to be adjusted, as well as the systems and processes of its providers who supply the materials, the components, the tools or services for the new product (Fuhl, 2006: p. 8).

Reed, Storrud-Barnes & Jessup (2012: p.1) aimed to investigate how community-controlled open innovation impacts cost- and differentiation-based competitive advantage and to make clear how it makes some sources of economic rent to be able to remain when others are taken away. The study was conceptual. The outcomes showed that "economic rents from property rights disappear, those from economies of scale and capital requirements are reduced, but those from experience-curve effects, differentiation, distribution, and switching costs remain." In the same way, the rents from difficult imitation resources of networks and reputation remain untouched, and while those from employee knowhow and culture remain, they will probably be in smaller amounts.

Successful innovating organisations have understood long ago the significance of linkages and connections when got close to the clients to find out their needs, working with providers to deliver innovative solutions, contacting with collaborators, centers of researching even competitors to establish and work innovation systems. However, "in an era of global operations and high-speed technological infrastructures populated by people with highly mobile skills, building and managing networks and connections becomes the key requirement for innovation" (Bessant & Phillips, 2013: p.358).

Innovative strategies mediate the relations between absorptive, adaptive and innovative capabilities with the level of sustainability of the innovative result. Thus, an organisation which has higher levels mentioned capabilities concentrates on developing innovations which yield not just high income, but a social equity and environmental protection as well. In this occurrence the organisation is orientated by an innovative strategy which concentrated on

sustainable results, its dynamic capabilities may lay towards concentrating its assets on developing capabilities, what causes higher levels of sustainability in new products or services. And In opposite, the lower levels of absorptive, adaptive and innovative capabilities makes the organisation concentrate on a cost leadership innovative strategy, which causes the lower levels of sustainability in new products or services (Cabral, 2010: p.6).

Bos-Brouwers (2010: p.7) represented in his research a combination of the ideas of the innovative theory, practice of sustainable development and characteristics of small business to unblock new knowledge of factors which influences the translation of steady innovations at small and medium-sized enterprises (SMEs) in practice. As a starting point in this research the subjects and types of stability described for the large companies were used (i.e. in the reporting under the reporting in the field of sustainable development and management). The empirical results of the PRIMA project which is carried out to the industries of rubber and plastic (RPI) on steady innovative activity are presented in this study. It showed that many steady innovations are directed to improvement of technological processes (Eco efficiency) and a decrease in costs of production. These innovations can be considered as incremental. The companies with stability integrated into the orientation and innovative processes show creation of value: development of new products in the market (radical innovations) and cooperation with interested parties. The PRIMA project shows that deeper understanding of innovative characteristics of SME and the assessment of steady innovative efforts opens opportunities for an increase in stability of SMEs.

"Sustainability of innovations reflects not only the economic aspect, but also the social and environmental concerns embedded on innovation, whilst innovation capability indicates the sources of knowledge to achieve that sustainability" (Cabral, 2010: p. 4).

Teletov, Nagornyi, Letunovska & Shevliuga (2017: p.496) considered sustainable and innovative strategies and approaches to the implementation of technological and technical development at the companies in order to enhance their competitive position in the market

and to increase their economic security. In the research the authors used Ukraine to give a practical instance of developing of the enterprise. According to the analysis and experiential results, the authors suggested several steps for increasing a technological competitiveness and sustainability of the Ukrainian enterprises that are going through serious structural changes and facing the economic change and the connected questions and problems: a) to evaluate the possibilities for firms to implement innovations; b) to develop a strategy of investing in innovation and technological and technical development of firms; c) to develop an amount of new industries and sectors, new kinds of machinery, tools and devices, equipment, new instruments of management, automated and robotic systems; d) to increase the processes of updating of production and technical retooling of industrial sectors. In this way, the attainment of innovation, technological and technical development, activity level of business as it is possible closer to the globe, will be the base for the competitive advantages of Ukraine's firms, steady financial status and success of the further work.

A brand is an investment in marketing communication, enhancing a loyalty of the client and what is being termed client's equity (Kotler & Armstrong, 2004: p.4).

A Brand is a "unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Over time, this image becomes associated with a level of credibility, quality, and satisfaction in the consumer's mind. Thus brands help consumers in a crowded and complex marketplace, by standing for certain benefits and value. Legal names for a brand are trademarks. When a brand identifies or represents a firm, it is called a brand name" (www.BusinessDictionary.com, 2016).

Brand presents "the image that a company wants to depict to the customers, stakeholders, employees and to the public across the world, the personality and soul of a company by which employees are hired to how customers perceive the organization,

company's view point to reason, view, interrelate and serve the consumers" (Mi & Baharun, 2013: p.193).

Holt (2004: p.283) states that a brand is not a brand. To make sustainability oriented brands be successful they must to be closely align with the societal ideas which make up client's understanding of sustainability. Sustainable brands must make sense historically and give meaning and thereby resonate with clients. They must live up to the ethical standards of the society they are included into.

Brand knowledge, which is based on sustainability, lead clients favourably towards the brand and improves the long-time performance of the company. The marketing literature on management of the brand represents the ability of a strong brand to merge all the organisational activities and drive the firm towards success (Amit & Schoemaker, 1993; Achrol & Kotler, 1999).

Sustainability is traditionally considered from a triple viewpoint: namely society, economy and environment (Cortez & Cudia, 2011: p.322).

Instead of sticking to a single, centralized global idea, a brand must develop an informed set of small ideas. Covering small ideas is a powerful way to attain rapid development in the associated community. Small ideas are fresh and effective. Accurate and adaptable, they can be defined directly in the presented context, allowing you to quickly respond to solemn or critical moments. Creating an image around small ideas produces a deeper response and recognition than the usual repetition. The image gives clearness and intelligibility of perception is not just something, but the basis. This, in turn, turns a person into an active member. Brands with autonomy and sustainability are better suited to meet demand, both in real time and on a local level.

Rammal & Burrirt (2014: p.1) examined how pertinent information flows in the organization are managed and used to indicate and develop long-term sustainability innovation. The author investigated the internal dynamics of the Volt-Air platform, containing



information flows, involvement of different actors and departments and decision-making and their relations with sustainability innovation and sustainability productivity. Semi-structured interviews with the CEO and 10 superior managers from different departments of the organization (operations, HRM, sustainability, supply chain management, R&D, marketing, finance) give insights and explanations for the source of competitive survival and the dynamic capabilities which drive innovation in relation to the Volt-air platform. The work contributed to the strategic sustainability management literature by detailing the inner administrative processes that assist organisations indicate sustainability problems and develop innovative solutions.

According to Blake & Mouton (1964: p.7) there are five kinds of leaders, which are: 1) middle - of - the road management., 2) team leader; 3) country club leader, 4) impoverished leader, 5) produce - or - perish management:

- **Middle - of - the Road Management.** This type of leadership tries to keep the harmony between tasks and human emotions. The sufficient work performance is reachable if it is possible to make a balance between the expected performance and the appropriate moral of the employees. In this type of management every corporate activity is seeks to be brought to the same level, to which the right corporative culture is sought to be adjusted tightly. This type of leadership is still less efficient, because it doesn't reach the maximum efficiency concerning either task-orientation or people-orientation. This kind of leadership is always struggling even with itself, because it is always choosing between the people-centered decisions and the task-oriented ones.
- **Team Leader** (high task, high relationship). This type of people leads by positive example and tries to build a team environment, where all team members can reach their highest potential: both as team members and as persons. They encourage the team to reach team objectives as efficiently as possible, while also working relentlessly to strengthen the

relations among the different members. They normally form and lead some of the most efficient teams.

- **Country Club Leader** (low task, high relationship). This kind of leader uses predominantly reward power to sustain discipline and to encourage the team to achieve its objectives. Conversely, they are almost not able of using the more punitive compulsion and legitimate powers. This inability outcomes from fear that using these powers could endanger relationships with the other members of team.
- **Impoverished Leader** (low task, low relationship). It is the case when a leader adopts a "delegate and disappear" style of management. According to the fact that they are not committed to either task attainment or maintenance; they essentially allow their team to do anything it wishes and prefer to separate themselves from the team process by allowing the team to suffer from a power struggle.
- **Produce - or - Perish Management**. This type of leadership is simply calls task management. The human values are placed on a back seat for rising production effectiveness. In this case the effectiveness can be achieved only with reducing the human factors to the minimum. In most of the enterprises this principle can bring a recession in performance, but there are other entrepreneurial activities where this kind of leadership style that will make an idea or project successful. Task-oriented management is needed when the enterprise has to solve a problem quickly within a short notice, because in a situation like that reaching the objectives cancel all human emotion.

If to talk about the Apple, a high level of competency, efficient business gumption and exclusive creativity level has allowed Steve Jobs to make Apple as a company with high level of success in a power culture environment, in spite of evident and significant potential disadvantages of the milieu. However, the leadership and business skills of post Steve Jobs strategic level management in general and present CEO Tim Cook particularly have to be proved yet and therefore, there is a justified concern regarding the disadvantages of power

culture at Apple, that has negative implications on company's further growth intentions. Other words, the power culture in Apple, which was developed during era of Steve Jobs has a range of disadvantages like as underutilization of staff creativeness and initiatives, high level of risk connected with taken decisions and decisions of a leader not facing critiques in lower ranks of management. So, these disadvantages might have severe negative effects for Apple since the business and leadership skills of the present corporate leader of the company might not match the skills of Steve Jobs (Dudovski, 2013: p,5).

Hamidifar (2010: p.50) divided leadership by different styles: a) transformational; b) transactional; c) Laissez faire leadership; d) The Full Range leadership development Model.

Transformational leaders create cultures which underline being empowered, proactive and innovative.

Transactional leaders work within the present system or culture, tend to avoid risks, and focus on time limitations, standards and effectiveness (Bass, 1985: p.28).

Laissez-faire leadership is a passive style. There is no interaction between the leader and the subordinates. It presents a non-transactional style of leadership, in which necessary decisions are not done, leadership liabilities are ignored, actions are delayed and authority unused. "A leader displaying this form of non-leadership is perceived as not caring at all about others' issues" (Hamidifar, 2010: p. 47).

The Full Range Leadership Development Model contains both: transformational and transactional factors. In particular, among them five transformational factors: 1) Idealized influence (attributed); 2) Inspirational motivation; 3) Idealized influence (conduct); 4) intellectual stimulation; 5) Individualized consideration and three transactional factors: contingent reward and two types of management by exception: active and passive (Hamidifar, 2010: p.48)

Transactional leaders control individual and team performance to foresee mistakes and take correctional actions when it is necessary, In comparing to transformational leaders,

transactional leaders concentrate more on the effectiveness of existing operations than on obtaining new capabilities (Howell & Avolio, 1993: p.20).

Strategic leadership is different than 2 other popular leadership styles: managerial and visionary. Managerial leaders are primarily involved in the daily activities of the company and have no an appropriate long-time vision for change and growth. This is the most common form of leadership, especially in major, diversified organisation. Vice versa, visionary leaders are, first of all, future-oriented, dynamic and risk-taking. These leaders base their decision primarily and behavior on their beliefs and values, and seek to share their understanding of a desired vision with others in the organisation. Managerial (administrative) leaders are concentrated on the past and visionary leaders are future-oriented. The most important sides of strategic leadership are collective values and a clear vision, which will allow staff to make decisions with minimal formal mechanisms of monitoring or control (Rowe & Nejad, 2009: p.3).

The existence of a strategic leader results a number of advantages for an organisation which are eventually connected to share values in both the short- and long-term: a) strategic leaders care about creating their organisation's resources, capabilities and competencies to gain suitable stable competitive advantages; b) strategic leaders view human capital as a major factor in innovation and the making of core competencies, and they spend significant effort sustaining the health of human capital. When managerial leaders concentrate on the exploitation of actual resources and capabilities, strategic leaders unite this focus with searching for new resources, capabilities, and basic competencies, which will, be exploited to create wealth when it is necessary; c) organisations driven by strategic leaders are more successful in learning at the individual or group levels. "Organizational learning and the creation and sharing of knowledge within an organization are important prerequisites for long-term viability and are better practiced by an organization led by a strategic leader" (Rowe & Nejad, 2009: p.4).

It seems sensible to expect that CEO leadership styles use dynamic capabilities. Yet, there is a question: if the contribution of leaders to dynamic capabilities has direct dependence on their style of management (as argued above) or whether it is connected with a model of mediating effect, where the mediating variable will be the orientation of practices of HRM, given by leaders, because the practices will form the employee behavior necessary for competitiveness (Wright, McMahan & McWilliams, 1994; Lengnick-Hall et al., 2009; López-Cabrales, Valle & Herrero, 2006).

Lopez-Cabrales, Bornay-Barrachina & Diaz-Fernandez (2017: p.1) aimed to analyze the antecedents of dynamic capabilities' development from an HRM perspective, considering the leading role of styles of leadership and their potential influence on the orientation of HR systems and capabilities of the firm. For the research was used a sample of 107 Spanish industrial firms, asking HR, production and managers of marketing to assess the CEO's leadership styles, the system of HRM practices, which are applied in their firms and dynamic capabilities. As a result it was revealed that both transformational and transactional leadership styles are positively connected with dynamic capabilities (sensing, seizing, reconfiguration), both directly and indirectly, through their impacts on HR systems.

## **2.7 Summary**

The chapter two includes introduction, conceptual model of the study. Conceptual model of the study includes theoretical framework about dependent, independent, mediating variables, which are: dynamic capabilities, brand sustainability, competitive market and innovation speed and organizational structure.

Commercial competition is one of the most important principles governing the economies of countries that believe in freedom of trade. The origin of commercial life is the legitimacy of competition because it is common practice in the field of commercial activity. (Awad, 2006: p.7). The civil protection of a famous brand is based on the reputation and reputation of the mark, so its use by third parties may suggest to the consumer that there is a

commercial link between the goods of the other and the goods of the owner of the famous trademark. (Zine El-Din, 2005: p.3) A trademark is a means of distinguishing products from one another. The abuse of them by imitation or use by others is detrimental to both the producer and the consumer and the state as a whole, it harms the product through its loss of marketing its products and the presence of competitors in the trade. (Zuin, 2004: p.6)

For the effective operation of the organisation it is very important to set the goals and objectives of the enterprise correctly and to divide the activities between the structural units.

The traditional organisational structure consisting of a great number of functional groups, such as marketing or finance is incapable to give the capabilities necessary for increase in competitiveness and minimization of risks of the organization (Mitchell, 2013: p.10). The competitiveness of an organization can be achieved by sustainable competitive advantage.

Competitive advantage can be viewed from 2 factors, which are resources and capabilities. Stability of competitive advantage depends on interchangeability and transferability of dynamic capabilities. (Fuhl, 2006: p.17). Dynamic capabilities are the capacity of a firm to purposely build, expand or change its resource base. Instead of this, various dynamic capabilities serve various objectives. (Helfat et al., 2009: p.4). While developing dynamic capabilities to manage innovation, the essential point is that innovation becomes more and more a corporate-wide objective, which expands over the borders of the company. (Bessant & Phillips, 2013: p.368). Innovation is the technique by which organizations make the new products, systems and processes necessary to adapt for changing markets, modes of competition and technologies. (D'Aveni, 1994; Dougherty & Hardy, 1996; Utterback, 1994). Damanpour et al. (2009: p.19) and Schumpeter (1934) argued that innovation is the basic source of economic growth, competitive advantage and industrial change. The competitive advantage of organizations which have brands with high equity present advantages such as: the firm will be less defenseless to competitive marketing actions;

the firm will have an achieved price premium; increased demand by clients; brands can be extended easily; communications will be more easily accepted; there will be better trade leverage; larger margins could be gotten (Bendixen, Bukasa & Abratt, 2004; Teece, 2007). A brand is an investment in marketing communication, enhancing a loyalty of the client and what is being termed client's equity (Kotler & Armstrong, 2004: p.28). Brand knowledge, which is based on sustainability, lead clients favorably towards the brand and improves the long-time performance of the company (Amit & Schoemaker, 1993: p.34).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This study is looking to test a theory that dynamic capabilities impacts the brand sustainability, moreover, the survey is intended to find relationships between each domain of dynamic capabilities, brand sustainability, organizational structure, competitive advantage, innovation speed. The goals of the study fit the method of quantitative research, which aims to test the hypothesis, and analyze the relationships among dependent and independent variables.

The purpose of this chapter is to determine if there is a connection between dynamic capabilities and brand sustainability, to examine the mediating variables in this relationship, another purpose of this chapter is to describe the population of the study and the instruments used to conduct the various analyses used in this study.

This chapter will be included sample of the study; research design; sample and data collection; methods of data analysis for the research hypothesis.

#### **3.2 Research Design**

The study is based on a descriptive research in Jordanian private companies, malls and various large and medium size projects, which are probably using dynamic capabilities to stay competitive in order to verify and eventually deepen the existing theory. The research sample selected was based on a probabilistic method that generates representative samples in terms of population statistical investigated. It is based on customers of industrial brands companies. They have different Gender, years of experience, job title and company activity type, size, employee number and company age . The questionnaire has sixty questions focused on study variables. Hair et al. (2010), (Atkinson, 1997) reported that descriptive and analytical approaches used to describe some situation or attributes by giving measures of a certain



activity or event. In order to determine if there is a connection between dynamic capabilities and brand sustainability, to examine the mediating variables in this relationship as organize structure and innovation speed.

### 3.2 Sample and Data Collection

#### 3.2.1 Sample

The Jordanian firms are divided into main sectors. These sectors are; Trade or malls, Industry, Education, Tourism and Hotels and Hospitals, divided into 76, 74, 40, 32, and 28 firm respectively.

The sample of the study consisted of 250 employees in private companies, malls so one else. These sectors make up of 130 firm or 53.5% of the Jordanian listed companies that contribute significantly to 73% of Jordanian GDP (Al-Akra, Ali & Marashdeh, 2009).

The final sample of Jordanian listed companies that involved to the analyses process is private companies, malls (various large and medium size projects). This study did not encounter any biases in the data; also since Jordan's economy is still suffering from recession and economy slow is due to multiple factors such as local corruption cases and security conditions and wars in the neighboring countries until now.

Therefore, this study argued that private companies and malls on Jordanian listed companies are suitable to test the relationship between study variables. Table (1) shows the distribution of the sample depending on personal information and company variables.

Table 1. *Distribution of The Sample According to Personal Information and Company variables*

<b>Variable</b>	<b>Categories</b>	<b>Frequency</b>	<b>percent</b>
Gender	Male	141	56.4
	Female	109	43.6
	Total	250	100.0
Years of Experience	1-5 years	59	23.6
	5-10 years	109	43.6
	More than 10 years	82	32.8
	Total	250	100.0
Qualification	BA	106	42.4
	MA	65	26.0
	others	79	31.6

<b>Variable</b>	<b>Categories</b>	<b>Frequency</b>	<b>percent</b>
	Total	250	100.0
Training Courses	yes	122	48.8
	no	128	51.2
	Total	250	100.0
Job Title	Manager	20	8.0
	Director	30	12.0
	Supervisor	80	32.0
	Employee	120	48.0
	Total	250	100.0
Company Activity Type	Education	40	16.0
	Hospitals	28	11.2
	Tourism and Hotels	32	12.8
	Trade or malls	76	30.4
	Industry	74	29.6
	Total	250	100.0
Age company	Less than 6 years	78	31.2
	6-10 years	103	41.2
	More than 10 years	69	27.6
	Total	250	100.0
Employee N	Less than 25	52	20.8
	25-50	57	22.8
	51-50	73	29.2
	More than 100	68	27.2
	Total	250	100.0
Branches	5 or less	97	38.8
	6-10 branches	77	30.8
	More than 10	76	30.4
	Total	250	100.0
Activity place	Local only	198	79.2
	International only	8	3.2
	Both	44	17.6
	Total	250	100.0

Table (1) shows that:

- For gender variable, the highest category (male) by frequency (141) percentage (56.4%), but the lowest category (female) by frequency (109) percentage (43.6%).
- For Years of experience variable, the highest category (5-10 years) by frequency (85) percentage (43.6%), but the lowest category (1-5 years) by frequency (59) percentage (23.6%).
- For Qualification variable, the highest category (BA) by frequency (106) percentage (42.4%), but the lowest category (MA) by frequency (65) percentage (26.0%).

- For Training Courses variable, the highest category (no) by frequency (128) percentage (51.2%), but the lowest category (yes) by frequency (122) percentage (48.8%).
- For Job title variable, the highest category (Employee) by frequency (120) percentage (48.0%), but the lowest category (Manager) by frequency (20) percentage (20.8%).
- For Company activity type variable, the highest category (Trade) by frequency (76) percentage (30.4%), but the lowest category (Hospitals) by frequency (28) percentage (11.2%).
- For Age company variable, the highest category (6-10 years) by frequency (103) percentage (41.2%), but the lowest category (More than 10 years) by frequency (69) percentage (27.6%).
- For Employee number, the highest category (51-50) by frequency (72) percentage (29.2%), but the lowest category (Less than 25) by frequency (52) percentage (20.8%).
- For Branches variable, the highest category (5 or less) by frequency (97) percentage (38.8%), but the lowest category (More than 10) by frequency (76) percentage (30.4%).
- For place activity variable, the highest category (Local only) by frequency (198) percentage (79.2%), but the lowest category (International only) by frequency (8) percentage (3.2%).

### **3.2.2 Data Collection**

To achieve the objectives of the study, the researcher will follow these procedures: 1) the study population will be identified, and members of the sample; 2) study tool will be build, the validity and reliability were checked; 3) the researcher will obtain regulatory approvals for the application of the study tool, and consistent with the objectives of the study and for the purposes of data analysis,. Cronbach's Alpha, homogeneity tests are applied for study tool. Also, multiple regressions, correlation coefficients' are applied to export the relationship among study variables.

This study wants not only to identify the main factors underlying these dynamic capabilities, but also wants to give a guide for entrepreneurs to innovatively develop a strong strategic management base under the umbrella of the dynamic capability approach in order to sustain brand and reach a competitive advantage.

### **3.3 Unit of Analysis**

The sampling unit refers to specific place or location in which can use during sampling process and for this study, the whole sample are located at more than one place which are: Industry, malls, Tourism and Hotels, Hospitals and Education companies.

### **3.4 Study Instrument**

To achieve the objectives of the study, the researcher developed a questionnaire related to the study variables and relying on some of the previous studies as Felin & Powell (2016), Adner & Helfat, (2003) and Ambrosini, & Bowman, (2009).

The questionnaire divided to four sections:

- **First section:** will be related to the characteristics of the study sample and companies.
- **Second section:** will be related to Independent variable "dynamic capabilities" consist of (16) paragraph have five Likert scale for answer.
- **Third section:** will be related to dependent variable "brand sustainability" which included (20) items.
- **Fourth section:** will be related to "organization culture" and "innovation speed" as mediate variables which included (12) items for each one.

#### **3.4.1 Validity and Reliability**

Validity and reliability in research are issues that the researcher should address in the design of the study and analysis of the results so that the research can withstand a quality test (Patton, 2002). Validity determines whether the study truly measures that which it was intended to measure or how truthful the research results are (Golafshani, 2003). To ensure content validity, the researcher present the questionnaire to a group of specialists and

experienced arbitrators, to ensure the validity for loading items on domains and corrected total correlation for each item of variables and alpha if item deleted were applied, Reliability refers to a concept used for evaluating or testing quantitative research, the idea is mostly used in all kinds of studies to produce the same answer in the same conditions (Eisner, 1991, p. 58). This means that if people answered a question the same way on repeated occasions, then the instrument can be said to be reliable. So Cronbach's alpha and alpha if item deleted were computed for each variables, the result indicate to high score for alpha for each variable; (Dynamic capabilities, 0.90), (Brand sustainability, 0.88), (Organizational Structure, 0.86), (Innovation speed, 0.75) table below show that.

Table 2. *The Result of Reliability (Cronbach's Alpha)for dynamic capabilities*

	<b>Scale Mean if Item Deleted</b>	<b>Scale Variance if Item Deleted</b>	<b>Corrected Item-Total Correlation</b>	<b>Alpha if Item Deleted</b>
A1	55.1640	98.2501	.5240	.8972
A2	54.5920	96.4513	.6331	.8925
A3	54.6160	97.4744	.5763	.8949
A4	53.9560	105.1266	.5335	.8969
A5	54.4600	105.3900	.4341	.8990
A6	54.7080	96.7136	.6172	.8932
A7	54.5240	108.0014	.3219	.9016
A8	54.4360	107.3071	.3332	.9014
A9	54.5800	106.7185	.4359	.8992
A10	54.8040	93.4514	.6840	.8905
A11	55.0560	90.0129	.7385	.8884
A12	54.8480	94.0732	.6921	.8901
A13	54.5400	104.3538	.5070	.8971
A14	54.2680	99.6909	.7003	.8911
A15	54.4360	97.0662	.7205	.8895
A16	54.3120	99.6051	.6948	.8912

Reliability Coefficients

N of Cases = 250.0

N of Items = 16

**Alpha = .9007**

Table 3. *The Result of Reliability (Cronbach's Alpha)for brand sustainability*

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
B1	78.4520	68.9475	.4332	.8827
B2	78.3520	68.6868	.5829	.8786
B3	78.4680	69.4066	.4909	.8809
B4	78.6160	68.7275	.4882	.8809
B5	78.6160	68.6793	.5139	.8802
B6	78.6520	67.2880	.5002	.8807
B7	78.5760	66.3255	.6166	.8766
B8	78.5480	68.3852	.4803	.8812
B9	78.4720	68.5795	.4926	.8808
B10	78.9040	69.7980	.4119	.8832
B11	78.9840	66.6262	.5151	.8803
B12	78.7240	64.3532	.6724	.8742
B13	78.5960	70.4345	.3445	.8852
B14	78.6560	70.3069	.3297	.8860
B15	78.6240	67.4725	.5533	.8788
B16	78.5760	68.8878	.4638	.8817
B17	78.4000	70.2651	.4048	.8833
B18	78.2360	70.3738	.4869	.8814
B19	78.3160	70.6186	.5061	.8813
B20	78.7600	65.0265	.6964	.8737

Reliability Coefficients

N of Cases = 250.0

N of Items = 20

**Alpha = .8859**

Table 4. *The Result of Reliability (Cronbach's Alpha)for Organizational Structure*

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
C1	43.4240	37.9159	.4752	.8566
C2	43.4280	37.9406	.4931	.8557
C3	43.4920	38.2429	.4460	.8581
C4	43.4040	38.8040	.4763	.8574
C5	44.0720	33.8422	.6186	.8472
C6	43.6960	34.8550	.6165	.8471
C7	43.7840	33.9451	.6527	.8443
C8	43.6680	34.2548	.7386	.8389
C9	43.8480	34.2740	.6437	.8450
C10	44.2240	34.4637	.5203	.8562
C11	43.8880	38.3007	.4005	.8606
C12	43.8600	37.6631	.4583	.8574

Reliability Coefficients

N of Cases = 250.0

N of Items = 12

**Alpha = .8630**

Table 5. *The Result of Reliability (Cronbach's Alpha) for innovation speed*

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
D1	41.9440	43.4908	.3059	.7451
D2	42.4000	40.9960	.2774	.7517
D3	41.8640	39.2184	.4017	.7348
D4	42.3720	40.8530	.3326	.7431
D5	42.4960	38.4679	.4636	.7263
D6	41.6200	40.1723	.4048	.7341
D7	41.9040	42.1835	.4157	.7356
D8	42.0760	43.5564	.3562	.7422
D9	41.9680	42.1917	.4182	.7355
D10	41.7440	38.7454	.4706	.7255
D11	42.0040	37.0080	.4744	.7250
D12	41.5400	39.7996	.4084	.7336

Reliability Coefficients

N of Cases = 250.0

N of Items = 12

**Alpha = .7529**

### 3.5 Method of Data Analysis

This study determined if there is a connection between dynamic capabilities and brand sustainability, to examine the mediating variables in this relationship, another purpose of this chapter is to describe the population of the study and the test instruments used to conduct the various analyses used in this study; simple and multiple regressions, correlation coefficients' were used.

### 3.6 Summary

The study is to determine if there is a relationship between the dynamic capabilities and brand sustainability among dependent and independent variables such as organizational structure, competitive advantage, adopting the quantitative approach. The purpose of chapter three is to describe the study population, sample, Research Design, instrument description, data collection procedure, Unit of Analysis and analysis.

Whereas the sample was chosen probabilistically conclude of industrial companies' employees within different Gender, years of experience, job title and company activity type, answering a- sixty questions questionnaire.

The sample of the study consisted of 250 Jordanian employees who, work in private companies, malls and various large firms in 2017 that contribute obviously to 73% of Jordanian.

The analysis of data was conducted through software (SPSS, V 18) program. The current study used analytical methods: co-efficient and regression approach to get the objective achieved and hypothesis testing.



## CHAPTER FOUR

### THE RESULTS

#### 4.1 Introduction

This chapter presents the findings of the study which aims to know the role of dynamic capabilities in brand sustainability. Also, includes homogeneity to ensure the validity of the model to examine variance and regression application, autocorrelation, Matrix correlation and hypotheses test.

##### - Matrix Correlation

Table 6. *Correlation coefficients between study variables*

Domain	Dynamic capabilities	Brand sustainability	Organizational Structure	Competitive market & innovation speed
A dynamic capabilities	-	0.865**	0.872**	0.780**
Brand sustainability		-	0.863**	0.866**
Organizational Structure			-	0.837**
Competitive market & innovation speed				-

Table (6) shows that correlation coefficients between study variables are positive and a statistically significant at level ( $\alpha \leq 0.05$ ).

##### - (Tolerance) and (VIF) tests

Table 7. *(Tolerance) and (VIF) tests of independent variables*

Independent variable	Mediate variable	Tolerance	VIF
A dynamic capabilities	Organizational Structure	0.240	4.161
	competitive market & innovation speed	0.391	2.556

Table (7) shows that all values of (VIF) for independent variables are less than (10), and all values of (Tolerance) are greater than (0.05); this indicates that there is no problem in homogeneity of variance and acceptance of the variance level in all independent variables of the study.

##### - Autocorrelation (Durbin-Watson)

Table 8. *Autocorrelation (Durbin-Watson) test*

variable	Durbin-Watson
A dynamic capabilities	1.918
Organizational Structure	1.949
competitive market & innovation speed	1.935

Table (8) shows that all values of (Durbin-Watson) for independent variables are less than (4); these values are acceptable and indicate the absence of a self-correlation problem in all independent variables of the study.

## 4.2 Hypotheses Test

### 4.2.1 The first hypothesis: There is a relationship at the level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability.

To test this hypothesis, and to detect the relationship between the dynamic capabilities and brand sustainability, the (Linear Regression) analysis was used; table (9) shows that.

Table 9. *Result of the (Linear Regressions) Analysis of Relationship between the Dynamic Capabilities and Brand Sustainability (n= 250)*

Independent variable	"t" value	"t" sig	Beta		R	R <sup>2</sup>	"F" value	"F" sig	Result
			Unstandardized Coefficients	Standardized Coefficients					
the dynamic capabilities	27.195	0.00	0.566	0.865	0.865	0.749	739.581	0.00	Accept

\* Dependent variable: brand sustainability      Adjusted R Square (0.748)

Table (9) shows that a statistically significant relationship at significant level ( $\alpha \leq 0.05$ ) between the dynamic capabilities and brand sustainability in private companies in Jordan, where "F" value reached (739.581) by statistically significant (0.00). (R) Value reached (0.865), (R<sup>2</sup>) value reached (0.749); so the first hypothesis were accept.

### 4.2.2 The second hypothesis: There is a relationship at the level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when organizational structure as a mediate variable.

To test this hypothesis, and to detect a relationship between dynamic capabilities and brand sustainability when organizational structure as a mediate variable, the (Multiple Regression) analysis were used; table (10) shows that.

Table 10. *Result of the (Multiple Regressions) Analysis of a relationship between dynamic capabilities and brand sustainability when organizational structure as a mediate variable (n= 250)*

Independent variable	"t" value	"t" sig	Beta		R	R <sup>2</sup>	"F" value	"F" sig	Result
			Unstandardized Coefficients	Standardized Coefficients					
the dynamic capabilities	8.068	0.00	0.307	0.470	0.893	0.798	488.672	0.00	Accept
organizational structure	7.775	0.00	0.362	0.453					

\* Dependent variable: brand sustainability

**Adjusted R Square (0.797)**

\* Mediate variable: organizational structure

Table (10) shows that a statistically significant relationship at significant level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when organizational structure as a mediate variable in private companies in Jordan, where "F" value reached (488.672) by statistically significant (0.00). (R) Value reached (0.893), (R<sup>2</sup>) value reached (0.798); so the second hypothesis were accept.

#### **4.2.3 The third hypothesis: There is a relationship at the level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when competitive market & innovation speed as a mediate variable.**

To test this hypothesis, and to detect a relationship between dynamic capabilities and brand sustainability when competitive market & innovation speed as a mediate variable, the (Multiple Regression) analysis were used; table (11) shows that.

Table 11. *Result of the (Multiple Regressions) Analysis of a relationship between dynamic capabilities and brand sustainability when competitive market & innovation speed as a mediate variable (n= 250)*

Independent variable	"t" value	"t" sig	Beta		R	R <sup>2</sup>	"F" value	"F" sig	Result
			Unstandardized Coefficients	Standardized Coefficients					
the dynamic capabilities	11.988	0.00	0.317	0.485	0.918	0.842	658.373	0.00	Accept
Competitive market & innovation speed	12.070	0.00	0.370	0.488					

\* Dependent variable: brand sustainability

**Adjusted R Square (0.841)**

\* Mediate variable: Competitive market & innovation speed

Table (11) shows that a statistically significant a relationship at significant level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when competitive market & innovation speed as a mediate variable in private companies in Jordan, where "F" value

reached (658.373) by statistically significant (0.00). (R) Value reached (0.918), ( $R^2$ ) value reached (0.842); so the third hypothesis were accept.

### **4.3 Summary**

Results of the study showed the following:

- There are a statistically significant relationship at significant level ( $\alpha \leq 0.05$ ) between the dynamic capabilities and brand sustainability in private companies in Jordan.
- There are a statistically significant relationship at significant level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when organizational structure as a mediate variable in private companies in Jordan.
- There are a statistically significant a relationship at significant level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when competitive market & innovation speed as a mediate variable in private companies in Jordan.

## CHAPTER FIVE

### DISCUSSION AND RECOMONDATIONS

#### 5.1 Introduction

This chapter includes a discussion of the results of the study aimed at identifying "the role of dynamic capabilities in brand sustainability and the state of speed of innovation in large organizations". The study reached a number of important results that can enrich and strengthen the theoretical literature related to the subject of the study, and the following is a presentation to discuss the results of the study.

- Results on the hypothesis of the first study indicates to there is statistically significant relationship at ( $\alpha = 0.05$ ) between dynamic capacity and brand sustainability". The existence of statistically significant statistical relationship at the level ( $\alpha = 0.05$ ) between the dynamic capabilities and sustainability of the brand. "Dynamic capabilities enable companies to build their power pillars and expand or change their resource bases, allowing organizations to start new businesses, expand old ones through internal growth, access to strategic operations, and dynamically contribute to knowledge of need or opportunity for change,". And works to formulate an answer to these needs and opportunities, which contributes to its sustainability with the addition of some innovation, and this result, is consistent with the study (Collis, 1994) which found that the capacity dynamic, can deal with the changes. Protopogerou, Caloghirou & Lioukas (2012) proved that dynamic capabilities contribute to the re-formation of functional capacity.

The results of the hypothesis of the second study indicates to there is a statistically significant relationship at significant level ( $\alpha \leq 0.05$ ) between dynamic capabilities and brand sustainability when organizational structure as a mediate variable in private companies in Jordan. The existence of statistically significant statistical relationship at level ( $\alpha = 0.05$ ) between dynamic abilities and brand sustainability when organizational structure as a mediate variable.

The researcher explains that organizational competencies are one of the pillars of building competency-based institutions and organizing their work. This finding is consistent with the study of (Zuin, 2004), which concluded that for the effective functioning of the organization it is very important to correctly define the goals and objectives of the institution and to divide activities between the structural units.

The success of the organizational structure will positively reflect on the relationship between dynamic capacity and brand sustainability, which is a strong link between the variables. It builds on dynamic capabilities on the one hand, while dynamic capacity development will inevitably affect the sustainability of the brand. This finding was consistent with the study by (Steiber, A., & Alänge, S, 2013), which found that organizational characteristics are one of the most important pillars of continuous. This finding is consistent with (Mitchell, 2013), which concluded that a successful organizational structure is capable of providing the capacity to increase competitiveness and reduce the organization's risk.

– Results on the hypothesis of the third study indicates to there is statistically significant relationship at ( $\alpha = 0.05$ ) between dynamic capabilities and brand sustainability when competitive market and speed of innovation as a mediate variable in private companies in Jordan.

The researcher explained that the speed of innovation is based on the high rate of competitiveness between companies, as each company seeks to find and develop new products in order to maintain the sustainability of its presence in the market and maintain the survival of the brand strong among other brands. This result was agreed with the study of (Čirjevskis, 2016) that found that dynamic capabilities Encourage innovation, leading to the creation of sustainable competitive advantages.

The researcher argues that dynamic capabilities encourage competitiveness between companies and organizations by contributing to increasing the production of companies and thereby creating sustainable competitive advantages. With the study of (Wilden, et al., 2013),

which concluded that dynamic capacity contributes to creating some kind of innovation in services

The researcher argues that the presence of competitiveness raises the values of innovation, and that will work to develop dynamic capabilities that will inevitably lead to the sustainability of the brand. This finding was agreed upon by (Damanpour et al. 2009), which noted that innovation is the primary source of economic growth, competitive advantage and industrial change.

## **5.2 Recommendations**

Through the results reached, the following recommendations can be made:

- The need to develop the level of dynamic capabilities of enterprises to sustain the brand.
- The need to create a sophisticated organizational structure in order to raise the dynamic capabilities of companies.
- The need to create a sophisticated organizational structure for the sustainability of the corporate brand.
- Care must be taken to encourage new innovations to strengthen market competitiveness.

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## APPENDICES

### Appendix 1. Questionnaire

Greetings...

The researcher conducted a study entitled “The role of dynamic capabilities in brand sustainability. The case of innovation speed at Large Organizations”. Sure to check out the answer to all the paragraphs of the questionnaire attached by placing signal (√) in front of matching alternatives placed at each paragraph, note that your responses will be used only for the purposes of scientific research, and will be informed full confidentiality.

Thankful for your kind cooperation

**Firstly:**

**\* Personal information.**

- **Gender:**  Male  Female
- **Years of experience:**  1-5 years  5-10 years  More than 10years
- **Qualification:**  BA  MA  others .....
- **Training Courses:**  yes (N .....)  no
- **Job title:**  Manager  Director  Supervisor  Employee

**\*Company variables:**

- **Company activity type:** (.....)
- **Age company:** .....
- **N of employee** .....
- **N of branches** .....

**Secondly; Dynamic capabilities for company:**

No.	Items	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Company has the ability to adapt with required needs to take into account future products.					
2	The company has marketing experts with knowledge of foreign markets.					
3	The company allows the customer to build their own bundles.					
4	The company has developed a strategy.					
5	The company has the ability to innovate new products and services.					
6	The company has a business plan to support its products.					
7	The company studies the needs of the local market.					
8	The company follows modern marketing methods.					
9	The company follows a rules-based culture.					
10	The company has a program and activities for employee.					
11	The company studies staff satisfaction.					
12	The company focuses on interrelations between team members.					
13	The company has the ability to obtain new forms of products.					
14	The company provides internet hosting and marketing services.					
15	The company takes into account the needs and limitations of the customers.					
16	The company has flexibility to adapt themselves to process changes.					

**Thirdly; Trade mark:**

No.	Paragraph	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	The company's brand is used in product marketing					
2	You are satisfied with the company's brand					
3	The company's brand is easily recognized					
4	There is a wide spread of the brand of the company					
5	The strength of the company's brand					

No.	Paragraph	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
	among competitors is significant					
6	The company's brand competes in a legitimate manner					
7	Promote as much as possible the products and services of the company's brand					
8	The brand has a commercial prosperity for the company's brand					
9	The company's brand is used according to the rules and regulations					
10	The company's brand is a commercially significant fortune					
11	The company's brand of big fame arrived					
12	The company's brand is unique and has no similar marks					
13	The company's brand models are attractive					
14	The exterior design of the company's brand products is distinctive					
15	The company's brand products bear tough conditions					
16	The company's brand is a leader in its products					
17	The company's brand can be used as a means of self-expression					
18	The brand presence of the company is achieved in a distinctive manner					
19	The actual performance of a company's brand matches its promises to the consumer					
20	The brand is widely spread					

#### Fourthly; Organizational Structure

No.	Items	Strongly Agree	Agree	Neutral	disagree	Strongly disagree
1.	There is a clear organizational structure for the company.					
2.	The company's organizational structure keeps abreast of changes					
3.	There are clear hierarchical contacts in the company					
4.	There is an effective regulatory system within the company					
5.	The company relies on clear rules, procedures, instructions, laws and regulations in implementing its work performance programs.					
6.	The system within the company can adapt to the environmental changes of the industrial sector					
7.	There are separate sections for products					

No.	Items	Strongly Agree	Agree	Neutral	disagree	Strongly disagree
8.	There is coordination between different departments within the organization					
9.	There are specific business procedures in which to operate					
10.	The specific powers are written and written in the form of administrative orders.					
11.	There are procedures for action specific to all through instructions and directives					
12.	The penalties for disrupting the system or instructions are clear and known to all.					

**Fifthly; Competitive advantage and speed of creativity and innovation:**

No.	Items	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	The company takes into account the competitiveness of the local market.					
2	The company has a competitive context.					
3	The company ensures high levels of competitiveness.					
4	The company has a competitive advantage in the local market.					
5	The company obtains a patent.					
6	The company determines the nature of the competitive advantage.					
7	The company explores new ways and more effective.					
8	The company creates new features and faster way.					
9	The company has a fast system to update products.					
10	The company has a rapid volume growth.					
11	The company has the ability to innovate a product quickly.					
12	The company has the ability to create a better competitive reality.					

# Auteursrechtelijke overeenkomst

Ik/wij verlenen het wereldwijde auteursrecht voor de ingediende eindverhandeling:  
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Voor akkoord,

**Alamro, Sajedah Sami Salameh**

Datum: **24/01/2018**