

Marketing Innovation in Vietnam's SMEs: The Confluence of Environmental Dynamism and Dynamic Capabilities

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Literature has recognised marketing innovation as a strategic management tool which is used by managers of small, and medium enterprise (SMEs) to distinguish oneself in the dynamic marketplace, enhance competitiveness, and sustain profitability and business growth. However, studies are limited on the relationship between dynamic capabilities, and SMEs' marketing innovation. Equally, the relationship between the three distinct dynamic capabilities and marketing innovation has not been empirically investigated. Nevertheless, the literature has yet to establish the moderating effect of environmental dynamism on the relationship between dynamic capabilities and the marketing innovation of SMEs. This study was designed to fill a gap in the dynamic capabilities and innovation literature by investigating the moderating effect of environmental dynamism upon the relationship between the three sets of dynamic capabilities, and the marketing innovation of Vietnam's SMEs. Drawing support from the resource-based view (RBV), and the dynamic capabilities view (DCV), the study postulated six research hypotheses. A quantitative approach and a cross-sectional research design were adopted, and 411 research questionnaires were self-administered to owners and/or managers of Vietnam's SMEs. A valid response of 226 questionnaires was achieved, and the data was analysed using the Smart Partial Least Square 3 (Smart PLS 3). From the research outcome, H₁, focussed on the direct relationship between marketing knowledge management capability and marketing innovation, as well as H₂, on the direct relationship between innovation process management capability and marketing innovation, were supported. However, H₃, regarding the relationship between organisational learning capability and marketing innovation, was not supported. Interestingly, H₄, H₅, and H₆, concerning the moderating effect of environmental dynamism upon the relationship between the

three dynamic capabilities and marketing innovation, were supported. The study contributes further to the current literature, both in theory, and practice. Future research may test the model in a different organisational or country setting to increase the generalisation of the findings.

Keywords: *Marketing innovation, Dynamic capabilities, Environmental dynamism, Small and medium enterprises, Vietnam.*

Background

In the globalised business world, every Small & Medium Enterprise (SME) which engages in the production of goods and services requires marketing innovation to survive and succeed in the marketplace. This includes by implementing new methods to sell final products (Simon & Honore Petnji Yaya, 2012), and introducing new product designs, methods of product delivery, promotional offers, and pricing strategies (Naidoo, 2010), as well as modification in the packaging of products, and alterations in sales and distribution techniques (Mothe & Uyen Nguyen Thi, 2010). Therefore, marketing innovation is the key for competitive advantage, growth, and survival of SMEs.

Accordingly, the literature shows that marketing innovation provides firms with an opportunity to become market champions by altering market configuration in its favour, creating value and using existing customers as lead customers to increase the market share (Storbacka & Nenonen, 2015); and by boosting sales, return on investment, and profitability (Oluwaseun, Opeyemi & Oluwaseun, 2016). Several studies found that marketing innovation results in production performance, marketing performance, and financial performance (Hassan et al., 2013; Gunday et al., 2011), as well as the competitive advantage of business enterprises (Pereira & Romero, 2013). Thus, marketing innovation is important for SMEs to adopt new marketing methods, reach all segments of customers, and successfully market their final products or goods and services.

Based on the identified gaps in the extant literature, the study has crafted six research questions. The first set of the research questions were on the direct relationship between the independent variables and the dependent variable. Meanwhile, the second set of the research questions were on the influence of the moderating variables upon the relationship between the independent and dependent research constructs. The research questions are, as follows:

1. Is there a significant relationship between the marketing knowledge management capability and marketing innovation?

2. Is there a significant relationship between the innovation process management capability and marketing innovation?
3. Is there a significant relationship between the organisational learning capability and marketing innovation?
4. Does environmental dynamism moderate the relationship between the marketing knowledge management capability and marketing innovation?
5. Does environmental dynamism moderate the relationship between the innovation process management capability and marketing innovation?
6. Does environmental dynamism moderate the relationship between the organisational learning capability and marketing innovation?

Problem Statement

Based on this assertion, SMEs in many developed and emerging economies have employed a wider range of marketing innovation strategies, such as product differentiation, price fixing, promotional activities, distribution channels, and modern technological devices, in order to place products at customers' convenience, appease customers with attractive offerings, reach all segments of consumers, and gain a competitive advantage (Parnell, Long & Lester, 2015; Dutt & Kashyap, 2014). However, SMEs in Vietnam — due to its archaic socialism and ongoing transformation — lack the adequate marketing innovation initiatives, such as product differentiation, innovative pricing mechanism, creative promotional strategy, and seamless distribution channels (Sakurada, Thi, & Anh, 2019). Similarly, the SMEs in Vietnam exhibit a low prevalence of marketing innovation (Sakurada et al., 2019) because of marketing challenges, and inadequate marketing skills (Tuan, 2020); and a lack of marketing expertise to access a wider market, distribute products, and improve dwindling customer demand (Nguyen, 2019). Hence, Vietnam SMEs are the least innovative and are not as competitive as their counterparts in Europe, America, and South East Asia (Sakurada et al., 2019), and had to dissolve prematurely (Tuan, 2020, Nguyen, 2019). Thus, an empirical investigation on factors that facilitate marketing innovation among Vietnam SMEs is timely, and vital.

Literature Review

Marketing Innovation

Marketing innovation is defined as “*application of new marketing method or substantial improvement in product design, packaging, promotion, pricing and placement* (OECD/Eurostat, 2005, p5); *launching of new or improved method of marketing product* (Gunday et al., 2011, p.663); *new marketing tool, method or technique of presenting and selling product* (Simon, & Honore Petnji Yaya, 2012, p.1028); *as well as, totality of changes introduced by an enterprise,*

facilitated by a number of internal and external predictors” (Moreira et al., 2012b, p.117). While, Naidoo (2010, p.1314) maintained that marketing innovation is synonymous with “incremental innovation or improvements in product design, pricing, promotion and placement (marketing mix)”. Similarly, Hassan et al. (2013) emphasised that the implementation of a new marketing method is what differentiates marketing innovation from other types of innovation.

In addition, Mothe and Uyen Nguyen Thi (2010, p.316) argued that though “*marketing innovation involves incremental changes on [the] packaging and design of [a] product, or changes in sales techniques, but, it can still be described as a pure dimension of non-technological innovation*”. Consequently, Mothe and Uyen Nguyen Thi (2010, p.318) described “*marketing innovation as strategic and tactical marketing actions that involve changes in [the] design or packaging of [a] product, as well as [the] alteration in product exhibitions, advertisement, or sales and distribution*”. On the other hand, Lin, Chen and Kuan-Shun Chiu (2010, p.113) defined marketing innovation in relation to “*advertising promotions, market segmentation, marketing information systems, retailing channels, price-setting strategy and market research.*” In addition, Ozkaya et al. (2015, p.310) defined market-based innovation as “*innovation that generate[s] fringe benefits in terms of [a] new customer and market share in an emerging market that differs from the mainstream or existing serving market.*”

Dynamic Capabilities

The extant literature has provided several definitions of dynamic capabilities. For instance, Teece et al. (1997, p.511) define dynamic capabilities as “*the firm’s ability to achieve new innovation and competitive advantage in a rapidly changing environment, by building, integrating, and reconfiguring internal and external competencies*”. Pavlou and El Sawy (2011, p.240) have defined dynamic capabilities as “*a necessary tool for recombination and reconfiguration of operational capabilities, through integration, learning, sensing and coordination capabilities*”. Equally, Froehlich et al. (2017, p.483) defined dynamic capabilities as “*skill, process, or capability to transform, build, reconfigure, combine and integrate business routines and resources to gain competitive advantage*”.

Additionally, Albort-Morant et al. (2016, p.4913) defined dynamic capabilities as “*the transformation of ordinary capabilities resulting to modification in production process, product or development of new ordinary capabilities*”. Correspondingly, Zahra, Sapienza, and Davidsson (2006, p.918); and Cepeda and Vera (2007, p.428), described dynamic capabilities as “*a method of reconfiguring organizational resources and operational routines to promote competitiveness and innovation*”.



Marketing Knowledge Management as Dynamic Capabilities

Strategic management literature has recognised marketing knowledge management as a form of dynamic capability, which is synonymous with integrating capability or seizing capability (Zhou et al., 2017), as well as absorptive capacity (Daspit et al., 2016). Likewise, the marketing knowledge management capability construct has been conceptualised in relation to knowledge accumulation capability (Forés & Camisón, 2016), market knowledge competence (Ozkaya et al., 2015), stakeholder knowledge management capability (Kazadi et al., 2016), and market exploration and exploitation (Vorhies et al., 2011). Nevertheless, in this study, marketing knowledge management capability is conceptualised in relation to the absorptive capacity notion suggested by Daspit et al. (2016). Therefore, marketing knowledge management, as a dynamic capabilities, and using the absorptive capacity argument, provides better explanations on how firms reconfigure resources and capabilities to facilitate innovation and gain a competitive advantage in the changing business environment (Daspit et al., 2016; Kazadi et al., 2016).

Innovation Process Management as Dynamic Capabilities

According to Froehlich et al. (2017), innovation process management capability is synonymous with sensing capability. Consequently, scholars have conceptualised the innovation process management capability in relation to innovation process quality (Tepic et al., 2014), innovation project management (Eveleens, 2010), and innovation process (Parthasarthy & Hammond, 2002). Notwithstanding, in this study, the innovation process management capability is conceptualised in relation to the conception of Parthasarthy and Hammond (2002). Hence, the innovation process management capability is particularly important in helping firms to regenerate resources, and reconfigure capabilities through cross functional integration, external integration, and tools integration (Froehlich et al., 2017).

Organisational Learning as Dynamic Capabilities

Several scholars in the stream of dynamic capabilities research have recognised organisational learning capability as a dissection of several dynamic capabilities models (Wang & Shi, 2011; Teece, 2007). Equally, the organisational learning capability construct has been conceptualised in relation to integrative capability (Gupta et al., 2014), and learning capability (Pavlou & El Sawy, 2011). Similarly, the organisation learning capability construct has been empirically investigated using typologies, such as explorative and exploitative learning (Westerlund & Rajala, 2010), and organisational learning orientation (Aziz & Omar, 2013). Also, the construct has been investigated as a dynamic capabilities using the longitudinal case study, and learning with market typology

(Storbacka & Nenonen, 2015). Nevertheless, in this study, the organisational learning capability is conceptualised in relation to the notion suggested by Jerez-Go´mez et al. (2005).

Environmental Dynamism as a Moderator

The effect of environmental dynamism as a moderator has also been examined by prior studies, and the possible findings are outlined as follows. Baron and Tang (2011), based on a sample of ninety-nine entrepreneurs in the United States of America (USA), empirically examined the moderating effect of environmental dynamism on creativity and firm-level innovation relationship. Using a hierarchical regression model, it was reported that the relationship was positively moderated by environmental dynamism. In a similar empirical study, P´erez-Lu˜no et al. (2011), based on a four hundred sample of Spanish firms, examined the effect of environmental dynamism as a moderator upon the entrepreneurial orientation and innovative tendency relationship. Using a hierarchical binomial regression model, the influence of environmental dynamism upon risk-taking and innovative tendency association was reported as positive. At the same time, the negative influence of environmental dynamism as a moderator upon proactivity and innovative tendency was established. Moreover, Garc´ıa-Zamora et al. (2013) found environmental dynamism to be a good moderator upon the relationship between process innovation, product innovation, and new product success.

In addition, Kohlbacher et al. (2013), based on samples drawn from twelve business clusters in six European countries, examined the environmental dynamism’s effect as a moderator upon the absorptive capacity, and exploitative and explorative innovation relationship. Using a multivariate data analysis technique, it was reported that environmental dynamism’s effect as a moderator upon the absorptive capacity and explorative innovation relationship is positive, while, its moderating effect on the relationship between absorptive capacity and exploitative innovation is negative.

Theoretical Underpinning

Drawing support from literature, this study is underpinned by the resource-based view (RBV), considering that the theory has provided a broad explanation upon the classification of resources (physical, human, and organisational), as well as a description of strategic resources (valuable, rare, inimitable, and non-substitutable), which are crucial in helping enterprise to implement strategies and identify resources on the basis of strategic importance, to improve performance, and gain a competitive advantage (Barney, 1991).

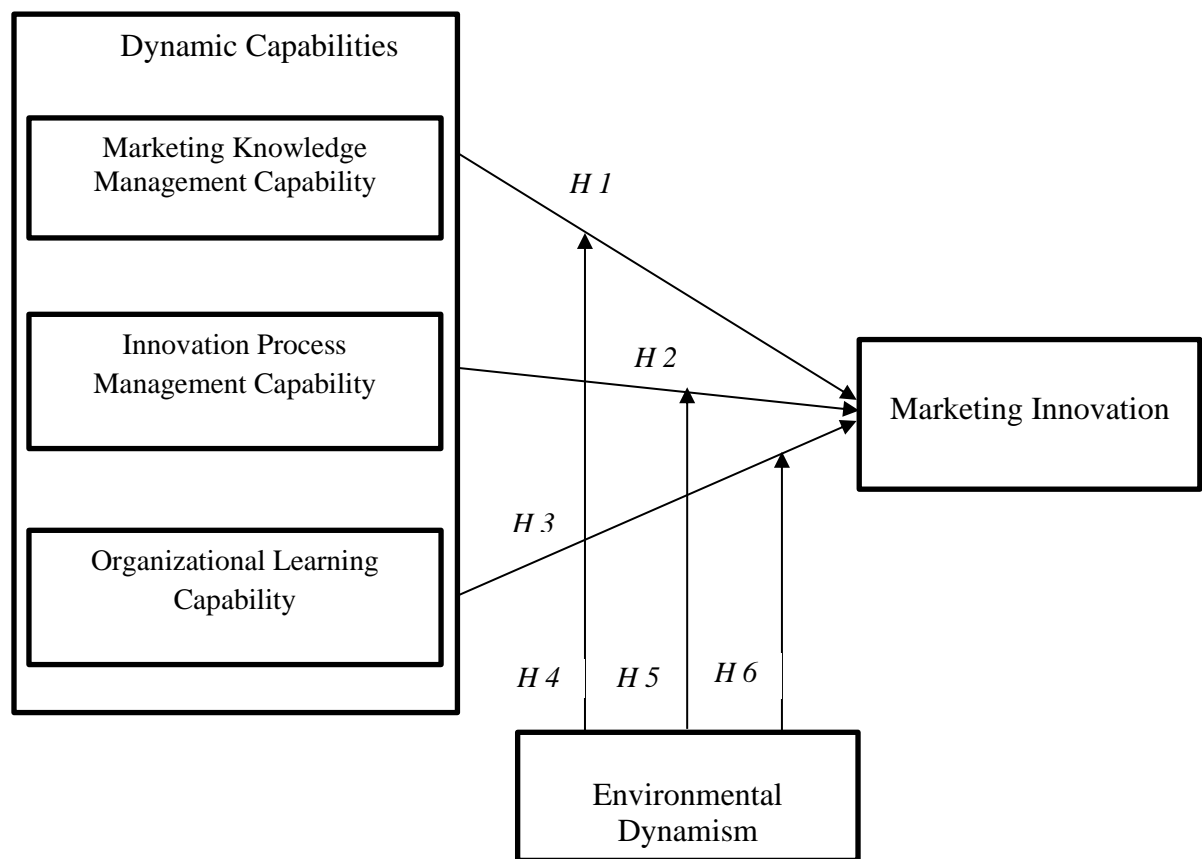
In addition, this study is also underpinned by the dynamic capabilities view (DCV), which considers that the theory is designed to explain how firms develop dynamic capabilities to achieve

a superior performance and innovation outcomes, as well as to gain a competitive advantage through the sensing and seizing of opportunities, and transforming of resources (tangible and intangible) to rapidly respond to a changing business environment (Teece, 2014; Teece, 2007).

Theoretical Framework

Based on discussions concerning the dependent, independent, and moderating variables, and the theoretical underpinning and hypotheses development, a theoretical framework was developed (see Figure 1 below).

Figure 1. Theoretical Framework



Research Design

The population of the study is 950 SMEs, which translates into a total sample size of 274 SMEs based on the sample size determination table of Krejcie and Morgan (1970). However, the sample size was increased by 50 per cent to 411. Since the study focusses on marketing innovation, a list

of the most active SMEs was obtained from the Ministry of Industry and Trade of the Socialist Republic of Vietnam (Web portal of Ministry Trade & Industry Vietnam, 2020), which was used as the sampling frame. Thus, providing a basis for utilising systematic random sampling technique and selecting the respondents or participants of the study. To collect adequate data for this study, the organisation was chosen as the unit of analysis because owners and/or managers can provide valuable information in relation to the research variables. Whereas, a self-administered survey questionnaire method was employed in collecting data from the respondents.

In this study, the research data is analysed by partial least squares-structural equation modelling (PLS-SEM), SmartPLS 3. The adoption of the SmartPLS 3 in this study is because of its high statistical estimation power over co-variance-based, and other first generation regression models, such as analysis of moment structures (AMOS), and Statistical Package for the Social Sciences (SPSS) (Hair, Sarstedt, Ringle & Mena, 2012). Also, researchers have described SmartPLS 3 as the most robust and reliable tool in terms of formative measures estimation, analysis of a small sample size, non-normal data, formative and reflective variables, a complex model, and categorical data, as well as for the testing of hypothesized relationships between the variables and evaluating mediation/moderation effects in survey research, and cross sectional studies (Bagozzi & Yi, 2012).

Findings & Analysis

Reliability Analysis

Literature has widely established that Cronbach's alpha coefficient is generally used by researchers in the evaluation of inter-item consistency reliability. According to Sekaran and Bougie (2010), the more Cronbach's alpha coefficient is nearer to 'one', the more reliable the measure will be, in terms of internal consistency. Based on this argument, the study used Cronbach's alpha coefficient in the establishment of the internal consistency of the research instruments. The Table 1 below shows the Cronbach alpha results:

Table 1: *Reliability Analysis Result for Research Constructs*

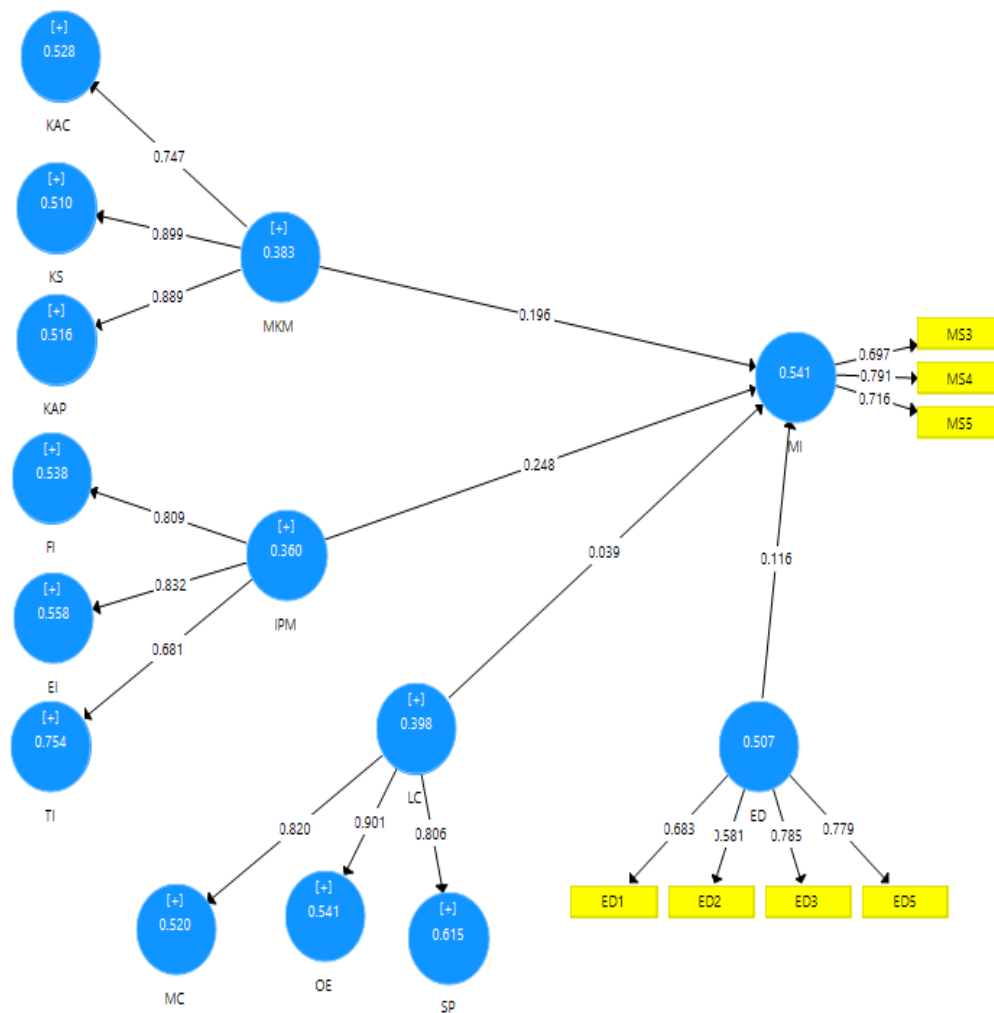
| | Research Constructs | Items | Cronbach's Alpha |
|---|---|--------------|-------------------------|
| 1 | Marketing Innovation | 5 | 0.63 |
| 2 | Marketing Knowledge Management Capability | 27 | 0.92 |
| 3 | Innovation Process Management Capability | 19 | 0.89 |
| 4 | Organisational Learning Capability | 15 | 0.82 |
| 5 | Environmental Dynamism | 6 | 0.70 |

Assessment of Measurement Model (First Stage)

Firstly, in this study, the measurement model was assessed as the first order constructs by using the repeated item indicator approach. Accordingly, as depicted in the Figure 2, all the latent constructs achieved the recommended threshold of individual item reliability, internal consistency reliability, convergent and discriminant validity.

Figure 2. Assessment of Measurement Model (First Stage)

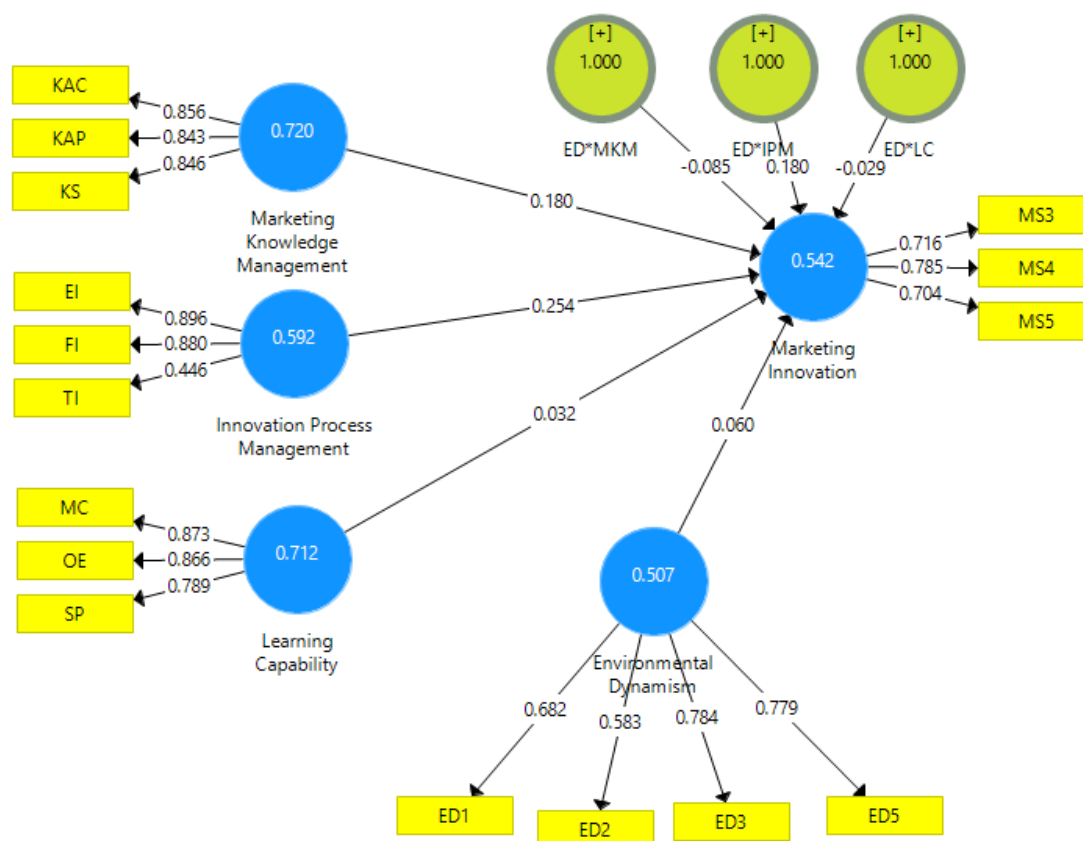
*MI - Marketing innovation, MKM – Marketing knowledge management capability, IPM - Innovation process management capability, LC - Organizational learning capability, ED - Environmental dynamism



Assessment of Measurement Model (Second Stage)

Secondly, in this study, the measurement model was assessed as second order constructs. Accordingly, all the latent variables of the study achieved the recommended threshold value of individual item reliability, internal consistency reliability, and convergent and discriminant validity. The result of the assessment is shown in the Figure 3.

Figure 3. Assessment of Measure Model (Second Stage)



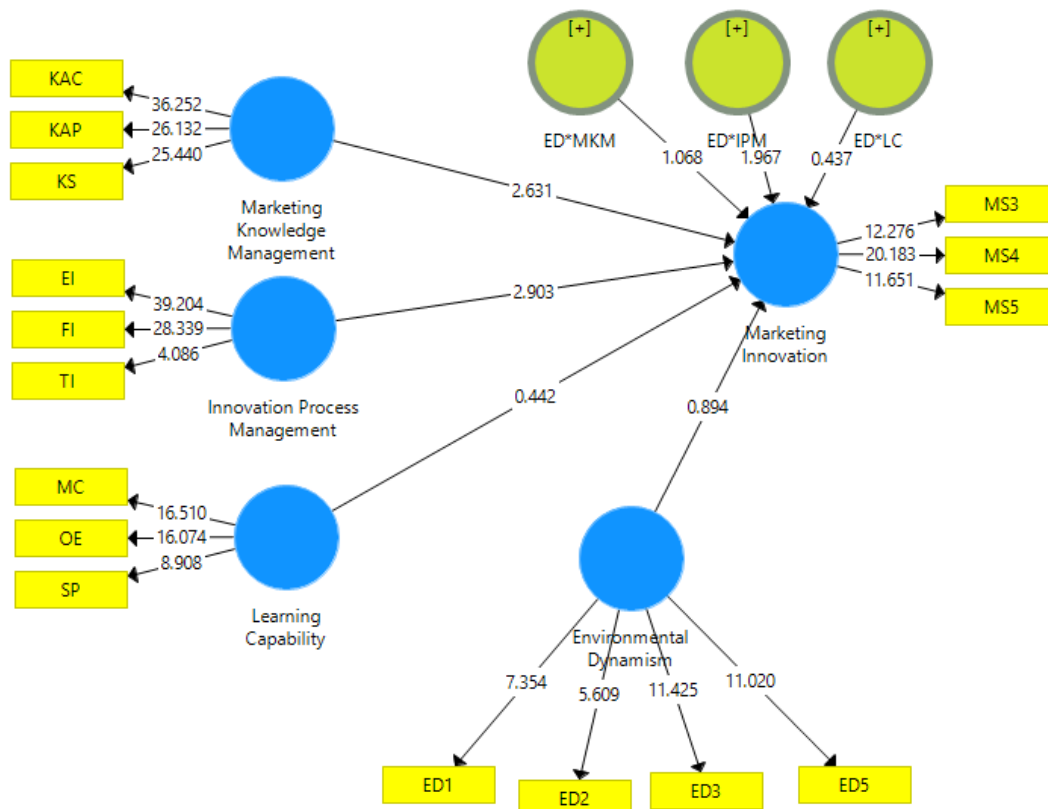
From the result of the PLS algorithm, marketing innovation has a Cronbach's alpha coefficient, composite reliability, and average variance extracted (AVE) of 0.575, 0.78, and 0.542, respectively. Furthermore, marketing knowledge management capability achieved a Cronbach's alpha coefficient, composite reliability, and AVE of 0.885, 0.809, and 0.72, respectively. Equally, the innovation process management capability, organisational learning capability, and environmental dynamism achieved a Cronbach's alpha coefficient, composite reliability, and AVE of 0.801, 0.667, and 0.592; 0.881, 0.798, and 0.712; and 0.802, 0.672, and 0.507, respectively.

Assessment of Structural Model

According to Hair et al. (2014), the aim of the structural model is to determine the predictive abilities of the exogenous variables upon the endogenous variable through the path coefficient, t-value, and p-value, as well as the R square, f square, and predictive relevance. Thus, in this study, a bootstrapping function of the PLS-SEM, which is also a non-parametric technique of determining the robustness of the statistical package, was utilised through 226 observations, and 5,000 samples at a 0.05 level of significance (Hair et al., 2014). Similarly, in this study, the R square, and predictive relevance were assessed by using bootstrapping and blindfolding procedures of SmartPLS 3.0.

Through this statistical approach, as shown in the Figure 4, the study examined the direct relationship between three sets of dynamic capabilities, namely: marketing knowledge management capability, innovation process management capability, and organisational learning capability. Equally, the same statistical approach is utilised in testing the moderating effect of environmental dynamism upon the relationship between the predicting and criterion variables.

Figure 4. Assessment of Structural Model



Assessment of the Main Effects

The hypothesis one postulated that there is a significant relationship between the marketing knowledge management capability, and marketing innovation. The research outcome shows that the marketing knowledge management capability has a significant positive relationship with the marketing innovation of SMEs in Vietnam ($\beta = 0.069$; $t = 2.631$; $p < 0.01$). Therefore, providing a statistical support for H1.

The hypothesis two postulated that there is a significant relationship between the innovation process management capability, and marketing innovation. The research outcome shows that innovation process management capability has a significant positive relationship with the marketing innovation of SMEs in Vietnam ($\beta = 0.087$; $t = 2.903$; $p < 0.01$). Therefore, providing a statistical support for H2.

The hypothesis three postulated that there is a significant relationship between the organisational learning capability, and marketing innovation. The research findings show that organisational learning capability has no significant relationship with the marketing innovation of SMEs in Vietnam ($\beta = 0.072$; $t = 0.442$; $p > 0.01$). Therefore, H3 is not supported statistically.

Accordingly, as shown from the standardised beta coefficients of all the research constructs depicted in the Table 2, it is empirically established that the innovation process management capability is the main predictor of the marketing innovation of SMEs in Vietnam ($\beta = 0.087$). It is followed by the marketing knowledge management capability ($\beta = 0.069$). On the contrary, the organisational learning capability construct has a positive beta value ($\beta = 0.072$). However, the relationship with the marketing innovation of SMEs in Vietnam is not significant. Hence, the organisational learning capability is not a strong predictor of marketing innovation in the context of SMEs in Vietnam.

Table 2: *Assessment of the Main Effects (Path Coefficient)*

| | | | Unstd. Beta | Std. Beta | t-value | p-value | Decision |
|---|---|----------------------|-------------|-----------|---------|---------|---------------|
| Marketing Knowledge Management Capability | → | Marketing Innovation | 0.18 | 0.069 | 2.631 | 0.004 | Supported |
| Innovation Process Management Capability | → | Marketing Innovation | 0.254 | 0.087 | 2.903 | 0.002 | Supported |
| Organisational Learning Capability | → | Marketing Innovation | 0.032 | 0.072 | 0.442 | 0.329 | Not Supported |
| Environmental Dynamism | → | Marketing Innovation | 0.06 | 0.068 | 0.894 | 0.186 | Not Supported |

Assessment of Coefficient of Determination (R^2)

According to Hair et al. (2012), the value of R square (R^2) accounts for a variation explained by the exogenous variables in the endogenous variable of a research model. Consequently, a value of R^2 above 0.10 is described as appropriate (Falk & Miller, 1992). On the other hand, Cohen (1988) described the R^2 value of 0.02, 0.13, and 0.26 as weak, moderate, and substantial. From the R^2 value of this study, the three sets of dynamic capabilities — namely, marketing knowledge management capability, innovation process management capability, and organisational learning capability — explained a 0.288 per cent variance of marketing innovation. Therefore, adopting the assessment criteria of Cohen (1988), the value of R^2 in this study is substantial.

Assessment of Predictive Relevance (Q^2)

In addition, Hair et al. (2014) maintained that the predictive relevance of a model is determined through the value of Q^2 , which is calculated using omission distance that falls within the range of 'five' and 'seven'. Thus, in this study, the omission distance of seven was utilised in running the blindfolding technique. According to Hair et al. (2014), predictive relevance (Q^2) can be small, medium, and large. Based on the suggested assessment criteria, a value of 0.02 is described as small; meanwhile, a value of 0.15 is described as medium; and lastly, a value of 0.35 is described as large. From the outcome of the blindfolding procedure, the endogenous variable of this study has a Q^2 value of 0.131. Therefore, the predictive relevance of the model is described as medium because the value is far above 0.02.

Assessment of the Moderating Effect

Based on the outcome of the PLS-SEM analysis, environmental dynamism has a positive and significant moderating effect on the relationship between the innovation process management capability, and marketing innovation. Whereas, environmental dynamism, as a moderating variable, has no effect on the relationship between the marketing knowledge management capability, and marketing innovation; as well as upon the relationship between the organisational learning capability, and marketing innovation. Thus, suggesting that SMEs in Vietnam must use changes in the dynamic business environment to evolve their innovation process management capability and enhance marketing innovation. A summary of all six empirically tested hypotheses is provided in Table 3. Based on the results of the main effect (directly tested hypotheses), H1, and H2 were supported. Meanwhile, H3 was not supported. Likewise, according to the results of the moderating effect, H5 is supported. On the contrary, H4, and H6 were not supported statistically.

Table 3: *Summary of Hypotheses Testing Results (SmartPLS3.0)*

| | Hypotheses | Decision |
|----|---|-----------------|
| H1 | There is a significant relationship between marketing knowledge management capability and marketing innovation. | Supported |
| H2 | There is a significant relationship between innovation process management capability and marketing innovation. | Supported |
| H3 | There is a significant relationship between organisational learning capability and marketing innovation. | Not Supported |
| H4 | Environmental dynamism moderates the relationship between marketing knowledge management capability and marketing innovation. | Not Supported |
| H5 | Environmental dynamism moderates the relationship between innovation process management capability and marketing innovation. | Supported |
| H6 | Environmental dynamism moderates the relationship between organisational learning capability and marketing innovation. | Not Supported |

Practical Implications

From the practical point of view, the research outcome is important to practice. Hence, the research findings provide empirical evidence for SME managers in Vietnam to utilise marketing knowledge management capability, innovation process management capability, and organisational learning capability as tools for regeneration and leveraging of existing resources, as well as recombination and reconfiguring of resources into marketing innovation. Thus, SMEs in Vietnam that seek to promote their competitiveness through marketing innovation must invest more upon dynamic capabilities.

Likewise, the research outcome is important for the managers of Vietnam's SMEs, particularly in the realisation of marketing innovation potentials through the acquisition, assimilation or sharing, and transformation or application of marketing knowledge resources; and the regeneration and reconfiguring of innovation processes and recombination of learning resources (new knowledge and skills) into new marketing innovation. Therefore, the study outcome is particularly important to Vietnam's SMEs in realising that:

- a) The development of dynamic capabilities is the key to the success of marketing innovation in the dynamic business environment.



- b) Pursuance of marketing innovation demands more commitment and capabilities at the micro foundation level for firms to successfully recombine, regenerate, transform, and reconfigure innovation resources into marketing innovation.
- c) Under the condition of high environmental dynamism, the three sets of dynamic capabilities (marketing knowledge management capability, innovation process management capability, and organisational learning capability) boost marketing innovation.

Research Limitations

On a general note, the study contributes to literature on the moderating effect of environmental dynamism upon the relationship between three sets of dynamic capabilities and marketing innovation in the context of Vietnam, which has not been investigated by prior studies. Nevertheless, the study has a number of limitations. Firstly, the study only examined the relationship between three dynamic capabilities, and marketing innovation, with environmental dynamism as a moderating variable, as highlighted in the theoretical framework. Secondly, the study is a quantitative research that was built based on the positivism philosophical school of thought, and deductive reasoning.

Thirdly, the study adopted a cross-sectional survey design and collected data from one category of respondents: owners and/or managers of SMEs. Fourthly, the questionnaires used in obtaining the data for this study were designed based on subjective measures. Lastly, the study was conducted in the context of Vietnam, a developing country in South East Asia. Therefore, the findings may not be generalised to SMEs in developed economies or countries in different regions of the world.

Conclusion

In addressing paucity in the dynamic capabilities and innovation literature, this study examined the moderating effect of environmental dynamism on the relationship between three dynamic capabilities — marketing knowledge management capability, innovation process management capability, and organisational learning capability — and the marketing innovation of Vietnam's SMEs. Prior to the hypotheses testing, this study empirically tested the reliability and validity of the five research instruments using SmartPLS 3.0. From the reliability and factor analysis, as well as the measurement model assessment, all the items or indicators that measure the research constructs had adequate factor loadings of 0.4, and above. Moreover, all research constructs achieved the recommended minimum threshold value of 0.6, and above for Cronbach's alpha coefficient and composite reliability. Equally, all research constructs have adequate discriminant



validity, and have loaded highly in their own constructs based on rows and columns. Thus, statistically confirming the validity and reliability of the research instruments.

In realising the objectives of the study, and providing answers to the research questions, this study empirically tested six research hypotheses. Three hypotheses were on the direct relationship between dynamic capabilities and marketing innovation. On the other hand, the other three hypotheses were on the moderating effect of environmental dynamism upon the relationship. Interestingly, the study found statistical support for H1, and H2, on the significant positive relationship between marketing knowledge management capability and marketing innovation, and innovation process management capability and marketing innovation. Surprisingly, the study did not find statistical support for H3 on the relationship between organisational learning capability and marketing innovation. As expected, the research outcome showed that H4, H5, and H6, on the moderating effect of environmental dynamism upon the relationship between marketing knowledge management capability and marketing innovation, innovation process management capability and marketing innovation, and organisational learning capability and marketing innovation, were statistically supported.

However, two out of three direct hypotheses, as well as three hypotheses on the moderating effect were statistically supported. In contrast, H3 on the significant relationship between organisational learning capability and marketing innovation was not statistically supported because of the poor learning capability of Vietnam's SMEs, and the outright misperception of the measuring instrument by Vietnam's SME owners and/or managers. Nevertheless, the study contributed to the existing literature by highlight an interesting outcome on the marketing innovation of Vietnam SMEs and facilitators. Likewise, to a greater degree, the study has empirically established the predicting influence of dynamic capabilities upon the marketing innovation of Vietnam's SMEs. Accordingly, the organisational learning capability, as an independent variable, could not enhance marketing innovation, unless it is moderated by environmental dynamism. Indeed, this finding is interesting. Hence, it has empirically established the effect of environmental dynamism as a moderator in the dynamic capabilities, and the marketing innovation is positive and significant.

By implication, the research findings suggest that for Vietnam's SMEs to enhance marketing innovation, both sound marketing knowledge management capability, and innovation process management capability are crucial. Lastly, the findings of the study suggest that in Vietnam's dynamic business environment, marketing knowledge management capability, innovation process management capability, and organisational learning capability influence the marking innovation of Vietnam SMEs. In addition, this means that to a greater extent, the significant relationships between these constructs might be explained by environmental dynamism. Based on the research limitations, the study has provided directions for future research.



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