



DOI: <https://doi.org/10.31933/dijemss.v5i4>

Received: April 22nd, 2024, Revised: May 1st, 2024, Publish: May 5th, 2024

<https://creativecommons.org/licenses/by/4.0/>

The Effects of Organizational Inertia and Dynamic Capability on Firm Performance: Business Model Innovation as a Mediating Variable at Small Industry of Rendang in West Sumatera

Mira Permata Sari¹, Donard Games², Dessy Kurnia Sari³

¹Department of Magister Management, Andalas University, Padang 25171, Indonesia

²Department of Magister Management, Andalas University, Padang 25171, Indonesia

³Department of Magister Management, Andalas University, Padang 25171, Indonesia

Corresponding Author: mirapermatasari2008@gmail.com¹

Abstract: This study aims to explore the knowledge management challenges faced by Rendang IKMs in the context of organizational inertia as a barrier and unordinary competencies as antecedents to achieving superior performance in the domestic and global markets. At the same time, know the role of business model innovation in relation to the performance of the IKM business. The research analyzed data from 105 IKM Rendang in West Sumatera and found that despite being in a state of stagnation or inertia, these businesses can still generate profits. However, inertia must still be minimized by innovating. Meanwhile, the unordinary capability (dynamic capability) that dominates rendang entrepreneurs is absorptive capability, indicating that while SMEs have enough knowledge to understand tastes and market conditions, they struggle to transform this knowledge into viable companies. Business model innovation plays a vital role in reducing company stagnation and enhancing dynamic capabilities in implementation. Moreover, it can mitigate the risk of innovation failure, a fear often faced by rendang entrepreneurs, and provide space for converting knowledge into effective strategies and products.

Keyword: Organization Inertia, Dynamic Capability, Firm Performance, Business Model Innovation, Organization Learning, Knowledge Management, Small Industry Manufacture, SMES Indonesia

INTRODUCTION

SMEs which enormous economic value especially in developing countries are interesting to research due to with various limitations in resources, capabilities, networking and investment (Mamun, 2018; Oyemomi et al., 2019; Zulu-Chisanga et al., 2021), but its can prove its resilience at critical times such as economic crises and pandemic (Wahyono & Hutahayan, 2021), flexible in terms of adapting to market changes (Rinta-Kahila et al., 2016), can resource usage and process reconfiguration (Miroshnychenko et al., 2021) and become the starting point

for technology transfer and innovation (Smallbone et al., 2022). The study of SMEs is growing rapidly, especially how to strengthen the SMEs structure through creativity, innovation, and improving entrepreneurs ability or capability (Games et al., 2021, 2022). However, specific studies on organizational inertia in the context of small-scale manufacturing industries (small industries) are still minimal. Whereas corporations and large organizations are at risk for structural inertia because of their internal organizational knowledge anchoring, small industries also have a large tendency of being on the same business scale for many years.

Firms barrier to grow ("upscale") or maintain the business with sustainable productivity are part of organizational inertia (Huang et al., 2013). Moradi et al. (2021) define the company's inability to react rapidly to external changes as inertia. This is in accordance with (Haag, 2014) study that changes in an organization's internal happen more slowly than the external environment. Even though both the internal and external environments have a significant impact on firm performance. The external environment's changes can be a stimulus for capturing opportunities to increase profits and develop the organization. However, companies that are retentive to external changes run the risk of becoming an indicator factor to stagnation and business failure (Kaur, 2019).

Organizational inertia is frequently cited as an inhibiting factor in achieving superior performance. Haag (2014); Huang et al. (2013); Moradi et al. (2021) studied organization inertia in information technology companies. Huang et al. (2013) explored the relationship of organizational inertia through three dimensions: insight inertia, action inertia, and psychological inertia, to corporate innovation activities (open innovation and business model innovation). Huang found that organizational inertia has a significant negative effect on both. Huang's research was updated by Moradi et al. (2021) by adopting two dimensions, structural inertia and economic inertia, as second-order organizational inertia variables based from Haag (2014) research. His research provides results similar with Huang's research. The same stated by Rahman & Siswowyanto (2018); and Rinta-Kahila et al. (2016) that argued organizational inertia is directly a barrier to the creation of new business models (business model innovation), high performance (performance), and competitive advantages. Meanwhile, the impact of organizational inertia as a moderating role was studied by Nedzinskas et al. (2013); Wang et al. (2021) with same findings, that organizational inertia weakens company performance.

In an organization, if organizational inertia is the barrier to success so dynamic capability can be used as a driving factor for more effective implementation. Because either organization inertia and dynamic capability essentially require cognitive abilities to assimilate knowledge, which then has an impact on the management of resources and organizational processes. Rahman & Siswowyanto (2018) conducted research that focused on the cognitive ability of individuals, in this case coffee farmers. Comparative research on organizational inertia and innovation performance in the context of pre- and post-harvest coffee product development concluded that cognitive ability begins with the willingness to acquire knowledge. This willingness will make it easier to learn new things, apply them, and follow procedures during the implementation process so as to lead them to new things called innovations.

Amiripour et al. (2017) examined organizational inertia and dynamic capability in mathematics subjects with student test scores as performance indicators. This study found that school organizational inertia has a significant negative impact on school educational performance, while dynamic capability has a significant positive impact on educational performance. Dynamic capability was promoted by Teece and Pisano in 1997, who stated that organizational needs to develop new forms to achieve competitive advantage. Teece et al. (1999) considers that "ordinary capability" is an important element in the efficiency of the company's operational system but risks a decrease in creativity, comfort zone, and resistance to change. This new form is the ability of an organization to absorb, adapt and adopt

opportunities from the external environment and then transform internally. Teece named it sensing, seizing, reconfiguring/transforming.

Kaur (2022) emphasized the collaborative concept of dynamic capability, which is agility in exploring new resources and mobilizing capabilities quickly while simultaneously adapting to environmental changes. According to him, there are three capabilities that constitute the dynamic capability construct, adaptive, absorptive, and innovative capabilities. The comparable statement is made by Permatasari et al. (2022) that the adaptive, absorptive, and innovative capabilities are capabilities that must be owned by businesses today. Pang et al. (2022) defined dynamic capability as an integrative capability consisting of opportunity recognition, partner selection, resource match, and risk control. Jácome et al. (2021) tried to create a dynamic capability model in the context of developing innovation in companies, which was divided into seven capacities: absorptive capacity, organizational learning capacity, relationship capacity, inter-organizational learning capacity, knowledge sharing space, and learning from trial and error. They came to the conclusion that absorptive capacity is the most influential factor and critical thinking is the driving force.

Rendang or randang, is a traditional Indonesian food commodity from the West Sumatra Province. Rendang has the value of local wisdom and has a lot of potential to grow in the regional market and be able to expand in the global market. Rendang's competitive advantage come from its global recognition as one of the most delicious foods, its ability to innovate both intermediate and end products, its willingness to improvement technology, and its loyal customers base. However, like other small-scale industries, Rendang business is constrained by stagnation, digital penetration, standardization and there is still a lack of acceptance of the collaborative idea with peers as well as big industry. Rusdi et al. (2021) stated that most micro, small, and even medium-scale industries still run traditional business models for equipment, financial management, and marketing. In actually, improving SMEs capabilities cannot be separated from designing value through business model innovation for modern SMEs that are marketable, profitable, and sustainable.

Klausa (2017) argues that a business model is a configuration that integrates certain business dimensions. Therefore, business model innovation is to encourage companies to look for innovative ideas so that the market is not saturated and maintain survival. Business model innovation is creating or reconstructing an existing business model by proposing a new value proposition, designing a new value proposition, and establishing key value capture mechanisms (Huang et al., 2013). According to Teece (2018) business model innovation includes four parts: 1) changing customer value propositions, such as market, customer, and channel value propositions, and value creation, such as innovation, core competencies, and networks. 2) redesigning the profit formula; 3) revising vital resources; and 4) organizing key processes.

The role of business model innovation on performance based on research by Bogers et al. (2019) Huang et al. (2013); dan Moradi et al. (2021) as the creation and capture of company value by creating superior value and replacing old methods of operation, bringing the company into market competition standards. In fact, the existence of business model innovation in studies in recent years has experienced an increasing trend, because business model innovation can be the basis for creating criteria/value that is more customer-oriented This is especially important for new businesses or small-scale businesses to compete with large companies.

Studies by Bogers et al. (2019); Kaur (2019); Pundziene et al. (2021); and Wang et al. (2021) all make the same claim: that dynamic capability positively effects on both business model innovation and performance. However, its relationship to performance is indirect. According to Ferreira et al. (2020), dynamic capability can be described to be a transformer to change resources into better performance in terms of innovation and product development, service quality, and new organizational business processes. Additionally Pang et al. (2019) presented an indirect hypothesis that business model innovation positively mediates the

relationship between integrative capabilities and firm performance. Widjaja & Sammy (2022) also found that while business model innovation is necessary to enhance long-term company performance, it has little effect on short-term firm performance. Moradi et al. (2021) more straight forwardly explain that organizational inertia's negative impact on firm performance is rejected as a result of business model innovation's positive effect on performance.

In order Figure 1 depicts the theoretical framework that explains how the hypothesis was formed.

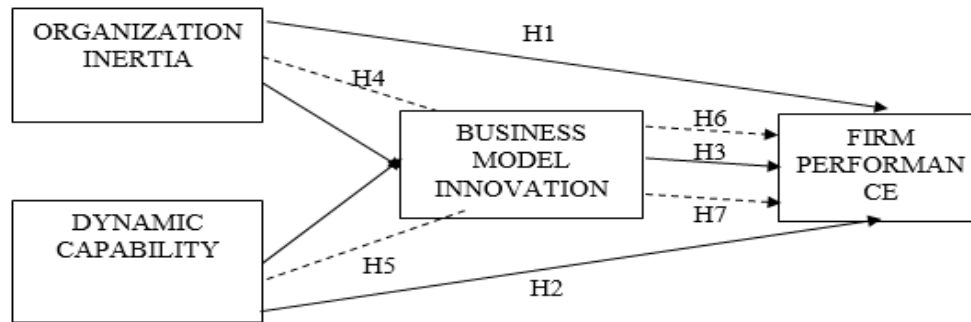


Figure 1. Research Framework

METHOD

This study design included in the category of quantitatively-based explanatory research. This research was conducted in the small rendang industry in West Sumatra from November 2022 to January 2023. All of 153 IKM Rendang were registered in the department of trade and industry of West Sumatra province were the study's population; their specifics are shown in table 1.

Table 1. Number of IKM Rendang in West Sumatra in 2020

NO	DISTRICT/CITY	AMOUNT
1	Kota Padang	52
2	Kabupaten 50 Kota	21
3	Kota Payakumbuh	53
4	Kabupaten Pesisir Selatan	5
5	Kota Solok	5
6	Kabupaten Solok	4
7	Kabupaten Tanah Datar	4
8	Kota Bukittinggi	3
9	Kabupaten Pasaman Barat	2
10	Kota Padang Panjang	2
11	Kabupaten Solok Selatan	2
TOTAL		153

Source: Department of Industry and Trade of West Sumatra Province (2020)

Because of the size of the population, sampling is required. The probability sampling method was used in this study to determine the sample, giving each Rendang SME an equal chance of being chosen for participation. The sample size used in this research is based on Hair et al. (2017). The total number of samples to be analyzed had 105 IKM Rendang. In order to collect the required data, a list of statements from the questionnaire was presented to respondents, who included the manager and owner of IKM Rendang. A five-level Likert scale will be used to measure the study's variables. Answer choices for each statement on the questionnaire will get an assessment score ranging from 1 (strongly disagree) to 5 (strongly agree).

Data analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, where the structural model is estimated using SmartPLS 4.1. The analysis method used the embedded two-stage approach (Hair et al., 2017) because the dependent variable in this study is second order. This involves assessing the focus at both the variable and dimension stages. to evaluate reliability and validity. The inner or structural model includes the relationship between latent variables—in this case, the relationship between organization inertia, dynamic capability, business model innovation, and the performance of IKM Rendang in West Sumatra

RESULTS AND DISCUSSION

Based on the results of distributing questionnaires, 80 respondents are microbusinesses with an annual income of less than \$300 million, while 21 respondents are small businesses, and 4 respondents are medium-scale businesses with an income of more than 2.5 billion rupiah. Of the cities that responded, 44% were from Kota Payakumbuh, also known as "the city of Rendang." 43% came from Kota Padang, 6% from Solok, and 7% from other West Sumatra Province cities and district. It was also informed that 19 IKM Rendang are more than 15 years old and 21 IKM Rendangs are 11–15 years old. Many of the IKM Rendang in these two categories have passed on to the second generation of owners. The majority of research participants are 33 IKM Rendang which company age of 6–10 years and 32 IKM Rendang which a company less from 5 years.

Respondents with female gender dominate in this research data collection by as much as 76.19%, while male gender respondents are only 23.76%. Within entrepreneur age range, the millennial generation (under thirty years old), is 5 persons, and entrepreneurs over fifty years old comprise the largest number of responders is 42 person. According to the respondent data identification, it is also know that the majority of respondents or 42 entrepreneurs, have completed undergraduate school (S1); up to 13 individuals respondents with formal education postgraduate S2, and 1 respondent has completed doctoral (S3), and 38 participants had only completed formal high school education.

Validity and Reliability

In terms of convergent validity, all indicators have an outer loading value greater than 0.7 for both dimensions and variables, so the indicators used in this study are valid and reliable. Other methods for assessing convergent validity are Cronbabc's alpha, composite reliability, and average extracted value (AVE) testing. Table 2 shows that the Cronbach's alpha value > 0.7, composite reliability > 0.7, and average variance extracted (AVE) > 0.5 make the construct suitable for further testing.

To ensure that a construct has an adequate discriminant, discriminant validity is used to determine how distinct one construct is from other constructs. The results are valid since each variable has a statement with a stronger correlation coefficient comparison than other constructs outside of itself. The testing of discriminant validity occurs using the cross-loading method. All of the constructs are regarded as reliable because the composite reliability is higher than 0.7 (Table 3 and Table 4).

Inner Model Analysis

Based on the R square value, it is found that the *organizational inertia* variable and the *dynamic capability variable* affect the change of *Business model innovation* about 85.10%. And *organizational inertia* variables and *dynamic capability* variables as well as *Business model innovation variables* are able to contribute to influencing changes in *Firm Performance* IKM Rendang in West Sumatra by 88.50%.

Table 2. Construct Reliability and Validity Test Results

Variabel	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)	Ket
ABC	0.835	0.836	0.890	0.669	Valid
ADC	0.876	0.882	0.910	0.671	Valid
INC	0.892	0.897	0.921	0.699	Valid
II	0.897	0.898	0.928	0.764	Valid
AI	0.841	0.847	0.887	0.611	Valid
EI	0.856	0.856	0.913	0.777	Valid
PI	0.833	0.836	0.889	0.668	Valid
SI	0.779	0.779	0.900	0.819	Valid
BMI	0.835	0.844	0.890	0.671	Valid
PERF	0.892	0.893	0.921	0.699	Valid

Mediating Role

The P value of the indirect effect results is used to determine the mediating role of business model innovation in the link between organizational inertia and dynamic capability on firm performance. The study finds that business model innovation has a mediating influence on firm performance through business model innovation due to the p value between the organizational inertia and dynamic capability variables is less than 0.05. The correlation between organizational inertia and firm performance is in direct- only mediated by business model innovation, while the relationship between dynamic capability and firm performance is complementary mediation.

Discussion

It was found that organizational inertia has a negative and insignificant effect on the firm performance of IKM Rendang in West Sumatra. The stagnation of IKM Rendang has no effect on profitability or business performance because situational and non-permanent barriers such as capital, capable labor, and mechine that do not impact IKM operational system. Government policies aimed at strengthening IKM, collaboration, and a sales system can all help eliminate these barriers. This result contrasts with the studies conducted by Haag (2014); Huang et al. (2013); Moradi et al. (2021). Some possible causes are the distinctive characteristics of the industry of research in this study—the food manufacturing sector (food and beverage)—compared to previous research that focused on IT service organizations.

Barney & Hesterly (2018) have built on theories that in order for businesses to succeed in the global market, their primary competitive advantage should be valuable, rare, imitability, non-subsitusi (VRIN), but they should also keep enhancing their dynamic capabilities. The willing to receive information from the external environment is one indication that shows that Rendang entrepreneurs are not in resistant to assimilating knowledge, or what known as absorptive cability. Absorptive cability is the most characteristic in dynamic capability variables in determining the increase in product sales. Many rendang product variant ideas are generated from the stimulus of online and offline seminars and informal rendang business associations. The more knowledge that is assimilated, the more alternatives, opportunities, and prospects that present themselves for business growth and improvement performance. This is consistent with the development model established by Jácome et al. (2021) for the Barranquilla furniture sector, which claims that absorptive capacity is more important than other criteria to achieve a competitive advantage.

Knowledge assimilation's outcomes will make it easier for innovations like changing the business model to penetrate the organization's operating system. IKM Rendang are going through two trends in business model transforms: upgrading the profit formula's design and providing customers with added value. Multiple varieties are a natural alternative for increasing market segmentation. But recently, rapid growth of market segmentation at rendang telur production in Kota Payakumbuh. Its confirm that one product of rendang can also generates a big turnover. This also includes rendang belut in Tanah Datar and rendang lokan in Pesisir Selatan. Regarding added value, the pasta rendang trend as an intermediate product is growing increasingly widespread as it satisfies customers demand for authentic (original) flavor of rendang but costumer could produced with their favorite and fresh ingredients. This indicates that many entrepreneur have consider consumer value as a company value, leading to innovation and optimizing performance. Rendang and services innovation for costumer increasing profitability, expanding the market share and market segmentation. Its confirms the findings of Huang et al. (2013); Moradi et al. (2021) in that business model innovation has a positive and significant effect on firm performance in IKM Rendang in West Sumatra.

The challenge is, there are common pattern identified in the business model of almost in all household scale company including Rendang industry; pre-order. The tradisional pattern is recived orders from loyal customers, produced into rendang, and shipped. This conventional business model makes the entrepreneur passive in business. Being passive will put business to the risk of losing creative and innovative ideas that would enable to support the maximum exploitation of company resources. The roots problem is oriented business owners' still growing their families' wealth and just pursuing their cooking hobbies into business, as well as their fear of failing while attempting to apply new models. Although the inactive to get a knowledge and information can be slightly suppressed in the current information and technology disruption era, where information is released massively and is indirectly delivered to entrepreneurs, the time gap in executing knowledge will eliminate other business opportunities. Therefore, the more a firm stagnates, the more difficult it will be for it to innovate its business model.

The driving factor in creating effective business model innovation is to improve absorptive, adaptive, and innovative capabilities. Based on the study finding, IKM Rendang have enough capacity to innovate. IKM Rendangs dynamic capability is the ability to modify products in response to customer preferences and demand, as well as, the ability to aware the knowledge acquired from reliable sources. This indicated that IKM Rendang can explore the external environment to sufficient knowledge and generate innovative thoughts, which they can then apply to their products (innovation). This demonstrates that there is a positive correlation between entrepreneur's value or dynamic capacities and their ability to innovate. Company that lack dynamic capabilities tend not to successfully utilize the innovation process. These results support research Pang et al. (2019), which states that dynamic capabilities will result in synergistic effects in matching opportunities and connecting available resources.

Business Model Innovation has a big role in changing the stagnation of both behavior and business development for IKM Rendang to remain sustainable or develop their business. Apart from innovating products through their variations, IKM Rendang also reinvent the marketing process through the use of social media and e-commerce. Even now, some IKM Rendang hire selegram for promoting their products. Social media has a significant marketing impact on growing market share, which in turn impacts company performance. At terms of collaboration, big souvenir stores at popular tourist destinations like Kota Padang, Kota Payakumbuh, and Kota Bukittinggi supply rendang from household-scale. As a result, the production process can run continuously. Thus, the findings of this study prove that business model innovation can minimize the negative influence of organizational inertia on firm performance.

The value creation aspect of business model innovation can also be seen in the efforts of entrepreneur to comply the standards required for export purposes, such as HACCP, Halal Certification, and SNI. Some IKM Rendang are also innovating to produce Rendang sausages. This starts with dynamic capability in order to increase company growth. It is therefore acceptable to agree the conclusion that, in IKM Rendang, business model innovation roles as a mediating variable and that dynamic capability has a positive and significant impact on company performance. Based on the explanation above, the results of the hypothesis can be summarized in Table 5.

Table 3. Summary of Hypothesis Results

No	Hypothesis	Results
H1	Organizational inertia has a negative and insignificant effect on firm performance at IKM Rendang in West Sumatra.	Not Supported
H2	Dynamic capability has a positive and significant effect on firm performance at IKM Rendang in West Sumatra.	Supported
H3	Business model innovation has a positive and significant effect on firm performance at IKM Rendang in West Sumatra.	Supported
H4	Organizational inertia has a negative and significant effect on business model innovation at IKM Rendang in West Sumatra.	Supported
H5	Dynamic capability has a positive and significant effect on business model innovation at IKM Rendang in West Sumatra.	Supported
H6	Business model innovation mediates the relationship between organizational inertia and firm performance at IKM Rendang in West Sumatra.	Supported
H7	Business model innovation mediates the relationship of dynamic capability to firm performance at IKM Rendang in West Sumatra.	Supported

CONCLUSION

Based from the previous description, the following conclusions are possible, first: The rendang business can generate profits even though the company is in a state of stagnation or inertia. However, inertia must still be minimized by facilitating the material resources needed by entrepreneurs (capital and human resources). Governments and Finance institutions can help with capital constraints, but in terms of the traits of entrepreneurs, knowledge penetration (training and education) can facilitate a change in perspective of IKM Rendang businesses.

Second, IKM's absorptive capability—which they use to drive product innovation—dominates rendang entrepreneurs capability. This capability allows IKM to possess the necessary knowledge to comprehend market and industry situations. By looking for new opportunities through process innovation, product innovation can be produced by adding protein variants or differentiating flavors. Process innovation is primarily concerned with using modern machines that can improve product life and automating business operations, such as ISO.

Business model innovation has an important role in reducing company stagnation. Basically, the stagnation of IKM Rendang is caused by the fear of rapid change. Business-to-business (B2B) methods of cooperation and collaboration will give businesses confidence. The role of the government in facilitating B2B programs is that both medium-scale IKM Rendangs and large companies collaborate by providing micro and small-scale Rendang products and cross-border B2B, such as providing Rendang products in supermarkets abroad.

REFERENCES

Amiripour, P., Dossey, J. A., & Shahvarani, A. (2017). Impact of organizational inertia and dynamic capabilities on educational performance of the charitable societies and its impact on mathematical performance of elementary at-risk students. *Journal of New Approaches in Educational Research*, 6(1), 37–49. <https://doi.org/10.7821/naer.2017.1.199>

- Barney, J. B., & Hesterly, W. S. (2018). Strategic Management and Competitive Advantage. In *Competitive Strategy*. <https://doi.org/10.7551/mitpress/8956.003.0007>
- Bogers, M., Chesbrough, H., Heaton, S., & Teece, D. J. (2019). Strategic Management of Open Innovation: A Dynamic Capabilities Perspective. *California Management Review*, 62(1), 77–94. <https://doi.org/10.1177/0008125619885150>
- Ferreira, J., Coelho, A., & Moutinho, L. (2020). Dynamic capabilities, creativity and innovation capability and their impact on competitive advantage and firm performance: The moderating role of entrepreneurial orientation. *Technovation*, 92–93(November 2018), 102061. <https://doi.org/10.1016/j.technovation.2018.11.004>
- Games, D., Hidayat, T., Fhardilha, J., Fernando, Y., & Kurnia Sari, D. (2022). The Impact of Trust, Knowledge Sharing, and Affective Commitment on SME Innovation Performance. *Journal of Governance and Integrity*, 5(2), 267–274. <https://doi.org/10.15282/jgi.5.2.2022.7184>
- Games, D., Soutar, G., & Sneddon, J. (2021). Personal values and SME innovation in a Muslim ethnic group in Indonesia. *Journal of Entrepreneurship in Emerging Economies*, 13(5), 1012–1032. <https://doi.org/10.1108/JEEE-01-2020-0008>
- Haag, S. (2014). *Haag Organizational Inertia as Barrier to Firms' IT Adoption Twentieth Americas Conference on Information Systems. Rumelt 1995*.
- Hair, J. F., Hult, G. T., Ringle, C., & Sarstedt, M. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). In *Sage* (Second Ed.). SAGE Publications, Inc.
- Huang, H. C., Lai, M. C., Lin, L. H., & Chen, C. T. (2013). Overcoming organizational inertia to strengthen business model innovation: An open innovation perspective. *Journal of Organizational Change Management*, 26(6), 977–1002. <https://doi.org/10.1108/JOCM-04-2012-0047>
- Jácome, N. R., Medina-Tovar, F., Rodríguez-Herás, J., Vázquez-Peñaloza, L., & Gómez-Charris, Y. (2021). Model for the development of innovation as a dynamic capability for an organization in the furniture industry. *Procedia Computer Science*, 198(2020), 542–547. <https://doi.org/10.1016/j.procs.2021.12.283>
- Kaur, V. (2019). Knowledge-Based Dynamic Capabilities: The Road Ahead in Gaining Organizational Competitiveness. In *Springer Nature Switzerland AG*.
- Kaur, V. (2022). Knowledge-based dynamic capabilities: a scientometric analysis of marriage between knowledge management and dynamic capabilities. *Journal of Knowledge Management, May*. <https://doi.org/10.1108/JKM-02-2022-0112>
- Mamun, A. Al. (2018). Diffusion of innovation among Malaysian manufacturing SMEs. *European Journal of Innovation Management*, 21(1), 113–141. <https://doi.org/10.1108/EJIM-02-2017-0017>
- Miroshnychenko, I., Strobl, A., Matzler, K., & De Massis, A. (2021). Absorptive capacity, strategic flexibility, and business model innovation: Empirical evidence from Italian SMEs. *Journal of Business Research*, 130(February 2019), 670–682. <https://doi.org/10.1016/j.jbusres.2020.02.015>
- Moradi, E., Jafari, S. M., Doorbash, Z. M., & Mirzaei, A. (2021). Impact of organizational inertia on business model innovation, open innovation and corporate performance. *Asia Pacific Management Review*, 26(4), 171–179. <https://doi.org/10.1016/j.apmr.2021.01.003>
- Nedzinskas, Š., Pundziene, A., Buožiute-Rafanavičiene, S., & Pilkiene, M. (2013). The impact of dynamic capabilities on SME performance in a volatile environment as moderated by organizational inertia. *Baltic Journal of Management*, 8(4), 376–396. <https://doi.org/10.1108/BJM-01-2013-0003>
- Oyemomi, O., Liu, S., Neaga, I., Chen, H., & Nakpodia, F. (2019). How cultural impact on

- knowledge sharing contributes to organizational performance: Using the fsQCA approach. *Journal of Business Research*, 94(August 2017), 313–319. <https://doi.org/10.1016/j.jbusres.2018.02.027>
- Pang, C., Wang, Q., Li, Y., & Duan, G. (2019). Integrative capability, business model innovation and performance: Contingent effect of business strategy. *European Journal of Innovation Management*, 22(3), 541–561. <https://doi.org/10.1108/EJIM-09-2018-0208>
- Pang, C., Wang, Q., & Wu, S. (2022). Influence of dynamic capabilities on novelty-centered business model design: a moderated mediating effect analysis. *European Journal of Innovation Management*, 21. <https://doi.org/10.1108/EJIM-09-2021-0465>
- Permatasari, A., Dhewanto, W., & Dellyana, D. (2022). The role of traditional knowledge-based dynamic capabilities to improve the sustainable performance of weaving craft in Indonesia. *Journal of Enterprising Communities*. <https://doi.org/10.1108/JEC-11-2021-0156>
- Pundziene, A., Nikou, S., & Bouwman, H. (2021). The nexus between dynamic capabilities and competitive firm performance: the mediating role of open innovation. *European Journal of Innovation Management*, 25(6), 152–177. <https://doi.org/10.1108/EJIM-09-2020-0356>
- Rahman, H., & Siswowyanto, H. P. (2018). Knowledge Inertia in the Innovation of Coffee Production. *The South East Asian Journal of Management*, 12(2). <https://doi.org/10.21002/seam.v12i2.9721>
- Rinta-Kahila, T., Penttinen, E., & Nevalainen, A. (2016). Unfolding the types of organizational inertia in information systems adoption. *Proceedings of the Annual Hawaii International Conference on System Sciences*, 2016-March, 3908–3917. <https://doi.org/10.1109/HICSS.2016.486>
- Rusdi, R., Basri, W., Hardi, E., & Alberida, H. (2021). Usaha Rendang Rumahan Untuk Meningkatkan Perekonomian Keluarga di Kelurahan Padang Tengah Payobadar Kecamatan Payakumbuh Timur. *Abdi: Jurnal Pengabdian Dan Pemberdayaan Masyarakat*, 3(1), 39–48. <https://doi.org/10.24036/abdi.v3i1.85>
- Smallbone, D., Saridakis, G., & Abubakar, Y. A. (2022). Internationalisation as a stimulus for SME innovation in developing economies: Comparing SMEs in factor-driven and efficiency-driven economies. *Journal of Business Research*, 144(March), 1305–1319. <https://doi.org/10.1016/j.jbusres.2022.01.045>
- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40–49. <https://doi.org/10.1016/j.lrp.2017.06.007>
- Teece, D. J., Pisano, G., & Shuen, A. (1999). Dynamic Capabilities and Strategic Management. Knowledge and Strategy. In 77–115. [doi:10.1016/B978-0-7506-7088-3.50009-7](https://doi.org/10.1016/B978-0-7506-7088-3.50009-7) (Vol. 18, Issue 7). Butterworth-Heinemann. <https://doi.org/10.1016/B978-0-7506-7088-3.50009-7>
- Wahyono, & Hutahayan, B. (2021). The relationships between market orientation, learning orientation, financial literacy, on the knowledge competence, innovation, and performance of small and medium textile industries in Java and Bali. *Asia Pacific Management Review*, 26(1), 39–46. <https://doi.org/10.1016/j.apmr.2020.07.001>
- Wang, M. C., Chen, P. C., & Fang, S. C. (2021). How environmental turbulence influences firms' entrepreneurial orientation: the moderating role of network relationships and organizational inertia. *Journal of Business and Industrial Marketing*, 36(1), 48–59. <https://doi.org/10.1108/JBIM-05-2019-0170>
- Widjaja, A. W., & Sammy, A. (2022). The Resiliency of Business Model Innovation of Indonesian Newspapers During Covid-19 Pandemic. *Jurnal Manajemen*, 26(1), 1–16. <https://doi.org/10.24912/jm.v26i1.831>
- Zulu-Chisanga, S., Chabala, M., & Mandawa-Bray, B. (2021). The differential effects of government support, inter-firm collaboration and firm resources on SME performance in

a developing economy. *Journal of Entrepreneurship in Emerging Economies*, 13(2), 175–195. <https://doi.org/10.1108/JEEE-07-2019-0105>