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**The Antecedents and the Outcomes of Firm's Dominant Logic – the Dynamic
Managerial Capability Perspectives**

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The Antecedents and the Outcomes of Firm's Dominant Logic – the Dynamic Managerial Capability Perspectives

Abstract

Firm's dominant logic is one of the most critical elements of the firm to make resource allocation and deployment decision. Drawing on dominant logic theory and dynamic managerial capability, this study articulates the antecedents and the outcomes of the practice of firm's dominant logic. The paper proffers that entrepreneurial sensing, seizing, and transforming capabilities play very crucial role as antecedents to firm's dominant logic and subsequently improve organizational performance. Eight propositions have been developed to conceptualize the research model. Entrepreneurs should have higher magnitude of dynamic managerial capabilities to increase their abilities to bootstrap resources, which leads to better dominant logic in order to attain superior performance. The outcome of the research will not only benefit academicians but also merits policymakers by providing profound insights that aim at linking and integrating diverse sets of policies pertaining to the creation of entrepreneurial ventures.

Keywords: *dynamic managerial capability; firm's dominant logic; entrepreneurship.*

Introduction

Dominant logic is the continuous process of the firm in which the firms conceptualize and make a critical decision on resource allocation. It is an organizational recipe that requires mental maps, process, and complex business models. Often dominant logic plays a role in the multi-level business model where the outputs of another business process/model are critical inputs to dominant logic. Nadkarni and Narayanan (2007) posit the dominant logic of the firm as a critical success factor of entrepreneurial new venture. Firm's dominant logic refers

to how firms "conceptualize and make critical resources allocation decision – be it in technologies, product development, distribution, advertising, or in human resource management" (Prahalad & Bettis, 1986). Later work of Prahalad (2004) mentions "dominant logic" as "in essence, the DNA of the organization" (p. 172). Barney (1991) has proposed the theory of resource-based view to explain valuable, rare, inimitable, and non-substitutable (VRIN) resource to achieve competitive advantage. Amit and Schoemaker (1993) and Prahalad (2004) have argued that dominant logic can be seen as VRIN of the firms. Although firm's dominant logic is a fundamental intellectually appealing concept, empirical evidence to support the concept has been weak to date (Kor & Mesko, 2013). Besides, researchers from developed economies have emphasized this concept and made empirical contribution in those contexts. Yet remarkably, this study is significantly notable for addressing this critical and complex issue in emerging economies. Because if the economy of a country is in a transition period, then the firms need to be very careful in allocating resources. Because emerging or transnational economics always have the pressure of resource constraints and the institutional supports in those economies are not well developed (Bruton et al., 2008). New entrepreneurs often face these kinds of pressures. Hence, critical capabilities play a significant role to handle such challenges.

Firms from emerging economies are growing very fast, and they contribute significantly to world economies, especially high-tech firms such as information and communication technologies, transportations, and knowledge-intensive business and services. These firms are mostly entrepreneurial which require high-level of creativity and innovation in order to sense, seize, and transform opportunities and deploy resources (Mostafiz & Goh, 2018). Dynamic managerial capabilities are the capabilities by which "manager build, integrate, and reconfigure organizational resources and competencies" (Adner & Helfat, 2003) (p. 1011). It is the capacity of the top managers for creating, extending, and modifying

the resource base of the firms (Helfat et al., 2007). In entrepreneurial firms, the founder or the entrepreneurs himself/herself play the role of resource allocation and deployment. The entrepreneurial activities and dynamic managerial capabilities are closely interlinked (Teece, 2012). According to Helfat and Winter (2011) capability refers to the capacities of the top level managers to perform a particular activity reliably and feasibly, and to confirm a minimum level of satisfaction. Although dynamic managerial capability provides competitive advantage (Bellner & MacLean, 2015; Oxtorp, 2014), innovation (Bornay-Barrachina et al., 2016), leadership (Martin, 2011), and routine operations (Ringov, 2013), the causal link between dynamic managerial capability and firm's dominant logic is yet to establish. Even though much research has been conducted regarding dynamic managerial capability, a few papers have examined the effect of sensing, seizing, and transforming capability as antecedents to organizational strategy (Helfat & Martin, 2015). This present research is a response to this knowledge gap. The fundamental research question of this study is: "*what are the impacts of dynamic managerial capabilities of entrepreneurs on the firm's dominant logic and performance of the organization?*" As the process of dynamic managerial capability requires several capabilities, this research adopts all three capabilities of sensing, seizing, and transforming capabilities. It will help to explain the firm's dominant logic and performance outcomes by providing more in-depth and better clarity into the activities of entrepreneurs with regards to resources allocation and deployments.

Theoretical Foundation and Proposition Development

Dynamic managerial capability

The seminal work of Adner and Helfat (2003) define dynamic managerial capability as the capacity of managers by which they build, integrate, and reconfigure organizational resources and competencies. The notion of dynamic managerial capability emerged from the resource-

based view. This notion says that firms require tangible and intangible resource and capabilities to achieve competitive advantage. Having said that, only resource and capability cannot ensure the firm's survival and renewal (Kurtmollaiev et al., 2018). Critical resource allocation and mobilization requires dynamic capability. These capabilities are distinctively different from conventional capability. For example, day-to-day operations such as sales, operations, and following routine procedure require ordinary capability. Whereas dynamic capabilities generate innovation, modification, and creativity to establish a new venture (Helfat & Winter, 2011). The central premise of dynamic managerial capability is to develop new capability that is distinctive. Therefore, dynamic managerial capability enables entrepreneurs to create and manipulate organizational resources and routines continuously. Dynamic managerial capabilities characterize three distinct capabilities, namely sensing capability, seizing capability, and transforming capability (Teece, 2012). The author also argues that these three capabilities enable managers to build, integrate and reconfigure the organizational resource base (Teece, 2012). For example, entrepreneurs having these three capabilities foster effective rules and procedure to achieve stable growth in performance and consistent functioning in the venture (Felin & Foss, 2005). However, regardless of organizational hierarchy, the execution of dynamic managerial capabilities differs. As stated earlier, the entrepreneurs himself/herself play a significant role in venture firms. Therefore, the mobilization actions of resource allocation and deployment are avowed to him.

Dynamic managerial capability theory is an outgrowth of dynamic capability theory (Helfat & Martin, 2015). The implications of dynamic capability in entrepreneurship exhibit the strategic changes rather organizational changes. Dynamic managerial capability proceeds one step further and incorporates the conceptualization to respond to the challenges and uncertainties, especially while operating in recourse constrained economies (Mostafiz et al., 2019). Helfat and Martin (2015) probe that the dynamic managerial capability has "singular

focus on managerial impact on strategic changes by incorporating the impact of managers on strategic changes" (p. 2). The debate between dynamic capability and dynamic managerial capability has been concluded by highlighting this difference. On one hand dynamic managerial capability influences operational and strategic decision of top managers; on the other hand, dynamic capability attempts to explain the firm-level strategic change in configuring resources. The most recent definition by Helfat and Martin (2016) provide a distinctive characteristic of dynamic managerial capability, as authors state dynamic managerial capability as the "capacity of senior managers to ensure learning, integration, and, when required, reconfiguration, and transformation – all aimed at sensing and seizing opportunities as markets evolves (p. 189). Hence, dynamic managerial capability is a composite construct, which includes sensing, seizing, and transforming capability as an attribute to it.

Sensing capability refers to the managerial actions of interpreting information from multiple sources to recognize opportunities and understand customers' latent needs whereas the seizing capability of entrepreneur enables him to execute continuous managerial actions to take advantage of recognized opportunities through investment, innovation, and designing critical business model (Mostafiz, Sambasivan, & Goh, 2019d). Last, transforming capability refers to the managerial actions of entrepreneurs to continuously change existing resource and routines (Kurtmollaiev et al., 2018). This research proposes that entrepreneurs should develop these three capabilities which are vitally linked to the notion of managerial dominant logic. As a result of dynamic managerial capability are the key inputs in shaping this logic. The firm's dominant logic is an articulation of the primary strategic beliefs, mental modes, structures, assumptions, and intentions of the entrepreneurs and top management (Lampel & Shamsie, 2000).

The dominant logic

The conceptualization of dominant logic is more accurate when it is conceptualized as "dominant themes" or "configurations" developed by entrepreneurs (Miller, 1996). It is not a single domain of knowledge or cognition. Entrepreneurs follow organizational underlying assumptions and expectations to implement and interact with the dominant logic. Dominant logic is considered as an intangible resource and expands in its scale and meaning (von Krogh & Roos, 1996). It produces competitive advantage as critical intangible resources of the entrepreneurial firm and serving as a means to deploy tangible assets. Dominant logic is considered as a lens through which entrepreneurs see the environment. Therefore, it facilitates entrepreneurs to expand their horizons and identify more opportunities or resources, or limit them to explore the wrong opportunities and work as anonymous (Mostafiz, Sambasivan, & Goh, 2019a). The second notion of dominant logic is considered as the DNA of the organization which is embedded in the organization's routines and enables the firm to exploit existing resource of the firm, either efficient or worst way (Obloj et al., 2010). Over time, the dominant logic has extended beyond the organizational routines and managerial level. Hence dominant logic became the core of the organization and established as firm-level priorities and procedures which requires significant efforts, productivity, participation, and initiatives of entrepreneurs and firm's top-level managers (Cyert & March, 1963; Lampel & Shamsie, 2000).

Firm's dominant logic has two established viewpoints: dominant logic as routine and dominant logic as an information filter. Grant (1988) has conceptualized dominant logic as a specific set of corporate-level functions, which include the formulation of business strategies, setting and monitoring program and allocation of resources. Grant's conceptualization suggests us to operationalize dominant logic as a conventional mechanism of organization (Grant, 1988). Zander and Kogut (1995) have incorporated the learning mechanism in dominant logic for the formation and alteration of these routines. During the laws of operant

conditioning, activities such as rewarded strategic choices can be learned and repeated accordingly (Prahalad & Bettis, 1986). These learnings of entrepreneurs are derived from the combination of their own experiences and others. Therefore, learning from various actions are translated/codified through rules and routines in the organizations and are established as a valid causal relationship between learning and routines (Miller, 1996; Nelson & Winter, 1982).

The second stream of dominant logic argues it as an information filter. This stream gains much attention in recent years in entrepreneurship literature (Kor & Mesko, 2013; Obloj et al., 2010). Bettis and Prahalad (1995) and Bettis (2000) have conceptualized dominant logic as a knowledge structure which develops longitudinally that derives from a) core business experiences, b) critical success activities, c) key performance evaluations, and d) norms and values evaluations. This knowledge structure of dominant logic is a complete set of conceptual and perpetual *filters* that work as the sifting of information from the market (von Krogh et al., 2000). The codification and translation process of experiences require abstractions which reduce “the number of entropy associated with them” (Boissot & Li, 2006). This process of abstracting eliminates unnecessary information and effectively sort relevant information. This study conceptualizes dominant logic as both in *routine-and learning based, and information filter*.

Proposition development

The critical activity of sensing capability includes environmental screening. By doing so, entrepreneurs disorganize information and unstructured data from the environment and put it to the organizational system (Teece, 2018b). This sensing activity of entrepreneurs of dynamic managerial capability is very identical to diagnose the critical problem in the strategy making process. In order to foster an innovative, customer-centric culture, collaborative, and creative culture in the organization, entrepreneurs continuously elevate

their sensing capability of opportunities (Brown, 2008; R. Martin, 2009). Therefore, sensing is not independent but requires seizing and transforming capabilities to get maximum and efficient outputs. An effective intra-organizational network and collaborative organizational structure are required, which will allow entrepreneurs to assess and handle information. Information could be delivered from internal and external sources for continuous monitoring of the environment, prioritize emergency, and for new opportunities (Mostafiz & Goh, 2018).

Managerial seizing capability of entrepreneurs is an integrative thinking mechanism that emphasizes the holistic perspective of the organization. The seizing capability of entrepreneurs helps them understand the functional interdependence among the critical components of the complex system and customer demand for a holistic experience. For example, seizing capability helps entrepreneurs to master visual communication and build prototypes which can deliver new ideas across the organization. When the opportunities are identified and deemed necessary, then the higher level of seizing capability reduces the time to respond to that opportunity. Activities involved in seizing capability mainly include investing in new technologies to commercialize, designs and update, and implementation of the new business model to various products and services (Teece, 2018b). These business models are complex and required private incentives to be used which take consideration of customer interactions. It is a vertical cut of the company's practices and has an indistinguishable fundamental need from the whole firm for every one of its components to be kept in the arrangement (Teece, 2018a). Figure 1 represents the conceptual framework of this study.

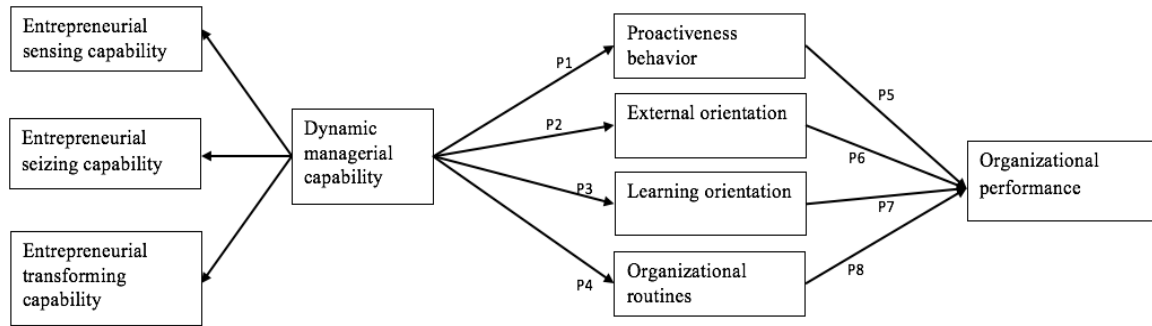


Figure 1 Conceptual framework

Managerial transforming capability of entrepreneur enables them to keep the alignment of the critical elements of the organization with each other and with the organizational strategy (Teece, 2018b). Transforming capability is very crucial when new business evolves or new plan of actions which include critical changes in the organization associated with existing courses of actions and organizational design or have conflicts with the current plan of action. Through transforming capability, entrepreneurs ensure that the firm's new requirements are in line with the existing growth objective and follow the dynamics of a new business environment (Kurtmollaiev et al., 2018). This is frequently the case, for instance, when an established firm embraces a digitalized plan of action that threatens existing deals; minor changes should likewise be made to keep the association lined up with its condition (Teece, 2018a). Cultivating an organizational culture that favors adaptability and experimentation, while challenging to achieve, can give a firm establishment to snappier and less critical transformation and, subsequently, for future preferred standpoint. It is a continuous renewal process which requires augmentation of resources and competencies (Teece, 2014; Teece, 2007). Transforming the capability of entrepreneurs also requires governance, integration, co-specialization, knowledge management, and coordinating skills (Teece, 2007). Based on all the above arguments, this study proposes the following proposition:

P1: All three capabilities of dynamic managerial capability (sensing, seizing, and transforming capability) positively complement proactiveness behavior of the firm's dominant logic.

P2: All three capabilities of dynamic managerial capability (sensing, seizing, and transforming capability) positively complement the external orientation of the firm's dominant logic.

P3: All three capabilities of dynamic managerial capability (sensing, seizing, and transforming capability) positively complement learning orientation of the firm's dominant logic.

P4: All three capabilities of dynamic managerial capability (sensing, seizing, and transforming capability) positively complement the low level of organizational routines of the firm's dominant logic.

The critical scanning process is significantly essential to deal with new opportunities, threats, and changes (Jackson & Dutton, 1988; Keh et al., 2002). However, firm's own judgments, heuristics, and perceptions can threaten the scanning process (Kahneman & Tversky, 1979). Thus, the deviation will emerge between the expectations and outcomes. As opposed to the heuristics, biases also can bring value in the scanning process. For instance, the positive illusions of the firm might be a helpful sense-making solution. It enables the firms to create self-fulfilling prophecies, which help them to take multiple actions to alter the environment in a way that they believe (Weick, 1995).

This study argues that dynamic managerial capabilities of entrepreneurs might shape the heuristics behavior of the external orientation of the firm's dominant logic. In a mature economy, managers have the higher level of capacity to perceive imminent threats than opportunities (Jackson & Dutton, 1988). The existing notion of dominant logic argues that it focuses on production outcomes. Therefore, threats emerge only when new firms enter the

market and subsequently capture and have adverse effects on production outcomes of competitors. This kind of situation happens when government relaxes the policies or supports a specific industry. Instead of finding new opportunities, entrepreneurs are more concerned with predicting imminent threats and identifying opportunities from environmental dynamism (Ringov, 2013). In order to achieve performance through entrepreneurial, dynamic managerial capability, the dominant logic of the firm creates options for entrepreneurs to handle opportunities or threats. Shane (2003) has suggested that new opportunities might come in an entrepreneurial way. However, not all opportunities will be available for all entrepreneurs at one time (Mostafiz, Sambasivan, & Goh, 2019b). Pursuing opportunity is a market-oriented approach and prepare for threats is likely to be a rigid and defensive approach. Thus, this study argues that:

P5: External orientation of dominant logic mediates the relationship between dynamic managerial capabilities (sensing, seizing, and transforming capabilities) and firm's performance.

When a firm evolves, two opposite views suggest this establishment. The first view suggests that the firm is dependent on the environment. Whereas the second view suggests that firms actively enact and shape the environment. This concept is related to the entrepreneurial behavior of discovering and creating opportunities (Alvarez & Barney, 2007). Entrepreneurial choice, imagination, and creativity are not always enough to respond to the changes in the market because these changes are constrained and path dependent. In order to expedite the opportunities search process, entrepreneurs behave in a very proactive manner but not directly responding to environmental pressure and practice careful, sense-making, exploration process to capture opportunities (Smith & Cao, 2007).

The proactive and the reactive behavior influence the strategic mindset of the firm that how they see and filter information from the environment and the firm's actions. The

proactive behavior of the firm is not limited to seek opportunities but also endure firms to anticipate future demand by exploiting emerging opportunities (Talke, 2007). Hence, dynamic managerial capabilities provide that idea to orchestrate a resource for future economic value (Kor & Mesko, 2013). Previous research supports the causal law of proactive behavior and firm's performance (Obloj et al., 2010; Talke, 2007). This evidence extrapolates that in emerging economies resources are constrained and unevenly distributed (Bruton et al., 2008; Santangelo & Meyer, 2011). Hence, a firm's proactive behavior drives to neck-out from surroundings and create ways to explore, evaluate, and acquire scarce resources (Talke, 2007). Proactive behavior also facilitates firms to acquire rare resources especially those who are not directly related to the business's existing plan. This behavior is experimental and sense-making, and engage competent and expert personnel in developing complex cognitive maps (Dane & Pratt, 2007). Hence, this study argues:

P6: Proactiveness behavior of dominant logic mediates the relationship between dynamic managerial capabilities (sensing, seizing, and transforming capabilities) and firm's performance.

The capacity of an organization to learn is very crucial and essential to achieving firm performance (Altinay et al., 2016). Due to high level of turbulence in emerging economies, the importance of learning is much higher. These turbulences cause failure and other firms must learn from various types of traumas (Levinthal & March, 1993). However, to achieve success in a volatile business situation, firms should unlearn unnecessary routines and then learn new processes. Dynamic managerial capabilities deliver alternative options to learn and execute strategic actions (Teece, 2012). Organizational learning structure requires complex cognitive schema which derives from entrepreneurial experiences. As stated above, these experiences of entrepreneurs help them translate ordinary capacity to dynamic capability. Extrapolating from learning literature, firms must continuously learn from their failures as

well as how they compete with their competitors and dramatic volatility to achieve outcomes. This strengthens the firm's ability to survive in the economic downturn. Firms gain expertise, become strategically sound, will have the ability to cope-up with the complicated business scenario and deploy effective actions (Dane & Pratt, 2007). The transformation of information requires dynamic capability, and only top entrepreneurial managers pose structural and procedural learning, hence deliver performance. Based on the above argument, this study proposes the following proposition:

P7: Learning orientation of dominant logic mediates the relationship between dynamic managerial capabilities (sensing, seizing, and transforming capabilities) and firm's performance.

Learning and routine interplay at the same time. The causal law between learning and routines is well established to achieve standard operating procedures (Van De Ven & Poole, 1995). A well-established organization must have a routine guideline of allocating resources, formulating policies, executing and evaluating business strategies, and continuously monitoring the growth objectives and performance targets of the firm (Grant, 1988). The whole process requires a complete set of dominant logic, and gradually firms become well-structured. Firms tend to engage in multiple courses of actions, involve the application of structural routines to face a variety of contingencies (external and internal) (March & Sutton, 1997). Subsequently, the whole process will improve organizational performance. However, routines have some demerits. It limits organizational creativity. When an organization has prescribed and structural routines, then top management inhibits experimentation and exploration, and therefore, the big picture of the environment is ignored (Levinthal & March, 1993). On the one hand, higher level of codification of routine jeopardizes situation in the organization, and on the other hand, shallow level of codification of routine creates flaws in

organizational innovativeness. It is to be noted that the high-velocity industry does not overly codify their routines and learning, such as leather and apparel industry.

In order to attract the market, firms always need to respond effectively to the market. Learning from the market requires flexibility to design organizational structure. The resources are constrained in an emerging economy. Therefore, it is expected that entrepreneurial firms are concerned while establishing routines and are very careful while bending them, when necessary. We argue that dynamic managerial capabilities deliver the capacity to these entrepreneurs to act efficiently in establishing organizational routines. Trials and errors might emerge, but the firms must learn from them. In a flexible organization, the level of standardization and formalization are limited. These firms do not codify routines in a "thin-to-thick" manner but follow "patch-to-patch" manner (Siggelkov, 2002). If any pragmatic reason arises, such as changes in the legal policies then entrepreneurs carefully codify the routine of the organization (Obloj et al., 2010). Hence, entrepreneurs require a higher level of capacity to understand the organizational need, create trust between counterparts, such as employees to control the level of routines across departments in order to achieve desirable performance. Hence, we argue:

P8: Low level of organizational routine of dominant logic mediates the relationship between dynamic managerial capabilities (sensing, seizing, and transforming capabilities) and firm's performance.

Measurement

Table 1 represents the measurement scales of dynamic managerial capability, the firm's dominant logic, and organizational performance. The operational definition of dynamic managerial capability refers to the notion of capabilities, which emphasizes the critical role of managers/entrepreneurs in building, integrating, and reconfiguring the organizational resource base (i.e., organizational resources and routines) (Adner & Helfat, 2003; Teece,

2012). Teece (2007) categorizes dynamic capabilities into three groups: sensing and shaping opportunities and threats, seizing opportunities, and managing threats and reconfiguration (or transforming; Teece, 2014). The operationalizing definition of firm's dominant logic refers to how firms "conceptualize and make critical resource allocation decisions—be it in technologies, product development, distribution, advertising, or in human resource management" (Prahalad & Bettis, 1986, p. 490). It is "in essence, the DNA of the organization" (Prahalad, 2004, p. 172) and can be seen as one of the critical, valuable, rare, and difficult-to-imitate resources for the firm (Amit & Schoemaker, 1993; Barney, 1991).

Table 1 Measurement scale

Measurement Scale	Firm's Dominant Logic
<p>Dynamic Managerial Capability</p> <p>Sensing capability</p> <ol style="list-style-type: none"> 1. I systematically identify opportunities from changes in customer needs, new technologies, and the activities of other companies. 2. I regularly discover the additional needs of our customers of which they are unaware. 3. I frequently imagine how things look from the customers' perspective. <p>Seizing capability</p> <ol style="list-style-type: none"> 1. I routinely ensure that potentially good ideas do not get lost but instead are developed and actioned. 2. I frequently take the risk of championing investments in new service solutions. 3. I systematically push new service ideas through bureaucracy and into practice. <p>Transforming capability</p> <ol style="list-style-type: none"> 1. I regularly modify our existing services to ensure that they are in line with market changes. 2. I systematically introduce changes in the ways of delivering services (i.e., in existing routines and structures). 3. I frequently share knowledge that has the potential to influence changes in existing services or organizational routines/structures. <p>Organizational Performance</p> <ol style="list-style-type: none"> 1. Revenue 2. Market share 3. Quality of offerings 	<p><i>Proactiveness</i></p> <ol style="list-style-type: none"> 1. Our firm tries to influence direction of changes in our environment 2. Experimentation is the base of our strategy, and many of undertaken actions are initiated with limited formal analysis 3. We often start new initiatives and strategic ventures 4. Implementation of new products has been a priority in our firm for many years now 5. Our employees often experiment in order to find new, innovative ways of action 6. We do not accept high risk of our new ventures <p><i>External orientation</i></p> <ol style="list-style-type: none"> 1. Environment of our firm is very complex and difficult to analyze 2. Environment of our firm has mainly been the source of opportunities 3. The vision of the future of our firm is very optimistic 4. Our competitors are mainly the source of challenges and new initiatives 5. Our competitors sometimes act in a dishonest way that limits our development possibilities <p><i>Codification of routines</i></p> <ol style="list-style-type: none"> 1. Our monitoring system relies on formal and regular analysis of industry and competitive actions 2. Main decisions in our firm are centralized at the level of the executive board 3. We develop efficient procedures in the early stage of our firm's operation 4. Main processes in the firm are well defined, and responsibilities are clearly allocated 5. We have a flat and straightforward organizational structure 6. Our motivational system was developed in a way to force people to act according to instructions 7. Important pieces of information mainly pass through formal channels in our firm <p><i>Learning</i></p> <ol style="list-style-type: none"> 1. Our failures were more a source of frustration than interesting experiences used for the firm's improvement 2. Communication in our firm was always fast, frequent, but sometimes chaotic 3. We always quickly exit from wrong strategic decisions 4. Our successes are an essential source of information and experience for us 5. Since the beginning, we develop and improve our business model incrementally

Discussion and Conclusion

In the emerging economies context, the nature of such a study is a rarity. The concept of dominant logic achieves enormous momentum in recent years. This study not only contributes to the dominant logic but also merits insight to the theory of dynamic managerial capability by explaining the role of sensing, seizing, and transforming capability to explain the firm's dominant logic enhancement process. The firm's dominant logic supports the deployment, allocation, and execution of resources. This present study proposes to establish a causal law relationship between dynamic managerial capabilities and the firm's dominant logic. The empirical evidence will enrich the knowledge in this field by providing comparative analyses and contributes to Mostafiz, Sambasivan and Goh (2019c). It will also increase the generalizability of the study. Nomological validity will be established by investigating the final impact on the firm's performance.

This study proposes, if firms have a higher level of abilities to identify opportunity from the changing demands of the customer, technological advancement, and activities from competitors, then firms will increase the level of adaptability and embrace changes. This behaviors of entrepreneurial firms make them proactive and take decision rapidly. They get more benefit from their innovative behavior by initiating a new strategy and sometimes by establishing a new venture. Likewise, affluent dynamic managerial capability facilitates firms to commit less-risky recourse for their new firms. They respond based on customer demand and often analyze challenges from customer perspectives. This practice leads firms to create and protect the idea, and further develop strategic plans from it. A new idea is always appreciable to deal with new and complex challenges. Entrepreneurial firms are optimistic, and systematic seizing capability enables firms to patronize competitors and possess new opportunities. This study also proffers that the transformation capability of entrepreneurs is directly related to low level of codification of routines in the organization. Entrepreneurial

firms are resources constrained, especially in emerging economies. Assets orchestrations and resources bootstrapping are pivotal to achieve maximum output. Higher changes in the organizational routine might bring severe failure and question sustainability. Entrepreneurial firms often lead by the founder/owner, hence the practice of centralized decision-making process are appreciated (Mostafiz et al., 2019). These small firms get frustrated soon and do not learn from failure. They also showed proactiveness to exit from wrong strategic choices.

Future research could be benefitted from the empirical investigation of this study by comparing different industries from different economies through using structural equation modeling (Sharif, Mostafiz, & Guptan, 2018) or by applying PLS-SEM (Mostafiz, Islam, & Sharif, 2019). Incorporations of multiple industries contribute more profound insights into the body of knowledge. Since the study considers entrepreneurial firms, the importance of dynamic managerial capability and firm's dominant logic in such firms are immense. More action research is required by adopting multi-level analyses, which will provide plausible implications for the managers to simultaneously leverage the dominant logic to achieve superior performance.

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