

TALLINN UNIVERSITY OF TECHNOLOGY

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**Building the Dynamic Capabilities of SMEs in the Field of Food
and Beverages in Nigeria: The Case of CcHUB in the Lagos
Entrepreneurial Ecosystem**

Master's thesis

Technology Governance and Digital Transformation

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

This study examines the role of CcHUB in building dynamic innovation capabilities of SMEs in the food and beverage (F&B) field in Lagos State. It follows that SMEs in Nigeria's contemporary entrepreneurial ecosystem face fierce competition and obstacles, creating an unfavourable climate and preventing them from matching performance levels. Centring on the dimensions of Teece's dynamic capabilities (sensing, seizing, and re-configuring), this study answers the question: Whether and how has CcHUB helped to advance the dynamic capabilities and competitive advantage of SMEs in Nigeria's F&B industry? Second, what are the key preconditions for advancing dynamic capabilities of SMEs in the wider context of an entrepreneurial ecosystem of developing countries? This study adopts a qualitative research method which is a subjective evaluation of the respondents' attitudes, opinions, and behaviour based on emerging questions rather than pre-determined questions. Interviews were relied upon as the data collection instrument, and the data were thematically analysed. The result demonstrated that one key way CcHUB help SMEs learn about new opportunities is via collaborations which they do through a pre-test of emerging ideas and opportunities with the full involvement of these SMEs. The CcHUB fulfils the seizing dimension of Teece's dynamic capabilities framework by weighing opportunity options and choosing the viable ones. To fulfil the reconfiguration aspect of Teece's dynamic capabilities, CcHUB nurtures the organisational culture of SMEs to restructure its resources by building a dynamic organisational culture which can withstand changes, encourage experimentation and promote support and calculated risks.

Keywords: dynamic capabilities, entrepreneurial ecosystem, SMEs, CcHUB, developing countries.

INTRODUCTION

For years now, businesses have been experiencing significant transformation due to uproar environments which come with fierce and intense competition. These events emerged owing to different factors such as market interests, changes in management and technology, the synergy of various businesses, consumers' demands and expectations, suppliers' perceptions, and other factors which inversely or proportionally affect the performance of businesses, particularly Small and Medium-Sized Enterprises (SMEs). SMEs' contribution towards the growth and survival of an economy is vital, which is why their role in a country's economic growth can never be over-emphasized (Morina & Gashi, 2016; Keskgñ *et al.*, 2010). However, studies according to Pisano (2006) discussed that the count of young and small companies should be seen as an indicator of immaturity and vulnerabilities prevailing in the industrial sector or business activities. Mazzucato (2013) has argued that the government has been a major enabler of high-tech innovations which is a necessity for lucrative growth, as opposed to the popular belief that government responsible for hindering economic advancement.

Nigeria is deemed to be among the developing nations of the world. It has found itself in a very significant competitive global market, especially in the food and beverage (F&B) manufacturing sector (Zhou *et al.*, 2021); this is why SMEs are constantly emerging. However, for these businesses to survive, they must first explore and understand the market in its local dimensions to be economically potent and stable. The current entrepreneurial ecosystem in Nigeria places much rivalry and hurdles ahead of SMEs, thereby making the environment imperfect and deterring them from surviving the competitive market, considering their scaling capabilities (Beugré, 2016). In the specific case of developing countries, the business environment is affected by factors such as financial constraints, management deficiencies, infrastructural lag, socio-cultural problems, and multiple taxation (Agwu & Emeti, 2014). Also, OECD (2015; 2017) blamed these factors stated by Agwu & Emeti (2014) that affect the business environment on inadequate investment to complement knowledge-based assets like research and development, human resources, process innovation

and organisational change of SMEs alongside the inability of SMEs to transform technological changes into productivity and innovative-led growth. This explains the high SME mortality rate in Nigeria as only 5 to 10% of SMEs that emerge strive, survive, and attain maturity in their first 5 years of emergence (Etim *et al.*, 2022). To address this situation, the Lagos state government set up a network of public and private professionals, leading to the establishment of the Co-Creation Hub (CcHUB)¹ in 2011. CcHUB is the foremost open living laboratory established for social tech multi-purpose functions where technologists, social entrepreneurs, technology firms, impact investors, hackers, and the government co-create solutions for different businesses to solve social problems in Nigeria.

This thesis relies on the dynamic capabilities theoretical framework developed by Teece (1997) and on the Nigerian entrepreneurial ecosystem perspective developed by Ejo-Orusa (2019) to demonstrate how an SME in Nigeria can sense, seize, and transform to achieve a competitive edge while being part of the specific entrepreneurial ecosystem and business environment in Nigeria. In more detail, the dynamic capabilities framework by Teece (2007) provides the basis to understand how SMEs can build their dynamic capabilities amidst a challenging business environment. This is especially in situations where SMEs lack the potential to put their capabilities to use. This is because Teece redefined the distinct skills, procedures, decision rules, processes, organisational structure, and disciplines needed to create an entrepreneurial enterprise with superior long-term business performance (Teece, 2007). The redefinition of dynamic capabilities depicts sustainability, emphasising how a firm can sustain its performance in a contemporary intense competitive environment. Teece's dynamic capabilities framework is built upon the ability to sense opportunities, then mobilise resources to follow up the sensing, and develop an organisation's resources to align with future opportunities, referred to as configuration or transforming (Teece, 2007, 2012). However, the framework that directs the actions or activities of the EE, according to Ejo-Orusa (2019), consists of the following elements: national culture, local manufacturing of machinery and equipment, science and technology policy, education and human capital

¹ <https://cchub.africa/>

development, scientific and technological literacy, enterprise support network, financial institutions, physical infrastructure, legal system and property rights, and economic development policies. Hence, the concept is useful to explain that the context-specific challenges faced by SMEs in Nigeria could be overcome by cooperation and collaboration between different system stakeholders and by the specific institutional structures for the respective purposes (in this case, by CcHUB).

Research Questions

The thesis primarily aims to explore the functioning of network-based business support structures (such as CcHUB) in developing countries' context while advancing the SME's competitive advantage and the respective capabilities in traditional industrial areas based on the case of the F&B industry. The specific interest concerns the congruence between these organisational solutions and the wider institutional context prevalent in developing countries. Hence this thesis provides answers to the research questions below.

1. Whether and how has CcHUB helped to advance the dynamic capabilities and competitive advantage of SMEs in Nigeria's F&B industry?
2. What are the key preconditions for advancing dynamic capabilities of SMEs in the wider context of an entrepreneurial ecosystem of developing countries?

Sequel to the introduction, this study is followed by four chapters. The first is the theoretical literature necessary to build the framework that will guide the study. The second chapter is the methodology which stipulates the steps taken for data collection and analysis. The third chapter is the empirical analysis which provides an overview of the background information about the case (CcHUB and SMEs attached to them in Nigeria), and presents the key perceptions of the key actors of the entrepreneurial ecosystem in question about the key impacts of the CcHUB. The study conclusion and recommendation are presented in the last chapter.

1. LITERATURE REVIEW

1.1 Dynamic Capabilities

Dynamic capabilities (DC) are viewed from different dimensions, but Teece *et al.* (1997) simplified how DC is understood. They described it as a company's capacity to integrate, build, and reconfigure its competencies (internal and external) to adapt to rapidly changing circumstances. The idea behind dynamic capability comprises a firm's strategic and structural routines and how it leverages its resource to align with the market's changes, declines or evolvement (Eisenhardt & Martin, 2000; Ahmed *et al.*, 2019).

DC can also be viewed as intricate routines where existing technologies are frequently deeply entangled with user lifestyles, practices, business models, value chains, organisational and institutional structures, and legislation in existing sectors (Markard *et al.*, 2012). This implies that a firm's survival depends on not only its internal assets but also its external environment where the firm exists. This may present significant obstacles that prevent businesses from implementing changes, particularly during the transition processes. Thus, businesses must develop incisive strategies to address these obstacles, so investing in and developing DC can be crucial (Strøm-Andersen, 2019). According to Teece *et al.* (1997), DC can be systematically classified into three major categories:

- 1. Sensing capabilities:** This refers to businesses' ability to examine their internal and external environments to identify opportunities and risks. This category demonstrates how businesses attempt to observe, understand systematically, and access customers' needs and the products required to achieve these needs. The foundation of DC is the established organisation's ability to recognise opportunities that others have not and to motivate and inspire the strategic partners and the employees to devote resources to take advantage of available opportunities (Baden-Fuller & Teece, 2020).

- 2. Seizing capabilities:** This refers to the procedures and frameworks that make it possible for firms to profit from these opportunities presented by sensing. According to

Dejardin *et al.* (2022), DC, through seizing, helps a firm assess its level of innovation in trying out new opportunities by developing a product that matches the situation.

3. Reconfiguring capabilities: This refers to the continuous strategic alignment and realignment of resources (whether actual or intangible) driven by market changes. Considering the unstable global market atmosphere, this entails and looks at how resilient a firm is. According to Dejardin *et al.* (2022), firms must be capable of reconfiguring their structure and employing personnel with vast skills. In accordance with organisational goals, the employees cooperate with other organisations to promote strategic actions (Vahlne & Jonsson, 2017).

Therefore, sensing, seizing, and transforming are the components that make up the DC. Figure 1 shows Teece's DC framework.

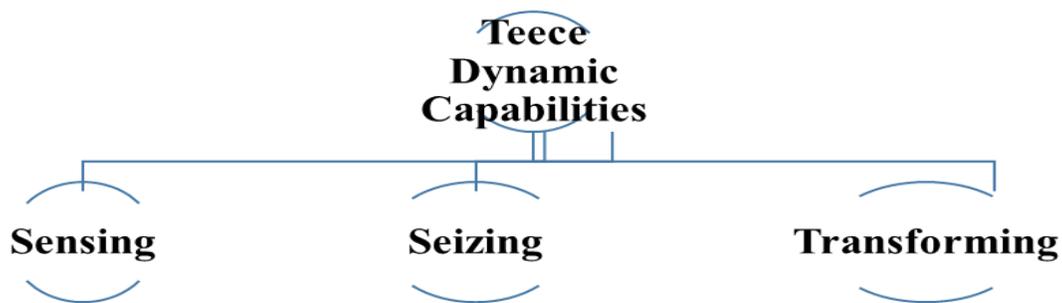


Figure 1: Dynamic Capabilities framework by Teece

Source: Teece (2007)

It takes the efforts of a few eminent groups to implement and operationalize DC and to describe its functionality and applicability. The resource management and operations management groups (Wang *et al.*, 2018; Monteiro *et al.*, 2017) are crucial to the generally recognised DC processes, including integrating, leveraging, reconfiguring, coordinating, and learning (Teece *et al.*, 1997; Barrales-Molina *et al.*, 2013; Dabi *et al.*, 2019). As a result, using DC as a strategy has become more prominent across the strategic management spectrum (Arend, 2012).

DC helps in foreseeing new opportunities within a business environment and how the resources of a business are converted into valuable assets alongside the organisation's tangible and intangible capacities (Lovingsson *et al.*, 2000; Easterby-Smith *et al.*, 2009; Lucianetti *et al.*, 2018). This value-creation process is vital in exploring the opportunities that support the effectiveness and efficiency of an organisation's newly developed products. On this ground, the dynamic resources of a firm translate to its capabilities which help in the creation, expansion, and intentional modifications of its available resource base. Therefore, changes and ultimate advancement of innovation which help a firm adapt to its changing environment are facilitated by these resources (Zollo & Winter, 2002; Zahra *et al.*, 2006; Winter, 2003; Helfat *et al.*, 2007; Dabić *et al.*, 2013). Some factors determine whether DC reflects an integral of increased performance (Wilden *et al.*, 2016; Baia *et al.*, 2019; Vrontis *et al.*, 2020). The foremost phase of the DC approach emphasised a proportionate relationship between a firm's DC and its performance ability (Teece *et al.*, 1997; Makadok, 2001; Maley *et al.*, 2020). Also, a shared assumption exists of Resource Base View (RBV) on how firms' resources are rare, valuable, and hard to imitate (Teece *et al.*, 1997). Hence, a proportionate, sustainable competitive edge drives organisational performance due to DC implementation (Singh *et al.*, 2019; Ferreira & Fernandes, 2017).

The factors that propel DC can determine its success or serve as a barrier to DC. First is the managerial vision, which helps predict technological trends and how a firm can align its capabilities to them (Hargadon, 2002). The second factor is a company's capacity to access the knowledge required to promote effective DC. When the structural flexibility of the firm empowers people within a firm, it becomes easier to build links that help them reach distant domains of knowledge across different sectors (Hisham, 2010). The third factor is to build a stakeholders' network. This is important because expanding communities of stakeholders help cope with turbulent period and ensures success through collaborations with suppliers, distributors, and customers (Hargadon, 2002). The last is collaboration which is important for businesses to find new and better solutions to problems which businesses face.

1.2 Entrepreneurial Ecosystem

The writings of Hannan & Freeman (1977) and Aldrich (1979), which define the ecological viewpoints that affect entrepreneurial and business analysis, are the foundation of the Entrepreneurial Ecosystem (EE) framework (Roundy & Fayard, 2018). Hannan & Freeman (1977) and Aldrich (1979), who concentrated on how new company ventures are influenced by their environments' micro-processes (Aldrich & Martinez, 2001), were the first to present the idea of EE. A distinction between "munificent" and "un-munificent" business environments can be drawn within the concept of EE. A munificent environment is one with enough role models and an economy that is diversified, has skilled human and material resources, a strong financial community, rich infrastructural facilities, favourable government policies that help entrepreneurial growth, and rich culture which provides support to entrepreneurs (Roundy & Fayard, 2018).

Studies such as Stam & Van-de Ven (2019); and Theodoraki & Catanzaro (2021) have shown the need to reconcile EE as a concept (Stam & Van-de Ven, 2019; Theodoraki & Catanzaro, 2021). An instance is Brown & Mason (2017) that see EE as the collection of entrepreneurial actors, organisations, processes, and institutions which mediate, connect, and oversee the activities of their local EE on a formal or informal basis. Stam & Van-de Ven (2019) opined that EE comprises interdependent actors and the factors that facilitate and impede entrepreneurial success within a specific territory. Also, Spilling (1996) in Roundy *et al.* (2018) emphasised EE as the interaction between entrepreneurial agents, their contextual features, and their role towards influencing regional entrepreneurial performance. The understanding of EE implies that no singular actor within the EE can survive independently without relying on others, which shows the importance of EE.

Studies have found it necessary to address the impending challenges that come with emerging subject matters thereby looking above just the conceptualisation of the factors that determine the functions of actors in an ecosystem to providing a clear meaning to EE (Roundy et al., 2018); specifying the core components of EE (Brown & Mason, 2017), and also setting the boundaries for the conceptual knowledge of EE across the system of regional innovation,

innovation districts, business ecosystems, and industry clusters. Some empirical studies established that regions with high entrepreneurship concentration have vibrant EE that creates initiatives, products, innovations, and novel ventures (Saxenian, 1990; Feld, 2012; Carayannis *et al.*, 2016; Spigel, 2017).

To summarise this, several studies have given significant insight into EE, emphasising the main features and importance of the links connecting the actors in the system (Roundy *et al.*, 2018). However, some questions still need to be answered, irrespective of the progress recorded by prior scholars of EE (Fisher *et al.*, 2017). An instance is Spigel (2017), that identified the existing gaps in the literature on EE, positing that the ecosystem theory tends towards being a conceptual framework that accommodates the collection of entrepreneurs in a particular geography than being the theory that emphasises how EE functions. Audretsch *et al.* (2015) stressed the necessity for studies on EE that take cultural and economic policy components into account, with these components being considered as best practises within an EE, in order to close this gap. Because there is an ongoing need for research on interactions involving multiple organisations and levels, it is essential to continue to analyse EE relationships (Stam, 2015; Audretsch & Belitski, 2016). Due to their unique challenges, this is more important in developing countries like Nigeria. For this research, the focus is on Nigeria; thus, there is a need to gain insight into the situation and components surrounding EE in Nigeria.

1.3 Factors Affecting Functioning of Entrepreneurial Ecosystem

EE is founded on three pillars in the case of developing nations. These pillars address the difficulties brought on by the absence of a local institutional framework. The first pillar is the regulatory one, which consists of rules, laws, and other forms of entrepreneurship support. It also establishes the legal bound and "rules of the game". The second pillar is normative, which supports the societal values, beliefs, and standards that direct people's behaviour individually and collectively. The "common logics of action," which people and companies use to understand the information at hand, formulate their expectations of the results of their conduct, and choose market strategies, thereby making up the third pillar, the "cognitive"

pillar. The three pillars jointly alter the behaviour of interrelated economic actors in the ecosystem, including businesspeople, policymakers, investors, and banks, towards either productive or unproductive entrepreneurship (Brown & Mason, 2017; Stam, 2017; Leendertse *et al.*, 2020).

Regulatory Pillar

The regulatory pillar shapes the risk level associated with establishing and launching a business and facilitates an impending entrepreneurial activity (Stenholm *et al.*, 2013). This is because formal contacts with economic agents are regulated by regulations set out by the government (Baumol & Strom, 2007). The regulatory pillar might alter the depth and range of resources made available by the government to business owners, encouraging unproductive entrepreneurship. Studies empirically carried out in line with entrepreneurial influence; enlarged government support in forms of reduced start-up cost and low taxes; and good structured entrepreneurial network and high growth rate has shown that entrepreneurs with government support exhibits high productivity in the EE while those with little or no government support are less productive (Malecki, 2018).

Cognitive-Institutional Pillar

This pillar is a framework that entrepreneurs use to store, produce, and analyse information and integrate knowledge of reality, natural conditions, schemas, references, and scripts particular to the socio-cultural environment of a particular city (Audretsch *et al.*, 2021). Changes in the production, dissemination, and interpretation of information may impact an entrepreneur's cognitive capabilities. The acquisition of cognitive frameworks is facilitated by social interactions (Bruton *et al.*, 2010). Thus, if people can recognise the availability and readiness of information and take advantage of new opportunities, they might be motivated to be part of a high-growth entrepreneur activity.

Normative Pillar

This pillar uses a combination of societal values, beliefs and standards to influence social conduct. They are often considered the normal conducts that underpin corporate aims and

objectives, such as those set by social networks of proximity (family & friends), the association of professionals, and commercial groups (Bruton *et al.*, 2010). Social group beliefs and values impact entrepreneurs' intentions to the extent that they convey a message about relative desirability concerning their activity to personal entrepreneurs. These opinions could be a part of a larger context of how the national culture can influence social references (Stenholm *et al.*, 2013). Social companies, government organisations, associations and co-operatives are a few examples of the wide and important sets of economic factors that significantly influence societal beliefs, values, and conventions (Johnston & Blenkinsopp, 2017).

It is said that cultural values, such as people's preference for working independently other than working in groups, their willingness to accept disparity and endure risk, and how they value assertiveness, competitiveness, and success, encourage creative thinking and entrepreneurial culture (Kreiser *et al.*, 2010). Differences across cities and regions may encourage entrepreneurship because they strengthen independent behaviour and produce a favourable view of uncertainty (Bowen & De Clercq, 2007).

1.4 Connecting Dynamic Capabilities and Entrepreneurial Ecosystem

The DC stresses the "opportunity" concept, according to which a company's performance is correlated with its capacity to recognise and weigh up opportunities (Eisenhardt & Martin, 2000). By fine-tuning current competencies or developing new ones, DC enable organisations to sense by grabbing opportunities via rearranging its resources (Harreld *et al.*, 2007). Other explanations for returns and competitive advantage concentrate on how businesses produce monopoly rents or Ricardian rents, which are rents connected to the means of production (i.e., rents linked to market power, like industrial organisation economics). DC relies upon Schumpeterian rents, or that of the entrepreneurial, which go to businesses that produce innovations and take steps to find, develop, and weigh up opportunities from new markets (Lee & Slater, 2007). Furthermore, to the resources of an enterprise, Schumpeterian rents come from their capacity for entrepreneurial behaviour, self-

reconfiguration and transformation following new opportunities brought about by shifting environments (Teece *et al.*, 1997).

The question of when these gaps originate is brought up by the claim that variances in different firms' performances are related to variations in dynamic capabilities among enterprises. Processes and paths all have an impact on how dynamically an organisation can operate, according to Teece *et al.* (1997). Processes are the business's routines, activity patterns, or "how tasks are done" (Teece *et al.*, 1997). A company's capabilities comprise integration, learning, coordination, and reconfiguration processes (Teece *et al.*, 1997). Nevertheless, these procedures and those of firms' capabilities are determined by the firm's position (signifying the specific assets endowment of the firm, including its intellectual and technological properties) and the direction the organisation has taken. Firms can learn about new opportunities directly or indirectly by analysing competitors' products and services and analysing their external or environmental factors, such as geopolitical events, technological and scientific developments, economic conditions, and climatic change, as attention to these factors will help a firm create and re-create winning strategies and brands (Chehtman, 2022). In the following section, a firm's capabilities are impacted by its place in an ecosystem.

1.4.1 Entrepreneurial Ecosystem & Sensing

The sensing capabilities of a new enterprise include the capacity to find marketplaces locally and internationally, search and investigate the market activity, acquire data to gauge client preferences and record employee ideas (Kindström *et al.*, 2013; Day, 2004). Entrepreneurs can detect opportunities in the market through sensing, which is connected to the attention a firm attracts and its perceptions (Teece, 2007). Identifying, building, and gaining access to opportunities related to customers' problems and what they want is known as sensing (Teece, 2014). Sensing is done by engaging in activities like joining professional associations, researching information on shifting customer demands, studying successful businesses' best practices, and analysing economic data collected for environmental and operations purposes (Wilden *et al.*, 2013). The main processes: searching and learning, have impacted a company's sensing skills (Zott, 2003).

The search for awareness of fresh opportunities is the foundation of a firm's sensemaking ability (Roundy, 2017). In thriving EEs, some factors make it more likely for people to partake in entrepreneurial research and improve their research talents. By treating it as legitimate, increasing entrepreneurs' reputations, and promoting risk-taking, creativity, and opportunity pursuit, an active EE has a culture that favours entrepreneurship (Isenberg, 2011). Also, by encouraging entrepreneurship, the culture embedded in a working EE place emphasis on values and norms like "giving to an ecosystem before taking," "favour cooperation with participants of an ecosystem over competition," and "being inclusive by encouraging and introducing new members into the ecosystem" (Isenberg, 2011; Feld, 2012). The basic rules that form the interaction in an EE influence the participants (Roundy, 2016). This is further reinforced by the rise in the viability and acceptance of entrepreneurship-related activities; these cultural norms also motivate ecosystem players to pursue entrepreneurship, which entails looking for emerging opportunities. An atmosphere ripe for entrepreneurial seeking and that encourages entrepreneurial sensing is created by a culture that helps EE thrive. Hence frequent engagement in sensing helps increase the proficiency of an entrepreneur (Baron & Ensley, 2006).

The traits of thriving EEs are not limited to entrepreneurs' propensity to look for new possibilities but also strengthen their capacity to find new opportunities. An essential component of a healthy EE is the ecosystem participants' human capital (Isenberg, 2010). Knowledge is acquired via education and training, then the experience becomes the human capital. Roundy (2017) held that knowledge obtained from starting businesses, selecting top early-stage talent, and creating the daily organisational activities required to expand new businesses constitutes entrepreneurial-specific human capital. Due to the high density of entrepreneurs in a dynamic ecosystem, the human capital that constitutes education and training is readily accessible (Isenberg, 2010). Additionally, vibrant ecosystems have a pool of non-entrepreneurs that consists of knowledgeable employees with the training and resources needed by start-ups and many other early-stage companies as board members and advisors (Isenberg, 2010; Spiegel, 2017).

Ecosystems are frequently envisioned as a constellation network of relationships between people (such as mentors, entrepreneurs, and organisations) and other people, which are fundamental to EEs. The breadth and interconnectedness of a network comprising entrepreneurs, investors, consultants, and supporters is a major distinction between a community of non-entrepreneurial businesses and a thriving EE (Case & Harris, 2012). Entrepreneurs benefit from the well-developed social network of lively ecosystems because they facilitate knowledge exchange between sources from outside EE and the EE participants (Spigel, 2017). Such ecosystems increase knowledge transmission effectiveness within the community, enhancing the effectiveness of entrepreneurs' quests (Zott, 2003).

1.4.2 Entrepreneurial Ecosystems & Seizing

Taking advantage of the perceived opportunities relying on just sensing or looking for opportunities is never enough. Emerging businesses also require the capacity to "seize", that is, weighing the sensed opportunities after identifying them, and this entails an investment into necessary tools, materials, and other complementary assets that can help create long-lasting business models that align with those opportunities (Chesbrough, 2010; Teece, 2010). Utilising resources that help address and create opportunities and reaping the benefits of these endeavours are known as seizing (Teece, 2014). Entrepreneurs assess their current and emerging capabilities while pursuing opportunities and spend money on "relevant technological designs that will most likely acquire marketplace adoption" (Teece, 2007; Wilden *et al.*, 2013). The key resources or factors that can help boost entrepreneurs' ability to seize opportunities are entrepreneurship support services, the availability of workers with an entrepreneurial mindset, and human capital development.

A variety of assistance programs that can help entrepreneurs launch and expand their businesses in working EEs exist (Goswami *et al.*, 2018). Support groups like incubators, accelerators, with company development centres are among these offerings (Roundy, 2017). Support groups help business owners create a successful organisation around a perceived opportunity in different ways. According to Spigel (2017), support organisations frequently give entrepreneurs access to essential professional services, like legal, insurance, technology

services, banking and accounting services, with experts who are well-experienced when it comes to working with entrepreneurs while tailoring their services or/and compensation to match with the business early-stage operations (Isenberg, 2010). Additionally, support organisations frequently offer essential early-stage resources, like IT and other services, for a lower cost (Hackett & Dilts, 2004). Support organisations also increase entrepreneurs' capacity to exploit chances by connecting business owners with resource providers like professionals who are mentors and investors who possess the human capital for entrepreneurship. Entrepreneurs acquire the expertise and human capital necessary to develop and seize up new businesses through interacting with support organisations' employees, investors, and mentors (for instance, via programs designed for business model development). Through these encounters, entrepreneurs are acquitted and exposed to EE's cultural values, like "give to an ecosystem before taking" and showing regard to the other ecosystem members, enabling them to engage the ecosystem's community.

EEs frequently have a large pool of people with entrepreneurship-focused human resources. People exit these great organisations within the ecosystem because they are fed up with their bureaucracy and start new businesses based on opportunities they perceive (Neck *et al.*, 2004). Some people joined the ecosystem with the status of business owners. Apart from entrepreneurs, thriving ecosystems have an abundance of people with the skills required to work as workers for start-up businesses and the required knowledge to act in the capacity of advisors or board members for early-stage initiatives (Spigel, 2017).

1.4.3 Entrepreneurial Ecosystems & Reconfiguring/ Transforming

The approach of DC asserts that after identifying opportunities and subsequently taking advantage of them, businesses must continuously update and reconfigure their available resources and procedures in line with the constantly changing environment (Teece *et al.*, 1997). Also, their available resources must be reconfigured because they lose value as rivals tend to imitate them while the markets change. Entrepreneurs must therefore be able to adjust their business model, ventures' assets, and capabilities to consider shifting market conditions to maintain profitability (Harreld *et al.*, 2007). Because businesses grow accustomed to their

routines and become rigid over time, reconfiguring could become problematic. Frequent significant changes to business models are needed to maintain a competitive advantage linked to a given opportunity (or collection of possibilities). Entrepreneurs occasionally need to significantly reconfigure in reaction to environmental changes and shock (Kindström *et al.*, 2013). Entrepreneurs participate in actions like establishing new management practices, updating marketing strategies, implementing new procedures for businesses, or using alternative methods of reaching goals and targets during reconfiguration (Wilden *et al.*, 2013).

EE has forces that increase a venture's capacity to recognise when reconfigurations are required and to implement the appropriate operational modifications (Teece *et al.*, 1997). First, owing to the quantity of innovative lead users in the EE, entrepreneurs in thriving EEs are likely to form creative companies based on "leading edge" technology. Entrepreneurs could also be aware of technological developments and changes in consumer wants and preferences because they receive input from these users. Because of the presence of timelier market information in dynamic EEs, it becomes easier for entrepreneurs to know when their company models, goods, processes, and resources must be adjusted (Teece *et al.*, 1997). For entrepreneurs, the capacity to "apply" new configurations is just as crucial as recognising their necessity. They must also take advantage of these possibilities, as more than understanding the need for this opportunity is needed (Zott, 2003).

The place of government support in helping SMEs in the EE as it concerns reconfiguration must be considered. SMEs in an ecosystem that have received additional government support are better positioned to be more productive and to grow than those with no support (Malecki, 2018). This explains the place of government in supporting dynamic capabilities. This support comes in the form of grants to small businesses that are just starting and struggling or need to expand their scale of operations; some receive periodic tax holidays, which can increase the amount of profit a business plugs back into its operations for growth; and overall, help increase ease of doing business within an ecosystem which encourages emerging businesses in an ecosystem or an economy at large. By doing this, the goals set forth by Ejo-Orusa (2019) to maintain a vibrant EE are accomplished, including the availability of skilled

human resources, the development of vital infrastructure, the creation of institutional structures that support SMEs and their innovative capabilities, the enhancement of national culture, among others.

1.5 Conceptual Framework

The conceptual framework of this study is drawn up as shown in Figure 2 below.

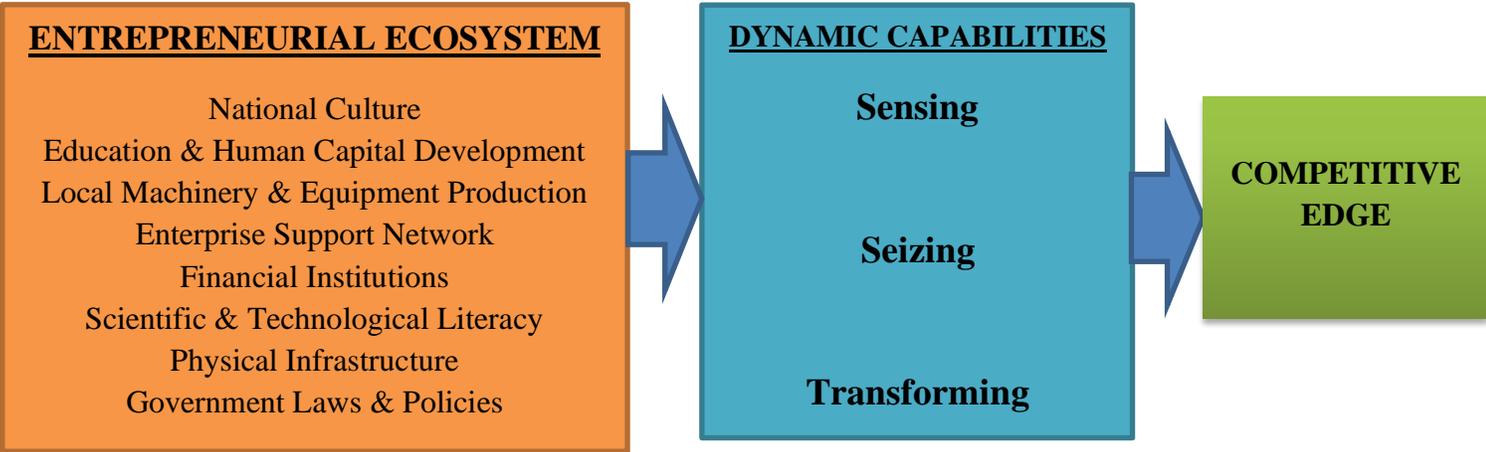


Figure 2: Conceptual Framework Source: Ejo-Orusa (2019) & Teece (2007)

The EE in Nigeria’s case specified by Ejo-Orusa (2019) in figure 2 is a clear indication of the regulatory, cognitive and normative factors that characterise an EE.

First, SMEs need an enabling environment to strive for their businesses. The key factors here are supportive infrastructural facilities and a supportive financial environment the government provides through a favourable tax system. Also, there are guidelines by the government that regulate the operations of SMEs to ensure they do not violate customers right and protects the rights of SMEs from being violated. These guidelines are stipulated in government laws and policies guiding the activities of SMEs within an ecosystem. Through these activities, the government regulates the EE, which outlines the position of the regulating pillar. Secondly, the cognitive-institutional pillar is crucial in the EE to guide in storing, producing, and analysing information, and it also reflects the advancement of human capital and the level of scientific and technological literacy in the EE. It also integrates knowledge of reality, natural conditions, and schemas specific to any system's sociocultural environment

(Audretsch et al., 2021). Culture is inevitable in any system as it helps explain people's way of life, which is then transmitted into business, thereby making the dissemination of information possible. Other factors such as Education and human capital development, and scientific and technological literacy make information dissemination easier and enhance social interactions.. This is because they help create the conscious intellect needed for a business. Lastly, the normative pillar framework combines the societal values, beliefs and standards that influence social conduct stipulated by the regulatory and cognitive pillars.

The state of an ecosystem can impact the DC of an organisation if well harnessed. The first key component of DC is sensing, which is the ability of a business to detect innovative opportunities. The prerequisites for sensing, according to Wilden et al. (2013), include joining professional organisations, learning about changing consumer expectations, researching successful companies' best practices, and examining economic data gathered for environmental and operational goals. The resources needed are found within the EE, which includes education and human capital development, and scientific and technological literacy, as specified in figure 2. By seizing, SMEs evaluate the opportunities that are available to them and then invest in the appropriate equipment, supplies, and other supplementary assets that can aid in developing long-lasting business models in line with those prospects (Teece, 2010). The resources that ensure seizing are entrepreneurship support, ready workers or human resources having entrepreneurial mind-set, and human capital investment. These resources are embedded in the EE through education and human capital development; enterprise support network; financial institutions; and scientific and technological literacy, as specified in figure 2. Configuring which is the frequent update and resource (re)alignment of a business within the EE is the third component of DC. The preconditions or resources needed for it are the establishment of new management practices and marketing strategies, putting new business procedures into place, or adopting alternative methods of achieving goals and targets (Wilden et al., 2013). The EE provides these resources for the SMEs, and the government provides additional support in the form of grants, tax holidays, tax rebates, etc.

This is where CcHUB comes into the scene to help SMEs build their dynamic capabilities by sensing, seizing, and reconfiguring. However, for SMEs DC to be realised, there is no doubt that there are preconditions that must be advanced, particularly for developing countries such as Nigeria.

Summary

This chapter laid the groundwork for understanding how a SME might create its DCs in the context of a challenging EE. It specifically highlighted the situation of developing nations, which are burdened with numerous uncertainties despite the three pillars that address the issues causing lack of local institutional systems, such as government-made laws encouraging entrepreneurship, societal values and beliefs, and economic actors' perceptions. With a focus on the role played by CcHUB to ensure the DC of SMEs is established, this study depicts from the standpoint that the support structures such as CcHUB potentially play a crucial role in developing the dynamic innovation capabilities of SMEs by ensuring they become and remain competitive in a changing environment. Furthermore, the role of the CcHUB alike structures in developing countries seems to be twofold: to support SMEs in building their innovative capabilities, and also to mitigate the disadvantages derived from the wider EE prevalent in developing countries (i.e. disadvantages related to the factors such as National Culture, Enterprise Support Network, Education & Human Capital Development, Financial Institutions, Physical Infrastructure, Government Laws & Policies, and Scientific & Technological Literacy).

2. RESEARCH METHODOLOGY

This section explains the steps taken to answer the research questions posed by this study. It progresses from the research, data collection instrument, data collection process, sampling method, and data analysis.

2.1. Research Method

This study adopts an exploratory qualitative method of research, which on its own is a subjective assessment of the attitudes, opinions, and behaviours of respondents which are based on emerging questions rather than pre-determined questions; also, data are collected and inductively analysed (Creswell, 2014; Ishtiaq, 2019). Following the similitude of exploratory research, this research is carried out to gain better knowledge about an existing problem but may not be conclusive in its findings (Bhat, 2023). An essential aspect of exploratory research is that the direction of the research may change owing to the development of issues. The strength of exploratory qualitative research is that aside from being grounded in theory, it is flexible and can cope with changes as the study advances (George, 2023). However, the limitation of this method is that its outcome may be inconclusive, but the good thing is that it opens new grounds for further research.

2.2. Data Collection Instrument

Interview method was the data collection instrument used. Data collection through interviews is done using oral verbal stimuli, and the replies are oral-verbal responses. This is possible through a person-to-person or telephone interview (Kothari, 2004). For this study, personal interviews, which needed the researcher (or interviewer) and respondents (or interviewee) to have a face-to-face interaction and an online interview via Zoom, were also conducted where necessary. Just as the interview entails, it helped gather data with more in-depth information via open-ended questions that helped the researcher and respondents discuss issues of relevant interest.

2.3. Validation and Reliability of Instrument

The interview questions stemmed from the literature review on the key concepts and theoretical framework of this study. Hence this serves as the validation for the instrument. On the other hand, the reliability of the instrument checks for consistency, and to ensure the instrument is reliable, the researcher first interviewed fellow students and friends to ascertain their understanding of the interview questions and to see if their responses to the questions would be consistent. The outcome of this initial test was good as the people interviewed displayed a good understanding of the questions with consistent responses.

2.4. Data Collection Process

The interview process through which data was collected for this study occurred within 21 days (about three weeks). Consent emails were first sent to CcHUB to seek the organisation's permission to interview their experts regarding the subject matter and provide a lead to access associated SMEs. The respondents were employees from various departments of the organisation with at least two years of experience working with CcHUB and the activities of CcHUB in ensuring SMEs' competitive edge, as well as SMEs in the F&B industry associated with CcHUB, to ensure that the data collected captured its intended purpose. Appendix I contains more information about the respondents' experience, knowledge, and expatriate level.

2.5. Data Analysis Method

A transcription engine was used to convert the audio data into text. Thematic analysis method, which considers cross-section-specific data, was used to analyse the data. This assisted in addressing the study's research questions, and the results were presented in a narrative format.

2.6. Sample Size

The studied population is the aggregate where the sample is drawn. The study population comprises all the employees of CcHUB, which amounts to over 50 employees and SMEs associated with it. Interview sections were carried out on twelve respondents. Nine are

members of CcHUB who, in their capacities, have related with SMEs and could speak about the trend in the growth of SMEs which include Consolidated Food and Beverages, The Place, and Bukka Hut. This research focused on CcHUB's employees and some selected SMEs associated with the CcHUB ecosystem, which, through the management, made themselves available after acknowledging the researcher's consent letter requesting their participation in the research. It was ensured that the interviewed employees had the required experience of the organisation, understanding the basis of DC and how the organisation is helping SMEs build their capabilities to achieve a competitive edge. Some respondents were team leads in various departments, while some were team members. The method is known as availability sampling because it relies on collecting information from research participants who are easily accessible.

The respondents interviewed across the departments in CcHUB comprise 57% male and 43% female; regarding their academic qualification, 28% are BSc holders while 44% hold an MSc degree, and 28% hold a PhD degree. Respondents from the Business Development department accounted for 28.5% of respondents. The research department accounted for 14.3%, the respondents from the administration and operation departments accounted for 28.5%, and respondents from the business-to-business (B2B) department accounted for 14.3%. Respondents from business-to-customer (B2C) department accounted for 14.3% (see Appendix I). On this ground, it is assumed that the researcher retrieved credible information on the subject under examination.

Albeit, going by the methodological choice, which is firmly based on the perceptions of actors whose actions ultimately represent the CcHUB in practice, the interviewees can be biased to demonstrate more positive outcomes.

3. EMPIRICAL ANALYSIS

3.1. Results and Discussions

This section explains the survey's findings in light of the responses provided by the respondents who partook in the study. The results were thematically examined in accordance with the interview questions and under the direction of the current study's research topics.

Illustrative quotations were utilised to support the conclusions after reviewing the findings of the transcribed interviews.

Since open-ended survey questions were served to the respondents, their responses were thematically analysed- the interview questions, arranged in themes, produced responses categorised under the same themes. Hence, the qualitative data from the interviews produced the below themes:

- Theme 1: CcHUB's role in the entrepreneurial ecosystem.
- Theme 2: The specific challenges SMEs face in the F&B industry that make them turn to CcHUB for help.
- Theme 3: CcHUB and helping to sense the new business opportunities.
- Theme 4: CcHUB and helping to seize the new business opportunities.
- Theme 5: CcHUB and helping to transform the current business models.
- Theme 6: Challenges of an entrepreneurial ecosystem functioning in developing countries and policy recommendations.

In Theme 1, the role of CcHUB in the EE is analysed with emphasis on its ability to provide business support systems to SMEs. In Theme 2, the challenges SMEs face that make them turn to CcHUB for help is analyzed. This further helps answer research question 2 by explaining the key preconditions for advancing dynamic capabilities of SMEs in the wider context of an entrepreneurial ecosystem of developing country like Nigeria. In Themes 3, 4, and 5, the business support systems provided by CcHUB in line with advancing the DC of SMEs is analysed. This helps answer research question 1 about how CcHUB helps SMEs in sensing, seizing, and configuring for the purpose of advancing their DC and competitive

advantage in Nigeria's F&B industry. In Theme 6, the challenges of an entrepreneurial ecosystem functioning in developing countries and policy recommendations is analysed. This is vital as it helps suggest possible solutions to enhance the functioning of EE in developing countries.

In upholding the confidentiality of the respondents, the names of the respondents that represent CcHUB are not mentioned, and their departments are not specified. Instead, they are referred to respondents from departments 1, 2, 3, 4 and 5. Also, respondents from the F&B SMEs that partook in the research are kept confidential.

Theme 1: CcHUB's role in the entrepreneurial ecosystem

Co-Creation Hub, often called CcHUB, is a technology-focused centre in Lagos's Yaba neighbourhood. It was founded by Femi Longe and Bosun Tijani in 2010. It offers a forum for technology-focused individuals and businesses (large and SMEs) to exchange ideas for resolving social and commercial issues in Nigeria (Barnett, 2013). Bringing businesses together for this purpose makes CcHUB an ecosystem of business in Lagos, Nigeria. In September 2011, it was formally inaugurated with its location at Number 294, Herbert Macaulay Way, Yaba, Lagos, to serve and act as an innovation centre and an open living lab committed to encouraging the use of technology and social capital for economic growth. The methodology used by CcHUB is predicated on involving collective progressive stakeholders (end users, academics, businesses, government agencies, subject-matter experts, and civil societies) that contribute their creative efforts and knowledge towards co-creating solutions that will address the social challenges Nigerians (especially businesses) face daily (CcHUB, 2016). The CcHUB's pre-incubation and research unit provides funding, advice and mentoring to assist entrepreneurs with innovative ideas. As one of Africa's few financially stable SME innovation clusters, the CcHUB is considered a home for various Nigerian SMEs or start-ups (Kazeem, 2015).

To comprehend CcHUB's function in the Lagos entrepreneurial ecosystem fully, it is crucial to remember that entrepreneurship can be seen as being at the heart of economic development and wealth creation in Third World Countries like Nigeria. Ejo-Orusa (2019) noted that at

any given time, entrepreneurs face forces that hinder their progress at any given time, thereby repressing innovation that can potentially bring about economic development. If these forces are not eliminated, a country will not move to attain a higher technological and economic threshold or positive change.

Analysing the Nigerian EE is drawn to the macro environment of Nigeria with the three specific steps given by Ejo-Orusa (2014), which relate to the three dimensions of DC. They are: identifying dimensions of Nigerian EE, assessing the positive or negative impacts of the dimensions, and re-inventing these dimensions to align with the enterprise culture, thus promoting entrepreneurship.

First, CcHUB must be understood regarding what it stands for and its activities in EE. A peculiar response from the respondents is their collective view of CcHUB's aims, objectives, and innovation. Drawing from their view, CcHUB came into existence to meet the need of organisations in the private and public sectors who find it challenging to create new ideas to solve their business predicaments. Respectively, CcHUB is expected to:

1. Be a hub of innovation and provide businesses with technological applications to address the problems of businesses.
2. Facilitate problem-solving ways through creative thinking and intelligent technological application.
3. Deliver smart innovations based on human-designed approaches from experts, thus transforming ideas into fast-selling products.

In addition, the respondents collectively attested that CcHUB is a public-private organisation. Aside from being open to private and public organisations, it is also partly funded by the Lagos state government.

Given a typical Nigerian situation, Ejo-Orusa (2019) gave the dimensions of EE as shown in Figure 3 below. Results drawn from the respondent's responses show the interconnectivity between the components of the EE and how CcHUB combines these components to build the dynamic capabilities of SMEs.



Figure 3: EE Framework

Source: Ejo-Orusa (2019)

Within an ecosystem, the culture, which is a way of life in the ecosystem, must be presented and understood, backed up by government laws and policies which guide the activities of the system to ensure every participant does not bridge the law and the implications of bridging these laws. Many SMEs start their businesses without having a thorough awareness of the EE culture as well as the rules and policies of the government governing the industry where they work. Hence, the CcHUB brings together some of these SMEs at will to form an ecosystem within the larger EE. According to a respondent, this makes CcHUB “*a cluster of firms that accommodate organisations from different industries*”, such as the F&B industry. Regardless of the nature of SMEs from different industries found within the ecosystem, the existence of physical infrastructural facilities which ease the operations of businesses is necessary. Since they tax the income of SMEs, the government is essentially responsible for providing these infrastructure facilities. Hence, in return, the government provides an enabling environment for businesses to operate. Some of the facilities that make an enabling environment are provided by public services, which involve huge payments, and it is the role of the CcHUB to help the SMEs under its ecosystem to get these services at a subsidised rate.

Many SMEs depend on local machinery and equipment for their daily operations, and the food and beverage sector is no exception, as these machineries are necessary for the distribution of their products. However, for these machines and equipment to be used properly, a level of education and human capital development is required for employees to aid their scientific and technological literacy. This is the support CcHUB gives to the SMEs within its ecosystem by working with different educational and research institutes to build human capital development and provide the necessary technologically innovative information for SMEs to grow. This is seen from the testimony of one of the respondents: *“CcHUB partners with various organisations varying from the educational sector, manufacturing, research institutes, training institutes, the service sector and many more with the aim of providing information about business growth and related technological innovations.”*

Capital is inevitable for running a business, so the presence of financial institutions cannot be overemphasised within an EE. Obtaining loans as capital from financial institutions come with a cost (interest on the loan) which may be huge and eventually impacts profits making for SMEs. For government and concerned non-governmental development-related organisations to ease the stress of huge loans provided by financial institutions, they provide enterprise support to these SMEs. Peculiarly, government further gives tax holidays to them. SMEs inside CcHUB's ecosystem receive the essential support by being instructed on how to take use of this enterprise support service because they are unaware of this information and its procedures, which is the case because they are small businesses.

The teamwork that CcHUB fosters, which is visible in two dimensions, is one of its greatest strengths. First is its collaboration with research organisations and higher educational institutions. Their collaboration with research organisations and educational institutions helps them build innovative competence to foresee business ideas and social problems, translating into innovative opportunities. The second collaboration is with other flourishing companies and social groups operating in the same sector. By bringing businesses together, especially SMEs like Bukka-Hut, The Place, and Consolidate Food & Beverages, this second dimension makes CcHUB a business support system within the EE in Lagos and enables

them to share innovative ideas for business growth and to maintain a competitive edge in the F&B industry where they operate.

With the presence and involvement of some financial institutions in CcHUB's ecosystem, such as LAPO microfinance bank, and Accion Microfinance Bank, the SMEs can receive financial advice to manage their resources. Feedback from another respondent indicated that: *“CcHUB and the Lagos state government collaborate with other actors such as Zinox Computers Ltd, which is a leading local producer of computer systems in Nigeria, and Sidmach, a software development company to bring innovative tech ideas that can work for different businesses”*, this shows that CcHUB has a wide range of participants potentially complementing each other's activities.

From the view of a respondent representing one of the F&B SMEs, CcHUB provides a space where they co-work to build a better capacity for business models through mentorship from experts at CcHUB. According to this respondent, *“...within my few years of associating with CcHUB, I will say they aid small businesses like mine to expand our operational capacity through mentorship from their experts and their experience in building better business models.”* It was deduced that since CcHUB has interfaced with and helped several SMEs to grow their businesses, they possess the wealth of experience required to support SMEs within their ecosystem. Another respondent from the F&B industry attested that what makes CcHUB an ecosystem is its ability to bring together small businesses and develop a collaborative platform where they all benefit.

Theme 2: The specific challenges SMEs face in the F&B industry that make them turn to CcHUB for help.

There are core issues faced by SMEs in the F&B industry which made them resort to the assistance of CcHUB. Due to the technological innovation, the world is experiencing a rapid change and digital transformation has become the order of the day both in personal life and everyday business activities.

Hence, little or no knowledge of technological advancement is often a setback and can make a business lag. Results from the respondents reveal that many SMEs, especially those in the

food and beverage sector, lack the technological expertise required to compete in the Nigerian EE. *"The SMEs in the F&B industry associated with us turn to CcHUB for help to boost their technological know-how, especially how to imbibe digital transformation into their business,"* according to a respondent from department 1 in the survey. Besides from the knowledge gap in technological advancement experienced by the SMEs, the EE also requires adequate education and human capital development to enhance their managerial skills. However, the outcome reveals that, regrettably, most business owners in the F&B industry start their companies only based on their ability to provide high-quality food but lack the managerial abilities necessary to run a successful company. Most managers in the F&B industries seek CcHUB for assistance after realising how important these managerial abilities are to running a successful business.

In some cases, despite being technologically inclined with good managerial skills, one big challenge SMEs face in the Nigerian EE and other developing countries is that the financial system discriminates against them. Though financial institutions, particularly commercial banks, are a core part of an EE, these financial institutions' credit policies do not generally favour SMEs. According to a respondent in department 3; *"...one reason SMEs turn to CcHUB is because Nigerian lending policies frequently have stringent restrictions, such as high interest rates and unfavourable payback schedules."* According to this respondent, CcHUB does not have the financial resources to give out loans to SMEs. However, CcHUB provides a surer and safer channel through which SMEs can access loans from formal financial institutions by leveraging their existing partnerships and trust. In terms of the economy, respondents who represented SMEs in the F&B sector acknowledged that the challenging economic climate has led to low demand for SMEs' products, which in turn hinders the development of firms. SMEs managers with little or no experience in how to overcome this poor economic situation associate with the CcHUB ecosystem to help them reconfigure their business processes to achieve better results. Many SMEs in the food and beverage sector have trouble obtaining the raw materials needed for production since larger enterprises are given preference. According to a respondent from department 2: *"... bigger companies dominate the opportunities of getting raw materials."* Also, these bigger

companies, compared to SMEs, are better positioned when it comes to winning contracts, especially government contracts, due to economies of scale. These challenges have pushed lots of SMEs out of business, but those that turned to CcHUB for help have managed to survive.

Responses from managers of SMEs showed that some SMEs find it hard to cope with the pace of changes in innovation indicating poor knowledge of technological know-how. Quoting one of the respondents, “.....*we felt discouraged to cope with the fast-paced changes in innovation.*” SMEs that cannot cope with the pace of innovation, especially technological innovation but want to continue in business turn to CcHUB and align with its technologically innovative progress.

Thus, it is evident that the EE in Nigeria offers several difficulties, some of which are outside the control of SMEs, particularly those in the F&B industry. As a result, they associate with CcHUB to help build their DC to manage, develop, and sustain a competitive edge.

Theme 3: CcHUB and helping to sense the new business opportunities.

Sensing is the first dimension of DC. As emphasised earlier, sensing is a firm’s capacity to analyse its internal and external environments to spot possibilities and threats. It shows how companies monitor, comprehend, and access customers' wants and the products necessary to meet those demands. CcHUB, in its ecosystem, carries out different activities while using its human and material resources to help SMEs in sensing capabilities. The findings of this study revealed through the responses that cooperation is one of the key activities of CcHUB, which is used to develop the sensing dimension of DC. Being a collaborative platform in the larger EE, CcHUB enables SMEs to interact with other bigger firms, thereby fostering collaboration where CcHUB business owners share some common interests. According to a respondent from department 2: “.....*collaboration is one of our key values, and a lot of activities around collaboration are carried out and transferred to SMEs through knowledge sharing amongst business owners, which enable them to share innovative ideas.*” Collaboration in CcHUB comes in different forms. The first is a collaboration of firms in the same line of business; the second is the collaboration between SMEs, and the third is collaboration between SMEs

and bigger companies. In the case of SMEs in the F&B industry, they are expected to work in conjunction with SMEs in the same F&B industry or in other industries. However, the idea is that there will be exchanges of cutting-edge innovative ideas on sensing new business opportunities and how to avert risk. Also, SMEs in F&B partner with more prominent companies through which they can enjoy a broader customer base. According to a small business owner interviewed: “.....relying on the CcHUB digital platform gives me access to opportunities outside of the food and beverage industry.” Thus, the collaboration activities of CcHUB provide both business-to-business (B2B) opportunities by increasing the demand for SMEs’ products and providing a good business-to-customer (B2C) linkage. Besides from ensuring collaboration between businesses, CcHUB also provides consultation services to SMEs on how they can detect and track opportunities through market surveys and by means of affordable marketing tools. According to a F&B business owner; “.....we consult CcHUB experts in the areas of business development to find new opportunities.”

Since CcHUB helps SMEs to build their sensing capabilities through providing material and, most importantly, human resources, the findings demonstrate that CcHUB has created a digital platform that connects SMEs and other companies. New ideas are generated using this digital platform, which produces inventive outcomes. Connections in government parastatals are essential in emerging nations like Nigeria to help increase demand, particularly through government contracts. It would have been a hard task for SMEs in the F&B industry to enjoy a wider customer base in reality since bigger companies are more preferred, but the CcHUB digital platform has made it possible for SMEs in the F&B industry to benefit such customer wide base and government contracts. Additionally, opportunities can be perceived through governmental policies since governmental agencies are actors in the CcHUB ecosystem, their presence offers business opportunities to SMEs by assisting in better understanding and compliance with new, existing, and potential governmental policies. This places SMEs in a better position to take advantage of any opportunities resulting from these governmental policies.

Some respondents, from the CcHUB experts and the SMEs in the F&B industry, are of the view that CcHUB as an ecosystem has trained professionals who closely monitor business

and technological trends across different industries. This further expands the ability of CcHUB to break down a complex sector into small and understandable units to help SMEs grow their businesses. According to a respondent (a business owner), “*information cascaded to us from monitoring the trends in business and technology has helped my business a lot in finding new opportunities like finding new markets and more efficient ways of serving my customers.*” Lessons learned from other businesses have further helped SMEs detect new ways to meet customers’ needs.

Theme 4: CcHUB and helping to seize the new business opportunities.

Seizing is the second component or dimension of DC, and CcHUB plays a role in this regard because identifying new opportunities is not the bottom line but how well those opportunities are utilised by SMEs. Some opportunities may not be viable at a given time, thereby making it risky and a waste of resources to delve into such opportunities. With the availability of many opportunities, CcHUB carried out what experts in the system call a pilot test through which they decide if a certain business opportunity is viable, this is achieved by carrying out short-term tasks alongside table-top exercises. Since government entities are also involved in CcHUB, it is recommended that all relevant parties, including SMEs in the F&B sector, participate fully. The outcome of these pilot tests generate also statistics and reports that help the SMEs to weigh the different opportunities, making the decision-making more evidence based.

Since CcHUB as an ecosystem has experts and analysts from different industries, including the government sector, and with the help of advanced technological tools, it is easier to gather information across these industries and study the growth or decline trends of the identified opportunities. While professionals from various industries share their professional insight into a given trend and the potential opportunities that come with it, professionals from CcHUB combine these insights to make their decision. They then offer advice to SMEs in the F&B industry and other sectors on how to take advantage of or weigh the opportunities. Depending on the circumstances around the decline or growth resulting from the pilot tests of the identified opportunities, CcHUB further aids the SMEs with enablers such as business

workshops and in-house developed technologies that could potentially improve or solve the gaps detected and a retest is done until the trend shows a long-term stable and growth that will be beneficial to the SMEs. Where no resolution is reached, the SMEs are advised to drop those opportunities and examine newer ones that will also be pilot tested. According to a respondent from department 3; *“we don't simply rely on our forecast; we also gather data from related businesses, analyse it, and advise SMEs on the best course of action.”*

Since seizing as a dimension of DC has to do with weighing the opportunity options available to a business and making a choice on which to implement, the ability of CcHUB to carry out a pilot test on sensed opportunities gives SMEs in the F&B industry and other SMEs associated with it the opportunity to make the correct business investment plans that will yield maximum returns to the business.

Theme 5: CcHUB and helping to transform the current business models.

This dimension of DC has the capability of stalling the first two dimensions. This is because it requires appropriate management of human, material, and financial resources. CcHUB performs several functions in helping SMEs build their DC, including those in the F&B sector, who come within this dimension. The first proven and viable role it plays is through collaborations. According to a respondent from Department 3, CcHUB creates viable and profitable collaboration between SMEs leading to resource combination. Quoting this respondent, *“...at CcHUB we provide a platform where SMEs can collaborate, and combine both human, financial and material resources to meet the demand of an opportunity that might be difficult for just one SME.”* In these situations, an SME in the F&B industry has sufficient demand to be met but inadequate resources to scale the operation accordingly. Hence, such SMEs can collaborate with other SMEs in the same industry or the raw material supply chain, combining human and material resources. This collaboration has led to several partnerships between and amongst SMEs. Referencing the case of F&B SMEs, partnerships have been created by pulling resources together to meet high demands; for example, closing the gap of the remoteness of one SME and taking advantage of the proximity of another. Sometimes these collaborations are short-term, while others lead to mergers and acquisitions

amongst the SMEs. The findings from a respondent indicate that one of the SMEs in the food and beverage sector, known as Bukka Hut, has acquired several other SMEs in the similar line of business after strengthening their ability and resources to meet their long-term business objectives. SMEs in the same industry as well as their suppliers were included in some of these acquisitions.

SMEs in the F&B sector can also benefit from CcHUB's assistance by readjusting their business plans as and when required. When there is an opportunity to be leveraged by an SME, aside from collaborating with other SMEs either in the same F&B industry or other industries, experts within the CcHUB ecosystem are consulted. Given the experiences gathered by these experts, they help these SMEs re-strategize. Re-strategizing comes with examining the key performances of the SME; introducing new initiatives which may expand the current business product line or change the market totally, which in turn provides training opportunities for the company's employees so that they are in line with new business strategies. According to a F&B business owner: “.....*CcHUB helps in reshaping our business strategies and training our staffs in line with the new strategies.*” These strategies are dimensioned into organisational goals, metrics and objectives, which are monitored, measured, and evaluated for continual improvement.

In the area of financial resources, there are instances where CcHUB, through its ecosystem, has helped SMEs in the F&B industry to access credit facilities either to meet unpredicted high demands or for expansion purposes. According to a respondent from department 4, “....*we often assist SMEs associated with our ecosystem in sourcing financial resources through the financial institutions that are also associated with us*”. With an emphasis on the fact that only bigger companies are in better positions to obtain loans from financial institutions, nevertheless, CcHUB is committed to continually helping these SMEs access credit by guiding them to meet the needed requirements such as International Standard Organisations (ISO) certifications, e.g., ISO 9001 or facilitate the loan process through financial institutions already associated with CcHUB. SMEs in the CcHUB business support system can access different financial resources through government grants, commercial banks support loans or micro-finance loans. While the government grants come seasonal, and commercial banks

involve complex procedures, the loans from the micro-finance banks proved to be more accessible and sustainable. According to a business owner; “.....*I have tried the different loans channels accessible on the platform of CcHUB, but that of the micro-finance bank is worthwhile and sustainable for my business.*”

The respondent from Department 5 further posited that CcHUB helps to build business models by transforming the organisational culture of SMEs to reconfigure their resources and implement innovations. Quoting this respondent, “.....*at CcHUB, we help SMEs associated with us to nurture their organisational culture to a level where experimentation, promotional support and calculated risks are encouraged*”. This implies that the activities of CcHUB extend to transforming the organisational culture of SMEs.

From the perspective of respondents representing SMEs in the F&B sector, they acclaimed that CcHUB has been pivotal in helping them to remodel their system regarding resources and funding and encouraging a good business culture that is flexible with innovative changes. A respondent representing the SMEs studied said, “.....*from my experience with the CcHUB ecosystem, SMEs are not only open to new business opportunities and easier choice of business opportunities, we are also privileged to source for business funding.*” Another representative attested that CcHUB helps SMEs with similar interests to collaborate, for example to raise the resources needed to implement new business innovations.

There are obstacles that affect and further impede the functioning of SMEs, despite CcHUB's efforts to strengthen the DC of SMEs using examples of SMEs in the F&B industry; these challenges are analysed in theme 6. Despite these challenges, CcHUB has recorded success stories of some associated SMEs. They confirmed the opinions expressed by a few SMEs in the food and beverage industry during interviews by demonstrating the advantages of being a part of the CcHUB support system. One of the SMEs (Bukka Hut) attested that they went from taking about 100 orders daily around 2019 to over 1600 orders at the end of 2022. Another respondent's success story representing an SME (Consolidated Food and Beverages) in the same F&B industry associated with CcHUB attested that the business has expanded from operating in only Lagos state as of 2018 and expanding to four other states in Nigeria.

Lastly, the representative of “The Place”, another SME in the F&B industry associated with CcHUB, attested that the business has gone from operating in only 3 locations in Lagos state before 2019 to more than 20 locations in Lagos presently. Each of these has been represented graphically in the figures below according to the last time CcHUB conducted its statistics on the aforementioned SMEs.

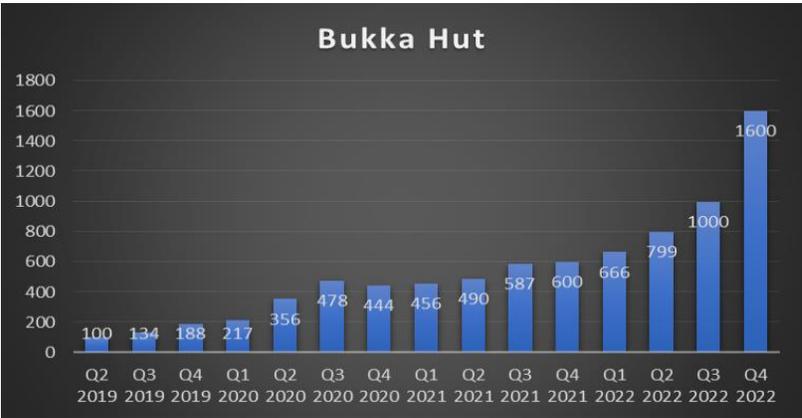


Figure 2.1: Trend in Bukka Hut orders

Source: CcHUB (2023)

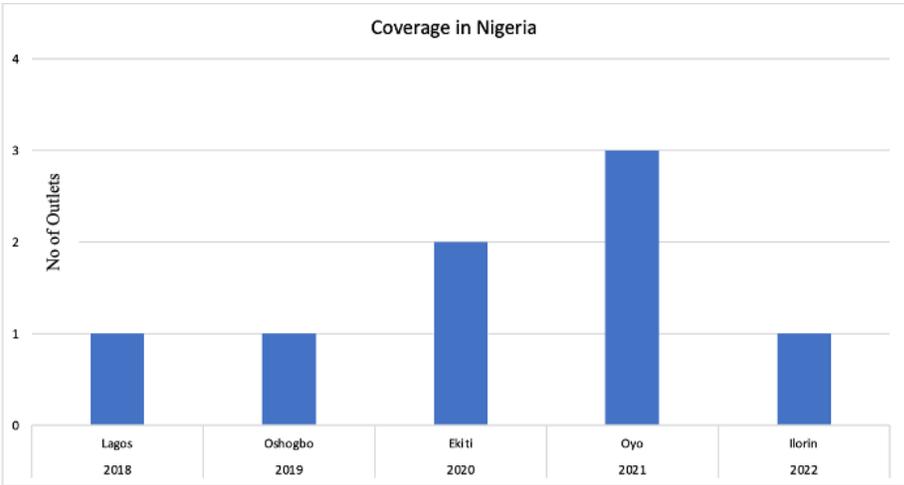


Figure 2.2: Consolidated Food & Beverages coverage

Source: CcHUB (2023)

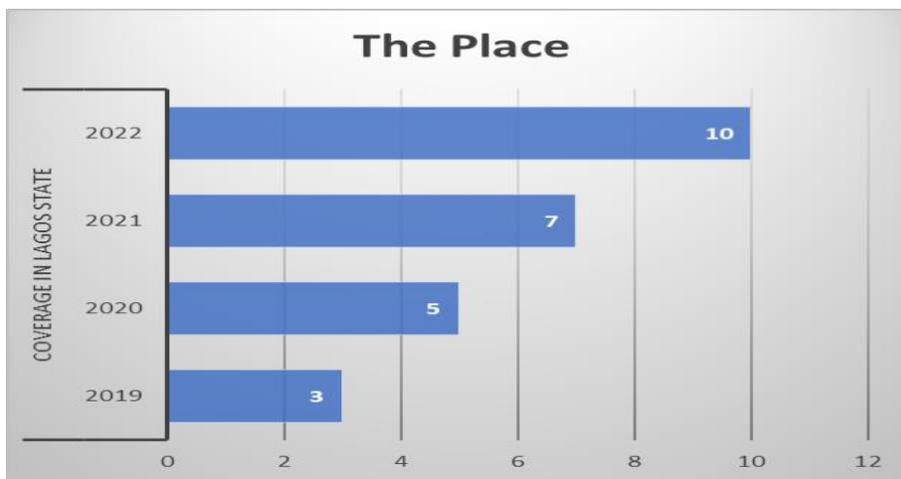


Figure 2.3: The Place Lagos coverage

Source: CcHUB (2023)

Aside from ensuring SMEs sensing, seizing, and transforming capabilities, CcHUB further helps SMEs in adapting to the intensely competitive business environment, especially in Lagos. Respondents from Departments 1 and 3 stated that by leveraging their technological innovations, SMEs, particularly in the F&B industry, have been able to rise to the top and maintain it when asked how SMEs (particularly the F&B industry) in the CcHUB network have been able to cope with the fiercely competitive business environment. According to 1: *“.....Through our digital platforms, SMEs in the F&B industry have met big organisations which provide food and drinks in large quantities and daily. This has increased their output significantly”*. Quoting respondent 3: *“.... Because we at CcHUB develop marketplaces for SMEs, SMEs in the F&B businesses linked with us have found it easier to locate customers for their products”*. SMEs in the F&B sector connected to CcHUB, according to respondents from Departments 2 and 5, find it simpler to obtain their raw materials at the best and lowest prices while still receiving value for money. This is made possible through their platform, where different ideas are shared. According to a respondent, CcHUB makes sure that the SMEs in the food and beverage sector follow the rules and regulations that govern businesses in Lagos and Nigeria extensively. Quoting the respondent: *“.....at CcHUB, we don't just exchange creative ideas; we also often advise SMEs in the F&B industry related to us about*

the state and federal rules that govern their industry and the necessity of conducting business in compliance with the law”.

Theme 6: Challenges of ecosystem functioning in the developing countries.

SMEs in Lagos, Nigeria, operate in ignorance and isolation of the factors that make up an EE. The SMEs with an understanding of the business environment in Nigeria find it difficult to cope due to the difficulty of doing business there. This arose because judging from the ease of doing business and the rate of business success in Nigeria is ranked 131 among 190 surveyed countries (Statista, 2022). This has landed SMEs into financial constraints, infrastructural lag, socio-cultural problems, and multiple taxations, coupled with the fact that many businesses are faced with management deficiencies, thereby degrading the DC of SMEs to achieve and maintain a competitive edge.

The functioning of EE in developing countries like Nigeria throws challenges to organisations like the CcHUB, and these challenges particularly affect SMEs in the F&B industry. Since CcHUB functions in the wider EE in Nigeria, they are able to detect and discuss the obstacles that prevent it from assisting SMEs aiming establish their DC. Hence the components of the EE, such as national culture, local machinery and equipment production, science and technology policy, education and human capital development, enterprise support network, scientific and technological literacy, financial institutions, economic development policies, legal system & property rights, and physical infrastructure are affected by the regulatory, cognitive, and normative pillars of the EE.

The regulatory pillar of the EE is supposed to enhance better government laws and policies, physical infrastructures which ease the operations of SMEs, and provide an enterprise support network. However, responses from the respondents show that government laws and policies have not been favourable for the functioning of an EE. While a respondent from CcHUB is of the opinion that although there are laws and policies by the government to advance EE, implementation has been a problem. Poor infrastructure, unfriendly government policies, and inadequate government support, which affect the ease of doing business, are major difficulties from the standpoint of SMEs in the food and beverage sector. These challenges

constitute the regulatory pillar of EE and they translate into the setbacks CcHUB face in actualising the aim of building SMEs DCs.

Responses from respondents indicated that the cognitive-institutional pillar, which deals with the creation, diffusion, and interpretation of information, is comparatively not one of the issues facing CcHUB. The rapid pace of technological innovation remains the major concerns. However, it is able to tackle this concern since it has sufficient resources for human capital development, education, and scientific and technological literacy.

As regards the normative pillar, it accounts for cultural and social interaction, the extent of cultural diversities in Nigeria, which is also seen in the CcHUB, poses a challenge to the function of CcHUB, but responses show that it is tamed. According to a respondent in department 4; “... *dealing with challenges of helping SMEs associated with CcHUB comes with the challenge of cultural diversity which we must put into consideration.*” However, this is not seen as a significant challenge because it is a natural Nigerian challenge, and the ecosystem knows how to deal with it.

3.3 Limitations of the Study

While this study emphasized how long-lasting competitive benefits can be achieved through DCs, it did not address issues that could emanate as a result of unforeseen events such as crisis. Furthermore, this study did not capture possible contingencies of the dynamic relationship between DCs and performance.

Also, this study is limited to the CCHUB activities to advance the SMEs growth at the domestic market, but neglects the international dimension. Thus, the question whether and how CCHUB has supported the export related activities of SMEs remains unanswered.

Summary

The results of the analysis show that SMEs have profited from CcHUB in variety of ways, which indicates that CcHUB has helped SMEs in "sensing" by assisting and enabling the SMEs to locate and tap into new business possibilities that were identified, despite the hard business climate, notably from the perspective of the regulatory pillar in Nigeria and Lagos

in particular. Additionally, CcHUB has assisted SMEs in "seizing" by weighing business opportunities, thereby assisting these SMEs in choosing the best viable business opportunities to implement. CcHUB is an ecosystem in the larger EE in Nigeria and serves as an open human laboratory where solutions are provided for social and business-related issues. Finally, CcHUB has assisted SMEs "reconfigure" by repurposing their models and resources. Additionally, CcHUB changed the organisational cultures of the SMEs to better match their resources with the opportunities identified and implemented. In the F&B industries, examples include Bukka Hut, which increased its sales orders from 100 to 1600 between 2019 and 2022, Consolidated Food and Beverages, which has expanded its operations and presence to four (4) other states in Nigeria apart from Lagos, and The Place organisation, which began operating in three (3) locations in 2019 and now has over twenty (20) locations in Lagos.

4. CONCLUSIONS AND RECOMMENDATIONS

This study looked at how CcHUB helped SMEs in Lagos State develop dynamic innovation skills and capabilities. To achieve this, it is necessary to ascertain whether and how CcHUB has helped to advance the DC of SMEs in the Nigerian F&B industry and ensure advancing these SMEs' competitive advantage.

The empirical analysis of this study followed Teece's DC, demonstrating the function of CcHUB in making sure that SMEs in the Nigerian F&B industry under its supervision can sense, grasp, and reconfigure their resources to gain and sustain a competitive advantage in the rapidly changing Nigerian EE. This research centred on adopting qualitative research techniques, which is based on subjective assessment of the respondents' behaviour, attitude and opinion during the interview sessions across the respondents from different departments of CcHUB, the study made the below conclusions.

CcHUB is a cluster of public and private sectors open to various organisations that want to share, contribute and benefit from innovative ideas driven by technology for growth. Although founded by Femi Longe and Bosun Tijani, the Lagos state government has a significant stake in it. This ecosystem accommodates SMEs in Nigeria's F&B industry well. Amongst the many ways through which CcHUB help SMEs sense or learn about new opportunities, a critical method observed in this study is thorough collaboration. These collaborations come in form of SMEs to SMEs relationships in the same industry, SMEs to SMEs relations in different industries, and SMEs to bigger companies relations. The Lagos State F&B industry has greatly benefited SMEs since it helps them discover opportunities. The collaborations have led to the exchange of ideas and information, which brought about business opportunities leading to increased demand for products or the launch of new profitable products.

CcHUB being an open platform of living laboratory, helps SMEs to carry out a pilot testing of new ideas and opportunities with full participation from the SMEs in the F&B industry and other industries. Ideas or new opportunities are explored following the outcome of the

pilot testing. Through this, the CcHUB fulfils the seizing dimension of Teece DC by weighing opportunity options and selecting the viable ones.

They do not only share ideas that help their businesses but end up doing business together. By so doing, CcHUB help SMEs in F&B industry access credit to fund their businesses or new ideas. They do this by guiding them towards applying for and obtaining loans.

Also, the CcHUB acknowledged that opportunities without the right resources will hardly succeed. As a result, CcHUB has assisted SMEs in the F&B industry in re-strategizing their business models and resource allocation to take advantage of possibilities and minimise risk. It further nurtures the organisational culture of SMEs to restructure their resources by building a dynamic organisational culture that can cope with changes, encourage experimentation, promote support and take calculated risks. This confirms the reconfiguration aspect of Teece's DC.

The activities of CcHUB have generated success stories for SMEs. For instance, some of the SMEs in F&B industry SMEs have succeeded in making over a million naira profit monthly. Some of these SMEs in the food and beverage sector have opened additional facilities in the states of Lagos, while others have seen sharp growth in their customer base and order fulfilment.

It is important to note that things are not always smooth for CcHUB, meaning it encounters some challenges as well. Although coping with the high pace of technological innovation is a constant challenge at CcHUB, but it is always surmounted this challenge because of the human resources of the organization who possess the technical know. However, challenges emanating from the regulatory pillar is a major challenge that hinders CcHUB's function in helping SMEs in the F&B industry build their DC. The components of the regulatory pillar include poor infrastructural facilities resulting from poor government laws and policies which are not favourable to the EE hence leading to unsustainable enterprise support which are further reflected in the activities of CcHUB.

The study's findings support its goal of examining how the CcHUB contributes to the development of SMEs in F&B sector in Lagos. It is undeniable that CcHUB is essential to

the advancement of SMEs' DC in its related food and beverage sector. Drawing from the three dimensions of DC, such as sensing, seizing, and re-configuring, which guide this study, CcHUB's activities are directed towards these areas. Key actors from different sectors (financial, manufacturing, F&B, including SMEs and bigger businesses, are associated with CcHUB, making it an important collaboration platform to contribute to the overall advancement of EE in Lagos.

As a result, this study proves that CcHUB is essential to the development of SMEs in Nigeria's F&B market. SMEs in the Nigerian F&B industry affiliated with CcHUB may sense, seize, and reorganise to stay ahead of the market despite the difficulties the Nigerian EE faces.

Recommendation

This study suggests that CcHUB supports increasing the technological competence of SMEs in the F&B industry in Lagos, Nigeria in order to support their competitiveness and strategic adaptability in order to further enhance sales expansion, business survival, business effectiveness, and competitive advantage. This is an insightful recommendation because this study proved that the major challenge of CcHUB is the fast pace of technological changes. Therefore, while CcHUB continually adjusts to keep up with change, the SMEs in Nigeria's F&B business connected to it should also be carried along.

The author recommends that the government should concentrate on improving its ability to keep up with the pace of innovation, especially in the field of technological innovation through reducing risk associated with technological innovation by funding researches, which has had significant disruptive effects, in order to ensure a balanced and dynamic innovation effect across various sectors of the economy. These balanced dynamics can be done by promoting dynamic capabilities like Sensing, Seizing, and Transforming for adoption by all sub-economies, such as SMEs, start-ups, big businesses, and socially open innovation. It also involves encouraging the development of innovation capabilities that respond to rising customer needs for product and process innovation. This will help to develop methods that are cost-effective and consistent with modern means of service delivery. It will also

encourage enhancing competitive advantages that respond to poor leadership and differentiate the enabled businesses from others. This strategy will adapt to market demands and a shift to boost the organisation's domestic and global competitiveness.

Furthermore, the author recommends that SMEs develop managerial skills internally to configure and orchestrate their internal resources and capabilities dynamically. This includes product or service development efforts and the firms' external status (changes in the industry, technology, customers' needs, suppliers, and competitors' pricing structures). This ensures that the company's adaptable skills are compatible with external demands and changes.

Suggestions for further studies

Despite the claim that DCs can produce long-lasting competitive benefits, further research may be necessary, particularly when analysing contexts of sudden change, such as crisis scenarios.

The results of this study might change during tumultuous times. Therefore, research is needed to determine how well DC functions in emergency situations.

It is required to conduct a research study or studies to find contingencies within the continuing dynamic interaction between resources and performance in order to advance towards establishing a stronger comprehensive theory on the role of DCs in management. Also, there is need for researchers to explore wider range of companies in other industries that relates to CCHUB activities and identify concerns that impact their overall business environment.

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APPENDICES

Appendix I: Respondents' Demographic Information

The figures below show the information of the respondents that contributed to this study,

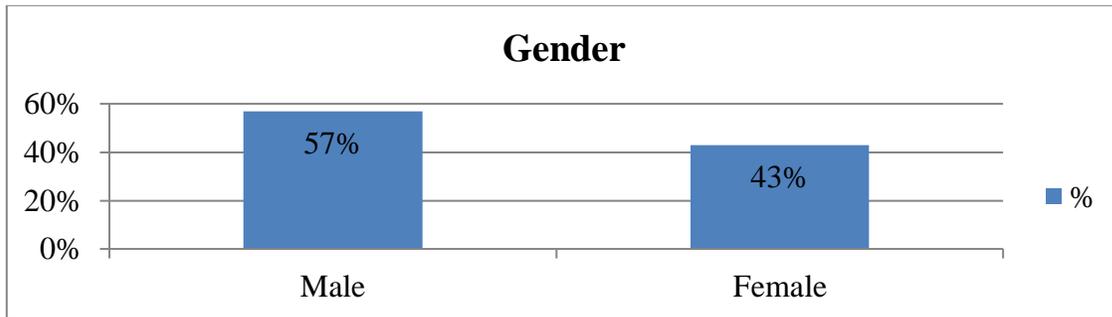


Figure 3.1: Respondents' Gender

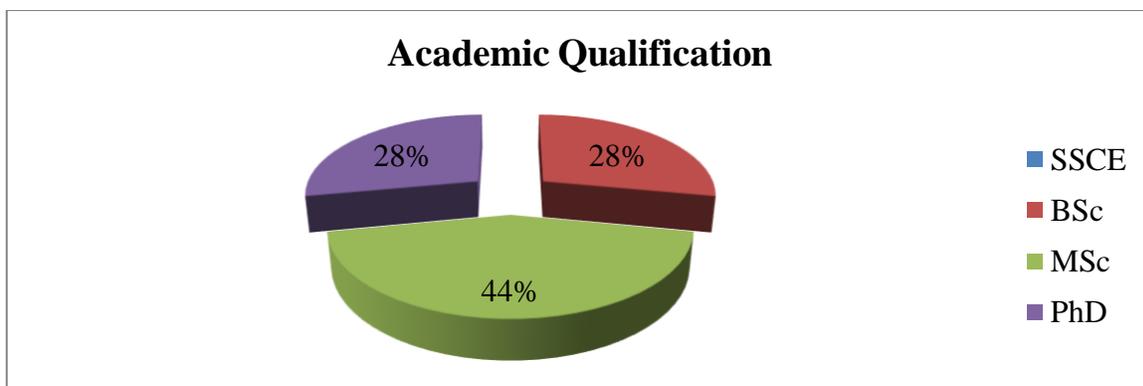


Figure 3.2: Respondents' Academic Qualification

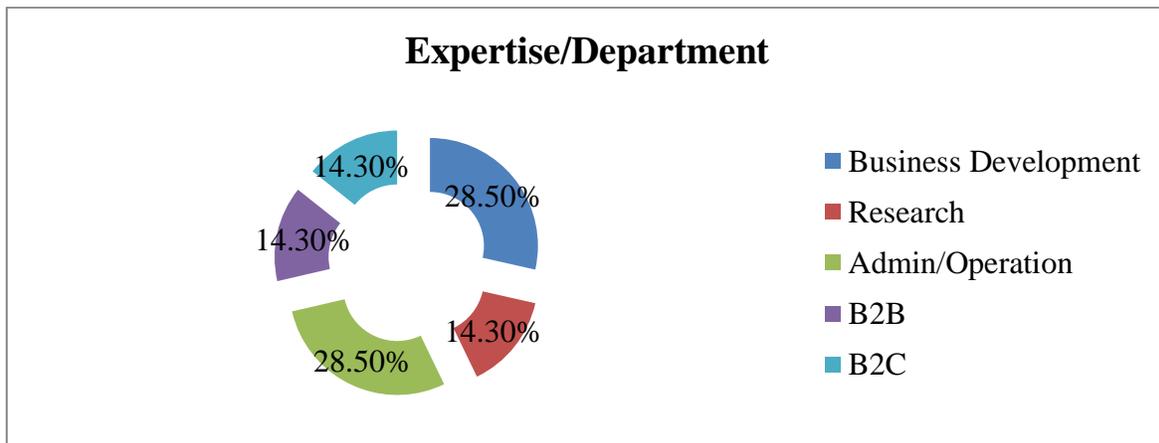


Figure 3.3: Respondents' Department

Appendix II: Interview Questions

Note: RQ is the Research Question (as stated in the thesis)

IQ is the Interview Question (build-up from RQ)

Exchange of compliments and reintroduction of selves and purpose of the interview

Respondent's Demographic Information

IQ1: How long have you been working in CcHUB?

IQ2: What is your highest educational qualification?

IQ3: What department and position do you occupy in CcHUB?

IQ4: How will you describe CcHUB in terms of its aims, objectives, and innovation?

IQ5: Would you say CcHUB is a private or public organisation?

RQ1: How has CcHUB as an entrepreneurial ecosystem helped to advance the DC of SMEs in Nigeria's (F&B industry)?

IQ6: How will you explain the nature of CcHUB's network and those involved?

IQ7: Who are the main actors related to the CcHUB, and what are their roles in contributing to the CcHUB network; also, what can be improved?

IQ8: Does the CcHUB entrepreneurial ecosystem accommodate SMEs in the F&B industry?

IQ9: How do SMEs associated to you learn about the new opportunities, do they collaborate and with whom do they realize new advancements?

IQ10: Where do these SMEs get financial resources?

IQ11: Do SMEs associated with CcHUB have R&D support measures in place?

IQ12: How would you evaluate CcHUB's activity in line with future plans for the development of support services?

IQ13: What are the main challenges CcHUB faces to provide plans for development of support services?

RQ2: How has CcHUB ensured advancing SME's competitive advantage in the F&B industry?

IQ14: What are the challenges SMEs face that make them turn to CcHUB for help?

IQ15: How have SMEs (particularly those in the F&B industry) in the CcHUB network been able to cope with the intensely competitive business environment?

IQ16: What is CcHUB doing to ensure SMEs (in the F&B industry) under its entrepreneurial ecosystem are on top of their game?

IQ17: What are the success stories of these SMEs in relation to CcHUB contributions?

Thanks a lot for your time.

Your responses are vital input to this study.

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