



Dynamic Capabilities as Survival Mechanisms: A Conceptual Model of SME Sustainability in Conflict-Affected Economies

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Abstract

Purpose: This paper addresses the “triple threat” of security-induced instability, ecological shocks, and macroeconomic volatility facing SMEs in Yobe State, Nigeria. It explores how dynamic capabilities—sensing, seizing, and reconfiguring—determine business sustainability in a post-conflict recovery economy. *Methodology:* Through conceptual synthesis, the study critiques the static Resource-Based View and proposes a parsimonious model grounded in Dynamic Capabilities Theory. It establishes a theoretical link between internal strategic processes and long-term firm “staying power.” *Findings:* In environments prone to “institutional drift,” sustainability is a product of strategic motion rather than resource possession. Key propositions include: (1) sensing as an early warning system for macroeconomic and security signals; (2) seizing opportunities through “entrepreneurial hustle” to bridge awareness and action; and (3) continuous reconfiguration as the primary driver of long-term viability and systems renewal. *Practical Implications:* SME owners should abandon rigid routines in favor of “improvisational routines.” Strategic investments in digital orientation and solar energy are recommended to bypass local infrastructural deficiencies and ensure operational continuity. *Originality:* This study addresses the paucity of management research on conflict-affected regions. It provides a tailored roadmap for “underdog entrepreneurship,” defining sustainability as a dynamic state of being “resilient by design.”

Keywords: *Dynamic Capabilities, Business Sustainability, Yobe State, Post-conflict Recovery, Strategic Agility.*

Introduction

Small-scale enterprises (SMEs) constitute the vital socio-economic fabric of Yobe State, serving as the primary engines for economic recovery, employment generation, and social stability in the wake of prolonged regional instability (Ager *et al.*, 2015). In major commercial hubs such as the Potiskum grain market—one of the largest in West Africa—as well as the retail and service corridors of Damaturu and Gashua, these enterprises provide essential livelihoods for the local population (Hassan *et al.*, 2019). Beyond their role in trade and agriculture, SMEs in Yobe are critical to the post-conflict reconstruction of North-East Nigeria, acting as the frontline of economic resilience (Pulka *et al.*, 2021). However, the operating environment for these firms is defined by extreme volatility. Yobe State is emblematic of “unstable environments,” where businesses must navigate a confluence of recurrent ecological shocks, such as drought and desertification, alongside the lingering socio-economic disruptions caused by the Boko Haram insurgency (Adelaja & George, 2019; Hassan *et al.*, 2019). In such a turbulent landscape, the traditional focus on static resource possession is increasingly insufficient; the long-term survival of a firm depends less on what it “has” and more on its strategic agility (Loh & Tan, 2025).

Despite their economic importance, SMEs in Yobe State are characterized by alarmingly high mortality rates and operational stagnation. The current reality is a “triple threat” of environmental degradation, persistent security challenges, and harsh macroeconomic instability, including rampant inflation and exchange

rate fluctuations that erode purchasing power and destabilize business planning (Olaniyan & Adepeju, 2023; Osazevbaru, 2021). Many small firms in Damaturu and Potiskum remain trapped in a cycle of reactive survival, lacking the resources and expertise to implement robust risk management or digital transformation strategies (Isaac *et al.*, 2022; Udoh *et al.*, 2024). Evidence suggests that the primary driver of this failure is a deficit in dynamic capabilities—the higher-order processes that allow a firm to sense market shifts, seize emerging opportunities, and reconfigure internal resources to match a changing environment (Hafeez *et al.*, 2025; Teece, 2007). While some entrepreneurs exhibit “reactive resilience,” there is a significant gap in the adoption of proactive strategic mechanisms necessary for long-term sustainability (Mousavi *et al.*, 2018). Furthermore, most management literature focuses on stable urban clusters, leaving a paucity of context-specific frameworks tailored to the unique resource-constrained and conflict-recovering economy of Yobe State (Prapanca *et al.*, 2026; Shittu *et al.*, 2021).

Without a clear conceptual understanding of how these capabilities foster sustainability, SMEs in the region will continue to struggle against environmental and economic shocks. The primary objective of this paper is to develop a comprehensive conceptual framework that explores the theoretical link between dynamic capabilities and the business sustainability of SMEs in Yobe State. Specifically, the paper seeks to analyze the theoretical integration of sensing, seizing, and reconfiguring capabilities and examine how environmental scanning and threat identification facilitate strategic survival. Furthermore, the study evaluates the

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role of timely resource commitment in determining firm resilience and investigates why resource reconfiguration is essential for navigating a post-conflict recovery economy.

To achieve these objectives, this paper addresses four fundamental research questions. First, it investigates the general nexus by asking how dynamic capabilities, comprising sensing, seizing, and reconfiguring, theoretically influence the business sustainability of SMEs operating in volatile environments. Second, it explores the sensing dimension, specifically how sensing capabilities—such as environmental scanning and threat identification—facilitate the strategic survival of SMEs amidst macroeconomic and security shocks. Third, the study addresses seizing by asking in what ways the capacity to seize opportunities through timely resource commitment and business model selection determines the immediate resilience of small firms. Finally, it examines reconfiguration, questioning why the reconfiguration of internal processes and organizational resources is essential for the long-term sustainability of SMEs navigating a post-conflict recovery economy.

Institutional Drift: Why Systems Decay

In volatile markets such as those found in North-East Nigeria, traditional organizational systems often face a phenomenon of “institutional drift,” where formal structures and standard operating procedures become misaligned with a rapidly changing reality. In Yobe State, this decay is accelerated by “triple threats”: recurrent ecological shocks, persistent security challenges, and harsh macroeconomic instability (Hassan *et al.*, 2019; Osazevaru, 2021). To arrest this decay, enterprises must move beyond static management and adopt a framework rooted in conceptual and theoretical agility.

Dynamic Capabilities

At the heart of organizational renewal is the concept of dynamic capabilities, defined as the firm’s higher-order ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Tece, 2007). Rather than focusing on routine activities, dynamic capabilities represent the strategic agility required to navigate “black swan” events and environmental turbulence (Ammirato *et al.*, 2026; Loh & Tan, 2025). This variable is theoretically operationalized through a triad of processes:

Sensing: This involves the systematic identification of opportunities and threats through market intelligence, environmental scanning, and deep customer engagement (Hafeez *et al.*, 2025). In Yobe, sensing is critical for anticipating macroeconomic shocks, such as exchange rate fluctuations and sudden policy shifts like the Naira redesign (Ese Ighoroje *et al.*, 2024; Osazevaru, 2021).

Seizing: Once a threat or opportunity is identified, the firm must mobilize resources and innovate its business model to capitalize on the insight (Engelmann, 2024). This includes timely strategic decision-making and resource commitment to exploit emerging niches despite resource constraints (Onwe, 2026).

Reconfiguring: The final phase is the renewal of organizational processes and structures. It requires the firm to “let go” of obsolete routines and reallocate resources—such as shifting from physical retail to digital sales platforms—to maintain a strategic fit with the environment (Grego *et al.*, 2024; Korhonen *et al.*, 2024).

Business Sustainability

While traditional metrics often focus on short-term profitability, *business sustainability* is defined as the ability of a firm

to maintain its operations, growth, and socio-economic relevance over a long period despite severe external pressures (Khan, 2025; Mousavi *et al.*, 2018). In the context of Yobe’s recovery economy, sustainability encompasses more than just financial health; it includes “staying power”—the resilience to withstand supply chain disruptions and workforce instability caused by displacement (Ager *et al.*, 2015; Hassan *et al.*, 2019). Sustainability is driven by a firm’s capacity for continuous learning and its ability to navigate policy and market uncertainties (Londoño-Cardozo *et al.*, 2025; Mousavi *et al.*, 2018). Ultimately, sustainability is the outcome of a successful alignment between a firm’s internal capabilities and the volatile external landscape.

Theoretical Foundation

The relationship between dynamic capabilities and sustainability is grounded in the evolution of two primary management theories. Resource-Based View (RBV): Traditional RBV emphasizes the possession of resources that are valuable, rare, inimitable, and non-substitutable as the foundation of competitive advantage (Ode *et al.*, 2026). However, in unstable environments, RBV is often criticized for its static nature; simply “having” resources like a warehouse or a skilled workforce is insufficient if those resources are rendered obsolete by conflict or inflation (Akpan *et al.*, 2022).

Dynamic Capabilities Theory (DCT): DCT serves as an extension of RBV, shifting the emphasis from resource *possession* to resource *deployment and change* (Tece, 2007). It argues that in a post-conflict recovery economy like Yobe’s, the real source of sustainability is not the resources themselves, but the firm’s ability to reconfigure them in real-time (Loh & Tan, 2025). While RBV explains “what a firm has,” DCT explains “what a firm does” to remain sustainable amidst systemic decay.

Dynamic Capabilities and Sustainability

The relationship between dynamic capabilities and business sustainability in volatile environments is not merely additive; it is symbiotic. For SMEs in Yobe State, the ability to survive amidst the “triple threat” of post-conflict recovery, ecological shocks, and macroeconomic instability is fundamentally rooted in their capacity to remain in a state of strategic motion (Hassan *et al.*, 2019; Osazevaru, 2021). This section explores the theoretical nexus between these two variables, illustrating how capabilities serve as the engine for long-term viability.

Theoretical Synergy: The Integrative Process

The core of the dynamic capabilities framework lies in the theoretical integration of its three dimensions: sensing, seizing, and reconfiguring. In the unstable environment of Yobe State, these components do not function in isolation but work as a virtuous and mutually reinforcing cycle (Araújo *et al.*, 2022). Sensing provides the critical market intelligence and threat identification necessary to navigate currency fluctuations and security-related disruptions (Hafeez *et al.*, 2025; Pulka *et al.*, 2021). However, intelligence without action is strategically hollow.

Synergy occurs when sensing triggers “seizing”—the rapid mobilization of resources and innovation of business models to capitalize on identified opportunities (Engelmann, 2024). This transition is vital for SMEs to implement “stabilizing” and “enriching” resource bundling strategies that maintain operational continuity during acute disruptions (Fozouni Ardekani *et al.*, 2023; Sirmon *et al.*, 2025). Finally, “reconfiguring” ensures that the firm’s internal processes, structures, and resources are renewed to match

these new realities (Hafeez *et al.*, 2025). This integrative process allows a firm to manage innovation toward sustainability, ensuring that the enterprise evolves alongside its turbulent environment rather than being rendered obsolete by it (Mousavi *et al.*, 2018).

Strategic Agility: Change as the Core of Sustainability

In unstable markets like Damaturu or Potiskum, the traditional logic of sustainability—often associated with stability and resource preservation—is replaced by the logic of *strategic agility*. Theoretical evidence suggests that a firm is only as sustainable as its ability to change (Loh & Tan, 2025). Agility functions as a catalyst for organizational recovery, allowing SMEs to respond swiftly to environmental shifts through decentralized decision-making and adaptive control systems (Gebauer, 2011; Loh & Tan, 2025).

In the context of North-East Nigeria, this agility is often manifested through “entrepreneurial hustle” and improvisational routines, which enable firms to bypass infrastructural constraints and institutional weaknesses (Arslan *et al.*, 2024; Costa Júnior *et al.*, 2023). Strategic resilience is achieved not by relying on a single resource base, but through a configuration of slack resources, expertise, and continuous learning (Mafimisebi *et al.*, 2025; Mousavi *et al.*, 2018). Ultimately, for Yobe’s SMEs, sustainability is a dynamic state of “resilient by design,” where the capacity for rapid internal transformation is the primary determinant of long-term staying power (Grego *et al.*, 2024; Pilav-Velic *et al.*, 2024).

Sensing Capabilities and Strategic Survival

In the framework of dynamic capabilities, “sensing” represents the navigational radar of the enterprise. It is the analytical process through which a firm identifies, filters, and interprets signals from its external environment to anticipate upcoming shifts (Hafeez *et al.*, 2025). For SMEs in Yobe State, sensing is not merely a management exercise but a critical survival mechanism necessitated by an environment characterized by “extreme volatility” (Hassan *et al.*, 2019). This section addresses the second research question by exploring how environmental scanning and threat identification serve as the first line of defense in the strategic survival of small firms amidst the unique disruptions of North-East Nigeria.

Identifying Threats in Yobe: Signals and Interpretation

SMEs in major commercial hubs like Damaturu, Potiskum, and Gashua operate under a confluence of macroeconomic and security signals that require constant interpretation. Theoretical evidence suggests that sensing capabilities enable these entrepreneurs to navigate three primary categories of disruption:

Macroeconomic price fluctuations: The Nigerian business landscape is currently defined by rampant inflation and exchange rate volatility. Research indicates that persistent currency depreciation directly erodes purchasing power and destabilizes planning; for instance, a 1% rise in inflation has been linked to a corresponding 1.09% exchange rate devaluation, which significantly impacts SME profitability (Olaniyan & Adepaju, 2023; Umoru *et al.*, 2023). Sensing capabilities allow Yobe entrepreneurs to monitor these trends and anticipate sudden liquidity challenges, such as those triggered by the recent Naira redesign policy (Ese Ighoroje *et al.*, 2024; Osazevbaru, 2021).

Supply chain disruptions: Security challenges, particularly the Boko Haram insurgency, have historically led to market closures and restricted access to resources (Ager *et al.*, 2015). Effective sensing allows firms to identify alternative procurement routes and

manage supply chain risks before they result in total operational paralysis (Dorasamy, 2024).

Security-related market shifts: In Yobe, threat identification often transcends traditional market intelligence. It integrates community-based intelligence and local networks, such as those provided by the Civilian Joint Task Force, to monitor security routes and identify emerging operational risks (Omenma & Hendricks, 2025; Ashindorbe *et al.*, 2021).

The effectiveness of these activities is increasingly underpinned by “environmental scanning strategy” and the adoption of digital tools. While digital literacy gaps remain a barrier, the use of mobile marketing and social media provides a cost-effective platform for SMEs to “sense” customer preferences and regulatory changes in real-time (Hafeez *et al.*, 2025; Olamade *et al.*, 2011; Priyono *et al.*, 2020).

The Link Between Sensing and Strategic Posture

Based on the synthesis of the conceptual literature, this paper argues that the depth of a firm’s sensing capability determines its overall strategic preparedness. This leads to the following proposition:

Proposition 1: *Higher sensing capabilities lead to a better strategic posture for SME survival by enabling early detection of environmental threats and the proactive mitigation of macroeconomic and security risks.*

The logic supporting this proposition is rooted in the strong correlation between entrepreneurial competencies—specifically organizing, conceptual, and strategic competencies—and firm performance in turbulent environments (Pulka *et al.*, 2021; Ibidunni *et al.*, 2021). SMEs with advanced sensing capabilities do not just react to crises; they develop “early warning systems” that facilitate a more agile strategic posture (Prapanca *et al.*, 2026). Furthermore, the integration of data analytics and cybersecurity awareness empowers firms to identify not only physical threats but also digital vulnerabilities in an increasingly technological marketplace (Campos & Coutinho, 2025; Nwokolo, 2025). Ultimately, in an unstable environment like Yobe State, sensing capabilities act as the primary filter that allows a firm to transform environmental noise into actionable strategic intelligence, thereby ensuring its long-term staying power.

Seizing Opportunities and Firm Resilience

While sensing capabilities provide the necessary intelligence to identify environmental shifts, they remain strategically inert without the subsequent phase of “seizing.” In the context of the dynamic capabilities framework, seizing refers to the firm’s capacity to mobilize resources and innovate business models to capitalize on identified opportunities or mitigate sensed threats (Alake *et al.*, 2024; Akpan *et al.*, 2022). For SMEs in Yobe State, this phase represents the critical transition from strategic awareness to tactical execution. This section addresses the third research question by examining how the commitment of resources serves as a bridge to resilience and proposing that effective seizing is a prerequisite for survival in North-East Nigeria.

Resource Commitment: The Bridge Between “Knowing” and “Doing”

Theoretical evidence suggests that the ability to sense a threat—such as a sudden inflationary spike or an insurgency-related supply route closure—is only beneficial if the entrepreneur

possesses the “entrepreneurial hustle” and market acuity to commit resources toward a solution (Onwe, 2026; Pulka *et al.*, 2021). In Yobe State, resource commitment acts as the functional bridge between the cognitive process of sensing and the structural process of reconfiguration.

Yobe entrepreneurs increasingly seize opportunities by investing in new, resilient ways of doing business to bypass traditional infrastructural constraints. For instance, given the unreliable power supply and the high cost of generators in the region, resilient firms commit resources to solar energy as a stabilizing bundling strategy to ensure operational continuity (Fozouni Ardekani *et al.*, 2023; Sirmon *et al.*, 2025). Similarly, to mitigate the risks of currency scarcity and physical insecurity during trade, many SMEs in Damaturu and Potiskum have adopted digital orientation, seizing the advantages of POS systems and digital payments to maintain market access (Abdullahi *et al.*, 2025; Alake *et al.*, 2024).

This “resource orchestration” often involves shifting into new product lines or service delivery models that match the post-conflict recovery needs of the local populace (Sirmon *et al.*, 2025; Ager *et al.*, 2015). This transition is facilitated by a high degree of entrepreneurial orientation, where innovativeness and proactiveness enable the selection of business models that are “resilient by design” (Ighomereho *et al.*, 2022; Grego *et al.*, 2024). Ultimately, the bridge is built through the timing and sequencing of resource commitment—starting with stabilizing actions to survive the immediate shock and moving toward enriching actions that allow for growth (Fozouni Ardekani *et al.*, 2023; Wei *et al.*, 2026).

Seizing and Immediate Resilience

The synthesis of literature on SME archetypes indicates that firms with high adaptability (dynamic capabilities) but low resource availability remain “proactive” yet “vulnerable” (Ode *et al.*, 2026). Conversely, those that successfully combine adaptability with timely resource commitment achieve a “dynamic” resilience archetype that allows them to thrive despite extreme volatility. This leads to the following proposition:

Proposition 2: *Effective seizing of market opportunities through timely resource commitment and adaptive business model selection enhances the immediate resilience of small firms, enabling them to maintain operational continuity amidst socio-economic disruptions.*

This proposition is supported by empirical insights suggesting that SMEs with flexible structures can reallocate resources more rapidly than rigid competitors, thereby enhancing their staying power (Hu *et al.*, 2023; Okoli *et al.*, 2025). Furthermore, the psychological resilience of the owner-manager—characterized by perseverance and self-compassion—serves as a catalyst for this commitment, ensuring that the firm persists in its “seizing” efforts even under intense stress (Isichei *et al.*, 2024; Salisu *et al.*, 2020). In a region like Yobe, where institutional support is often inconsistent, the capacity to autonomously seize opportunities through unorthodox actions and urgent resource deployment becomes the primary determinant of a firm’s immediate resilience and long-term sustainability (Joseph *et al.*, 2025; Shittu *et al.*, 2021).

Resource Reconfiguration and Long-term Sustainability

In the final phase of Teece’s (2007) dynamic capabilities framework, reconfiguration—also termed transformation—serves

as the strategic imperative that ensures an enterprise does not fall victim to structural inertia. While sensing identifies threats and seizing mobilizes an immediate response, reconfiguration involves the continuous renewal of organizational processes, structures, and resource bases to maintain a strategic fit with a shifting environment (Hafeez *et al.*, 2025; Teece, 2007). For SMEs in Yobe State, navigating the complexities of a post-conflict recovery economy, reconfiguration is not a one-time technical adjustment but a fundamental overhaul of internal logic to meet the demands of a “new normal” (Ager *et al.*, 2015; Loh & Tan, 2025). This section addresses the fourth research question by exploring the theoretical underpinnings of organizational transformation and proposing reconfiguration as the primary driver of long-term staying power.

Organizational Transformation: Overhauling Processes for Recovery

Organizational transformation in unstable environments requires SMEs to move beyond routine management and embrace radical redesigns of their core operations. In the context of Yobe State, where transport failures and destroyed infrastructure have fragmented traditional markets, transformation is often facilitated through models such as Business Process Reengineering (BPR) and the Viable System Model (VSM). BPR enables a radical redesign of processes to improve service quality and cost efficiency, which theoretical evidence suggests leads to increased market share even in resource-constrained settings (Yuliawati *et al.*, 2026). Similarly, systems-thinking frameworks like VSM provide the agility needed for decision-making and control in highly uncertain recovery phases (Vásquez-Ruiz *et al.*, 2025).

A critical component of this transformation is the departure from “inertia” and the adoption of “improvisational routines” (Engelmann, 2024; Smara, 2025). In Yobe, where formal institutional support is often weak, SMEs must reconfigure their human resource management by leveraging the commitment of indigenous staff and community resources to maintain operational stability (Ager *et al.*, 2015; Wuen *et al.*, 2022). Furthermore, the integration of Lean Six Sigma approaches fosters a culture of continuous improvement, allowing small firms to build competitiveness by eliminating waste in supply chains disrupted by previous conflict (Enarevba *et al.*, 2021). Ultimately, organizational transformation serves as a catalyst for recovery, enabling SMEs to reallocate resources—such as pivoting from traditional storefronts to digital-sales channels—to overcome local market access barriers (Abdullahi *et al.*, 2025; Alake *et al.*, 2024).

Reconfiguration as a Driver of Sustainability

Business sustainability is fundamentally a function of a firm’s “long-term adaptability and resilience” (Table 1). While sensing and seizing are vital for surviving acute shocks, it is the ability to transform internal resource structures that prevents a firm from becoming obsolete as the economic landscape of Yobe State evolves (Thomas & Douglas, 2024). This strategic necessity leads to the following proposition:

Proposition 3: *Continuous reconfiguration of internal processes and organizational resources serves as the primary driver of long-term business sustainability for SMEs navigating a post-conflict recovery economy.*

This proposition is reinforced by the logic that static resource endowments are inherently insufficient in volatile regions; instead, sustainability is achieved through the constant “renewal of critical

resources” and organizational learning (Mousavi *et al.*, 2018; Ode *et al.*, 2026). Continuous reconfiguration allows SMEs to buffer the effects of workforce instability and macroeconomic shocks by aligning internal agility with external support mechanisms such as social capital and government policies (Herbane, 2020; Shittu *et al.*, 2021). By maintaining a state of perpetual transformation, Yobe’s small firms can translate reactive survival tactics into proactive long-term growth, ensuring their operational continuity amidst persistent environmental and socio-economic uncertainty (Grego *et al.*, 2024; Loh & Tan, 2025).

The Proposed Conceptual Framework

The conceptual framework presented in this paper serves as a theoretical roadmap for understanding how SMEs in Yobe State can transition from a state of reactive survival to long-term sustainability. This framework is grounded in the evolution of the RBV into DCT, prioritizing strategic motion over static resource possession. Distilling the complexities of the Yobe business environment into a focused, two-variable relationship provides a clear path for empirical investigation. The proposed framework illustrates a direct, linear relationship between the firm’s internal strategic processes and its eventual staying power. The model is structured around a single independent variable and a single dependent variable, establishing a cause-and-effect link that is essential for firms operating under high uncertainty.

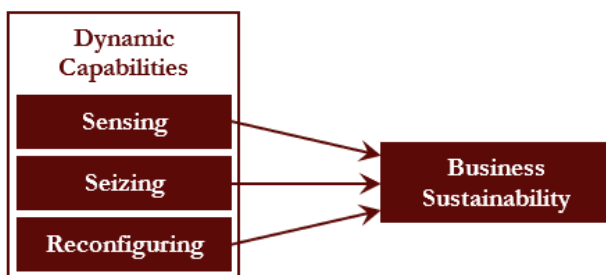


Figure 1. Conceptual Framework

The independent variable (dynamic capabilities) is operationalized through David Teece’s (2007) foundational triad of sensing, seizing, and reconfiguring. In this framework, sensing is the identified input, encompassing environmental scanning and the identification of macroeconomic and security threats (Hafeez *et al.*, 2025; Pulka *et al.*, 2021). Seizing represents the strategic output, involving timely resource commitment and business model innovation to capture emerging recovery-phase opportunities (Engelmann, 2024; Sirmon *et al.*, 2025). Reconfiguring acts as the transformative phase, where internal routines, such as Business Process Reengineering or the Viable System Model, are overhauled to maintain alignment with the environment (Loh & Tan, 2025; Vásquez-Ruiz *et al.*, 2025). The direct arrow from dynamic capabilities to business sustainability represents the “strategic effect,” suggesting that as the level of dynamic capabilities increases, the likelihood of firm survival and sustainability increases proportionately.

The dependent variable is defined as the firm’s long-term operational continuity and resilience (Ode *et al.*, 2026). It is measured by the firm’s ability to maintain growth, preserve its resource base, and uphold its socio-economic relevance despite the persistent environmental shocks found in North-East Nigeria (Mousavi *et al.*, 2018; Hassan *et al.*, 2019). While many management models incorporate various moderating or mediating variables,

such as environmental turbulence or government policy, this framework intentionally adopts a parsimonious, two-variable approach. This synthesis is based on the logic that in a truly volatile environment like Yobe State, dynamic capabilities are not just “helpers” to the relationship; they are the primary determinants of success (Ammirato *et al.*, 2026; Loh & Tan, 2025).

The theoretical justification for this direct relationship is three-fold. First, the environment of Yobe State is the constant context of the study; because every SME in the region faces the same “triple threat” of conflict, inflation, and infrastructure decay, the environment does not moderate the relationship but rather defines the necessity for the capabilities (Hassan *et al.*, 2019; Osazevbaru, 2021). Second, dynamic capabilities are inherently “adaptive.” A firm with high sensing and reconfiguring skills automatically internalizes environmental changes, rendering an external moderating variable redundant (Araújo *et al.*, 2022). Finally, the synergy between sensing, seizing, and reconfiguring creates a self-sustaining cycle of renewal. Theoretical evidence suggests that firms which successfully integrate these three dimensions achieve a “dynamic resilience” archetype that leads directly to sustainability without the need for intervening factors (Ode *et al.*, 2026). In summary, for the SMEs of Yobe State, firm success is a direct function of the owner-manager’s ability to change. Focusing exclusively on this linear nexus provides a robust and accessible framework for both scholars and practitioners seeking to bolster the Northeast Nigerian economy.

Conclusion and Recommendations

Conclusion

The theoretical exploration conducted in this paper confirms that in the highly volatile business landscape of Yobe State, business sustainability is no longer a product of static resource possession, but a direct function of an enterprise’s dynamic capabilities. Operating under a “triple threat” of recurrent ecological shocks, persistent security challenges, and harsh macroeconomic instability, SMEs in major hubs like Damaturu and Potiskum cannot rely on traditional management models designed for stable markets (Hassan *et al.*, 2019; Osazevbaru, 2021). The synthesis of extant literature demonstrates that the integration of sensing, seizing, and reconfiguring capabilities acts as the administrative “engine room” that allows firms to navigate currency fluctuations, supply chain disruptions, and post-conflict recovery (Hafeez *et al.*, 2025; Loh & Tan, 2025).

Ultimately, this paper concludes that strategic agility is the primary catalyst for organizational survival in North-East Nigeria. By systematically sensing environmental threats, seizing emerging opportunities through business model innovation, and reconfiguring internal processes, SMEs can transform reactive survival tactics into proactive long-term growth (Engelmann, 2024; Mousavi *et al.*, 2018). In a region where formal institutional support remains inconsistent, the ability of a firm to remain in a state of perpetual transformation is the only viable pathway toward socio-economic relevance and operational continuity (Loh & Tan, 2025; Prapanca *et al.*, 2026).

Managerial Recommendations

Based on the conceptual framework developed in this study, the following recommendations are provided for SME owner-managers in Yobe State:

1. Prioritize Environmental Scanning and Information Gathering: Managers must move beyond routine operations and invest in “sensing” capabilities. This includes leveraging

community-based intelligence and local networks to monitor security routes and market price signals (Omenma & Hendricks, 2025; Pulka *et al.*, 2021).

2. Foster Strategic Flexibility over Inertia: Owners should abandon rigid, obsolete routines in favor of “improvisational routines” that allow for rapid resource reallocation. This is particularly vital when responding to sudden macroeconomic shocks like fuel price hikes or Naira redesign policies (Engelmann, 2024; Ese Ighoroje *et al.*, 2024).
3. Invest in Digital and Resilient Infrastructure: To overcome local infrastructural deficiencies, SMEs should commit resources to digital orientation (POS, social media marketing) and alternative energy sources like solar power to ensure operational staying power (Alake *et al.*, 2024; Sirmon *et al.*, 2025).
4. Strengthen Human and Social Capital: Managers should focus on the microfoundations of resilience by fostering the commitment of indigenous staff and maintaining diverse social networks to buffer the effects of workforce instability (Ager *et al.*, 2015; Wuen *et al.*, 2022).

Suggestions for Further Research

While this paper provides a robust theoretical foundation, there remains a significant paucity of large-sample, context-specific studies from Yobe State. Consequently, the conceptual framework presented here serves as the direct precursor to an upcoming empirical field study. This future research will involve the collection of primary data from SME owners in Damaturu, Potiskum, and Gashua to statistically validate the effect of dynamic capabilities on business sustainability. Future studies should also explore the mediating role of digital orientation and the influence of psychological mechanisms, such as entrepreneurial perseverance, in facilitating the sensing-seizing-reconfiguring cycle within North-East Nigeria (Abdullahi *et al.*, 2025; Isichei *et al.*, 2024; Prapanca *et al.*, 2026).

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