Jurnal Siasat Bisnis Vol.29 No. 1, 2025, 1-14

Jurnal SIASAT BISNIS

Journal homepage: https://www.journal.uii.ac.id/jsb

Link between dynamic capability and sustainable entrepreneurship: The mediation role of digital networking

Sofyan Ashari Nur[1*], Muafi Muafi[2]

[1]Department of Management, Universitas Tidar, Magelang, Indonesia

[2]Department of Management, Universitas Islam Indonesia, Yogyakarta, Indonesia

*Correspondents e-mail: sofyan_ashari@untidar.ac.id

Article Info

Article history:
Received : 2024-09-01
Accepted : 2024-10-21
Published: 2025-01-20

JEL Classification Code:
L1, O2, O3

Author's email:
sofyan_ashari@untidar.ac.id
muafi@uii.ac.id

DOI: 10.20885/jsb.vol29.iss1.art1

Abstract

Purpose – This study analyses the influence of three main parts of dynamic capability, namely integration capability, adaptive capability, and reconfiguration capability on sustainable entrepreneurship in online businesses in e-commerce. This study also analyses the effect of digital networking on sustainable entrepreneurship and the mediating role of digital networking on the influence of dynamic capability parts on sustainable entrepreneurship.

Design/methodology/approach – The analysis in this study was conducted using quantitative methods. The population used is online business managers in e-commerce in Yogyakarta. The sample selection was carried out by stratified random sampling and collected 180 respondents. Research data was collected using a questionnaire with google form and obtained according to the target of 180 respondents, then the analysis was carried out using the structural equation model (SEM) method using Smart-PLS4.

Findings – The results that the three main parts of dynamic capability-integration capability, adaptive capability, and reconfiguration capability-significantly affect sustainable entrepreneurship. Furthermore, it was found that digital networking has a positive effect on sustainable entrepreneurship and can mediate the effect of integration capability, adaptive capability, and reconfiguration capability on sustainable entrepreneurship.

Research limitations/implications – This study may be limited to a particular industry or sector, which may limit the generalisability of the results to other industry contexts. Future research is recommended to explore this relationship in various industries with different features, such as manufacturing, services, or high-tech sectors.

Practical implications – This research provides strategic guidance for companies looking to improve their entrepreneurial sustainability. Managers should focus on strengthening digital networking within their organisations to maximise the positive impact of integration, adaptive and reconfiguration capabilities.

Originality/value – This research offers a strategic approach that combines the idea of dynamic capability with digital networking in sustainable entrepreneurship.

Keywords: Dynamic capability, integration capability, adaptive capability, reconfiguration capability, sustainable entrepreneurship.

P ISSN 0853-7666 | E ISSN 2528-7001

Introduction

Technological developments and changing times require businesses to survive in the industry. Various literatures propose an idea known as dynamic capability which includes the ability to integrate, the ability to reconfigure the business and the ability to adapt to various situations and conditions of the business environment (Lahouij et al., 2023; Riviere et al., 2021). Dynamic capability requires businesses to be more flexible in facing challenges and in running the organisation. But dynamic capability requires individuals to master various skills and competencies at once to be more flexible at work (Salvato & Vassolo, 2018; Teece, 2018).

Dynamic capability impacts many parts of business both internally and externally. In internal parts, individual skills, teamwork and work flexibility are going up (Sabahi & Parast, 2020). As for the external parts, dynamic capability can contribute to the environment, society and improve the company's image itself. This idea is introduced by some literature as sustainable entrepreneurship. Sustainable entrepreneurship emphasises the care of nature, life support, and communities in pursuit of perceived opportunities to create new products, processes, and services for profit (Teece, 2018).

Sustainable entrepreneurship is a form of business performance capability in providing the maximum positive impact possible. To build this ability requires skills in integrating various resources and adaptability in changing conditions (Li & Long, 2024). But continuous innovation is needed to adapt to market conditions and the evolving environment. Some of these demands create the need for business people to create good networking to collaborate and create business partnerships (Dhar et al., 2021; Szigeti et al., 1997).

Some literature finds that sustainable entrepreneurship can be enhanced by parts of dynamic capability (Abbas et al., 2019; Jiang et al., 2018; Khouroh et al., 2020). One part of dynamic capability is the ability to integrate resources, including technology. Integrating advanced technologies such as AI, IoT, and blockchain in business processes can improve operational efficiency and reduce waste. For example, using IoT sensors for environmental tracking in the agricultural industry can help reduce water and pesticide use (Fichter & Tiemann, 2020). Integration capabilities play a key role in supporting sustainable entrepreneurship by enabling businesses to adopt environmentally friendly practices and technologies, improve efficiency, and create greater social and economic value (Gregori & Holzmann, 2020).

But the ability to adapt to change is also a key competency that supports sustainable entrepreneurship (Fansuri Munawar, 2019; Siahaan & Tan, 2022). Adaptive capabilities let businesses quickly adjust to new environmental regulations and ensure compliance with sustainability standards (Reni Shinta Dewi et al., 2020). Adaptive businesses can quickly change their operational and production strategies to reduce environmental impacts and adapt to climate change (Algarni et al., 2022). Adaptation can also provide space for businesses to expand networks (Wiwoho et al., 2020). Networks become capital in building a wider business scope and market share (Bazine & Fréour, 2024).

In this era, networking is not only offline but also in the digital space. Digital networking refers to using digital devices and platforms to create, develop and maintain professional relationships. This modern approach to networking utilises various technologies to connect with colleagues, clients and peers in the industry (Kurfess et al., 2023). Digital networking has become an integral part of modern business practice, offering a versatile and effective way to build and maintain professional relationships (Bauer et al., 2023; Shaw & Wheeler, 2022). From the literature review, analyses of dynamic capability and sustainable entrepreneurship are still rare, more so the discussion of digital networking as a mediator is a novelty offered in this research. So this study analyses the influence of dynamic capability in three parts, namely integration capability, adaptive capability and reconfiguration capability on sustainable entrepreneurship. This study also analyses the mediating role of digital networking in the role of dynamic capability on sustainable entrepreneurship.

Literature Review

Dynamic Capability Theory

Dynamic Capability Theory was first introduced by (Teece et al., 1997) as an approach to understanding how firms can maintain competitive advantage in a dynamic and changing environment. Dynamic capability refers to a firm's ability to integrate, build and reconfigure internal and external resources to adjust to changes or business environment. In sustainable entrepreneurship, dynamic capabilities play an important role in making sure companies pursue economic profit and take responsibility for social and environmental impacts. Sustainable entrepreneurship requires high flexibility from companies to adapt to evolving environmental standards, changing consumer preferences, and technological innovations that affect business models.

Dynamic capabilities are also highly relevant in the digital age, where digital networking is becoming a key way for companies to innovate and collaborate. Through digital networking, companies can expand access to external resources such as market information, new technologies, and collaboration partners. Digital networking can help with the sensing and seizing process by letting companies respond more quickly to opportunities through direct access to real-time data and market trends. The role of digital networks as mediators in the relationship between dynamic capabilities and sustainable entrepreneurship can be seen in how firms utilise digital technologies to accelerate decision-making and innovation. With digital networking, companies can strengthen their ability to find sustainability opportunities and execute strategies more quickly and efficiently.

Sustainable Entrepreneurship

Entrepreneurship has a role in every business process. In the early stages of the business, entrepreneurship plays a role in selecting resources and business strategies (Ploum et al., 2018). In the business development process, entrepreneurship plays a role in providing persistence and success in doing business. Sustainable entrepreneurship is an entrepreneurial idea that integrates the principles of sustainability in its business processes, products, and business models. This means that entrepreneurs focus on economic profit and pay attention to the social and environmental impacts of their business. The ultimate goal of sustainable entrepreneurship is to create long-term value aligned with the well-being of society and environmental sustainability, without compromising business goals (Bazine & Fréour, 2024).

Sustainable entrepreneurship is a form of business performance capability in providing positive impact. To build this ability requires skills in integrating various resources and adaptability in changing conditions (Li & Long, 2024). But continuous innovation is needed to adapt to market conditions and the evolving environment. Some of these demands make it imperative for businesses to create good networking to collaborate and create business partnerships.

Some literature finds that sustainable entrepreneurship can be enhanced by parts of dynamic capability (Abbas et al., 2019; Jiang et al., 2018; Khouroh et al., 2020). One part of dynamic capability is the ability to integrate resources, including technology. Integrating advanced technologies such as AI, IoT, and blockchain in business processes can improve operational efficiency and reduce waste. For example, using IoT sensors for environmental tracking in the agricultural industry can help reduce water and pesticide use (Fichter & Tiemann, 2020). Integrability plays a key role in supporting sustainable entrepreneurship by enabling businesses to adopt environmentally friendly practices and technologies, improve efficiency, and create greater social and economic value (Gregori & Holzmann, 2020).

Sustainable entrepreneurship shows how companies utilise digital technologies to create social and environmental value aligned with sustainability goals. It emphasises the elimination of businesses that do not support the integration of digital technology with social and environmental value creation. Sustainable entrepreneurship shows how competitive approaches are changed and digital transformation programmes are launched to increase productivity in creating social and environmental value. Sustainable entrepreneurship also underlines the use of digital technology to improve the financial condition of the company through sustainable profitability. The next part shows the improvement of customer loyalty and corporate image through digital technology, and

then the steps taken by the company for environmental and resource protection by utilising digital technology. These indicators illustrate a holistic approach where digital technology is a profitability tool and a way to achieve sustainable social and environmental goals (Xu et al., 2022).

Dynamic Capability and Sustainable Entrepreneurship

Dynamic capability is the ability of a company to continuously adapt, integrate, build, and reconfigure its resources and competencies to deal with a rapidly changing and uncertain business environment (Teece, 2018). Dynamic capability lets companies respond quickly to changes in markets, technology, regulations, and customer preferences. This is important for companies to remain relevant and competitive amidst changing business dynamics (Jiang et al., 2018; Khouroh et al., 2020). So dynamic capability must be developed by small, medium and large-scale companies because the challenges of changing business environments are faced by many companies (Abbas et al., 2019).

Integration, adaptive, and re-configuration capabilities play an important role in sustainable entrepreneurship. Integration capabilities let companies efficiently combine internal and external resources, as Danone does in integrating sustainable farming practices. Adaptive capabilities let companies respond to market and regulatory changes, as H&M shows with its eco-friendly clothing collection. Meanwhile, re-configuration capabilities are helping companies overhaul their business models to be more sustainable, such as Ørsted's transformation from an oil company to renewable energy. These three capabilities strengthen the company's flexibility and innovation in facing sustainability demands.

Some literature explains dynamic capability in three main parts, namely sensing, seizing and transforming (Khouroh et al., 2020; Teece, 2018). Sensing, seizing and transforming capabilities are part of dynamic capabilities that are critical in enhancing sustainable entrepreneurship as they enable businesses to recognise, seize and adapt to opportunities sustainably. Taken together, these three capabilities enable sustainable entrepreneurs to manage complex and dynamic environments, making sure their business practices fulfil current demands and contribute to long-term sustainability (Jiang et al., 2018; Vo-Thai et al., 2021).

Sensing Capability refers to the capacity of a company to recognise and interpret changes in the environment, such as changes in market trends, consumer preferences, or technological developments (Teece, 2018). Seizing Capability explains that once an opportunity is identified, seizing capability is the ability to mobilise resources and make strategic decisions to capture the opportunity. In sustainable entrepreneurship, this involves creating strategies that utilise sustainable resources, processes and practices. Transforming capability is the ability to continuously adapt and renew the company's resources, processes and structures in response to changing environmental conditions. This capability is essential to maintain the competitive advantage gained through sustainable entrepreneurship.

Sensing, seizing and transforming are stages of dynamic capability where (VU, 2020). Asserts that dynamic capability can be described in three parts of ability, namely the ability to integrate, the ability to reconfigure the business and the ability to adapt to various situations and conditions of the business environment (Filyppova et al., 2021; Xu et al., 2022). Explained that the ability to integrate technology is the main key in improving sustainable entrepreneurship. Integration capabilities play a key role in supporting sustainable entrepreneurship by enabling businesses to adopt environmentally friendly practices and technologies, improve efficiency, and create greater social and economic value (Li & Long, 2024).

On the other hand, the ability to adapt to change is also a key competency that supports sustainable entrepreneurship (Basu et al., 2022; Dentoni et al., 2021; Shen et al., 2020). Adaptive capabilities enable businesses to quickly adjust to new environmental regulations and ensure compliance with sustainability standards (Basu et al., 2022). The next part that can enhance sustainable entrepreneurship is reconfigurability (Cao et al., 2021; Gao et al., 2022; Thomas & Douglas, 2024). Reconfigurability refers to changing, reorganising, or readjusting key elements in an organisation or business strategy to achieve efficiency, innovation, or to respond to changes in

the business environment (Thomas & Douglas, 2024). Therefore, this study formulates the following hypothesis:
H_1: Integration capability has a positive effect on sustainable entrepreneurship
H_2: Adaptive capability has a positive effect on sustainable entrepreneurship
H_3: Reconfiguration capability has a positive effect on sustainable entrepreneurship

The Mediation Role of Digital Networking

Networking is an asset in building a wider business scope and market share (Bazine & Fréour, 2024). In this era, networking is not only offline but also in the digital space. Digital networking refers to using digital tools and platforms to create, develop and maintain professional relationships. This modern approach to networking utilises various technologies to connect with colleagues, clients and peers in the industry (Kurfess et al., 2023). Digital networking has become an integral part of modern business practice, offering a versatile and effective way to build and maintain professional relationships (Bauer et al., 2023; Shaw & Wheeler, 2022).

For companies, networking leads to potential resources and wider market share (Witschel et al., 2019). More broadly, digital networking has many advantages, namely no distance limitations in building networks and greater flexibility because networking activities can be carried out on a mobile basis (Dhar et al., 2021). Regarding dynamic capability, dynamic capability lets organisations quickly adapt to new technologies. By developing this capability, companies can utilise digital networks that are more sophisticated and relevant to current market needs. For example, the adoption of cloud technology or collaboration platforms that support better integration between internal and external systems (Bazine & Fréour, 2024; Wiwoho et al., 2020). Through developing and implementing dynamic capabilities, companies can strengthen their digital networks, making them more responsive, innovative and ready to face the challenges of a changing market (Bazine & Fréour, 2024; Kurfess et al., 2023; Shaw & Wheeler, 2022).

A well-established network breeds sustainability (Bazine & Fréour, 2024; Wiwoho et al., 2020). Digital networking enables entrepreneurs to access information, research and insights relevant to sustainable business practices. This includes knowledge about green technologies, best practices and sustainability-related regulations that can help them develop greener products and services (Bauer et al., 2023; Shaw & Wheeler, 2022). Through digital networks, entrepreneurs can connect with business partners, suppliers and customers around the world who share the same vision on sustainability. This collaboration can help in developing innovative solutions and sharing resources to create a more sustainable business (Kurfess et al., 2023; Shaw & Wheeler, 2022).

Through digital networking, entrepreneurs can more easily access resources, innovate, and develop businesses that are financially profitable and contribute to environmental and social sustainability. With a strong digital network, entrepreneurs can more quickly expand their business without having to rely on large physical infrastructure. This helps in the spread of sustainable business practices to a wider market with lower costs and minimal environmental impact (Bauer et al., 2023; Kurfess et al., 2023; Shaw & Wheeler, 2022). Unfortunately, no literature specifically analyses the mediating role of digital networking in the influence of dynamic capability on sustainable entrepreneurship. So this study formulates the following hypothesis:
H_4: Digital networking has a positive effect on sustainable entrepreneurship
H_5: Digital networking mediates the effect of integration capability on sustainable entrepreneurship
H_6: Digital networking mediates the effect of adaptive capability on sustainable entrepreneurship
H_7: Digital networking mediates the effect of reconfiguration capability on sustainable entrepreneurship

Research Method

The study uses quantitative methods to examine the relationship between dynamic capabilities, digital networking, and sustainable entrepreneurship among online business managers in Yogyakarta's e-commerce sector. Stratified random sampling was used to ensure proportional representation of sub-groups within the population, and the sample size was determined using

(Hair et al., 2021) guideline, requiring 180 respondents based on 18 indicators. Data were collected through a Google Forms questionnaire, capturing responses on key constructs, and analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with Smart-PLS 4, allowing for the simultaneous examination of multiple variables.

Using SEM enables the evaluation of both the measurement and structural models, testing the relationships between dynamic capabilities, digital networking, and sustainable entrepreneurship. The analysis involved assessing convergent and discriminant validity to ensure reliability. This method allows for testing complex relationships, including the mediating role of digital networking, making it a suitable approach for understanding how dynamic capabilities influence sustainable entrepreneurship in the e-commerce context. This research analyses 5 research variables including 3 exogenous variables, namely integration capability, adaptive capability and recognition capability. The digital network and sustainable entrepreneurship are endogenous variables in this study. The measurement of each variable is shown in table 1.

Table 1. Variable Measurement

Variable	Indicators	Source
Sustainable Entrepreneurship	1. Business stripping	(Xu et al., 2022)
	2. Competition approach	
	3. Digital transformation	
	4. Profitability improvement	
	5. Customer loyalty	
Integration Capability	1. External/internal integration	(Guo et al., 2021)
	2. Interdepartmental integration	
	3. Field integration	
	4. Knowledge combination	
Adaptive Capability	1. Value creation	(Isip, 2022)
	2. Organizational flexibility	
	3. Organizational Resourcefulness	
Reconfiguration Capability	1. Experience-based	(Vo-Thai et al., 2021)
	2. Technological knowledge	
	3. Simple adjustments	
	4. New skills	
	5. New methods	
Digital Networking	1. Finding digital network partners	(Mu et al., 2017)
	2. Managing Network Relationship	
	3. Leveraging Network Relationship	

Result

This study uses a quantitative approach to examine the influence of parts of dynamic capability on sustainable entrepreneurship. The parts of dynamic capability include integration capability, adaptive capability and reconfiguration capability. This study also analyses the mediating role of digital networking. The analysis in this study uses the structural equation model method with Smart-PLS. There are two stages in the analysis, namely outer model analysis and inner model analysis. Outer model analysis tests data quality and the accuracy of an indicator measuring its construct. In the outer model analysis, there are several types of analysis, namely convergent validity, construct validity and reliability and discriminant validity. The inner model analysis tries to test the influence between variables. Inner model analysis includes the coefficient of determination and research hypothesis testing.

The first stage is outer model analysis. In this stage there are several analyses where the first is convergent validity. Convergent validity aims to test the validity of each indicator in the research model. Valid indicators are seen from the loading factor value. If the loading factor value is> 0.5, it is classified as a valid indicator. Meanwhile, if the loading factor value <0.5, it includes invalid indicators. The results of convergent validity testing are shown in table 2.

Table 2. Convergent Validity

	Outer loadings
AC1 ← Adaptive Capability	0.866
AC2 ← Adaptive Capability	0.861
AC3 ← Adaptive Capability	0.834
DN1 ← Digital Network	0.762
DN2 ← Digital Network	0.696
DN3 ← Digital Network	0.835
IC1 ← Integration Capability	0.852
IC2 ← Integration Capability	0.856
IC3 ← Integration Capability	0.729
IC4 ← Integration Capability	0.888
RC1 ← Reconfiguration Capability	0.820
RC2 ← Reconfiguration Capability	0.915
RC3 ← Reconfiguration Capability	0.924
RC4 ← Reconfiguration Capability	0.612
SE1 ← Sustainable Entrepreneurship	0.739
SE2 ← Sustainable Entrepreneurship	0.774
SE3 ← Sustainable Entrepreneurship	0.806
SE4 ← Sustainable Entrepreneurship	0.815

Table 2 shows that all indicators in this study have factor loading values with a range of 0.612 to 0.924. So all indicators have a loading factor value> 0.5 so they have met the threshold for the loading factor value and it can be concluded that all indicators meet convergent validity. After the indicator is declared valid, each construct in this study must meet construct validity with the criteria for AVE value> 0.5 and meet construct reliability with the criteria for composite reliability value> 0.7.

Table 3. AVE and Composite Reliability

	Composite reliability	Average variance extracted
Adaptive Capability	0.890	0.729
Digital Network	0.810	0.588
Integration Capability	0.900	0.695
Reconfiguration Capability	0.895	0.685
Sustainable Entrepreneurship	0.864	0.615

The analysis results in table 3 show that the AVE (Average Variance Extracted) value in this study in all variables has met the construct validity criteria, namely> 0.5. The composite reliability value in this study has also met the construct reliability standard, which is> 0.7. So all variables in this study can be categorized as valid and reliable.

The next analysis is discriminant validity to test whether the indicators in this study have measured correctly on each variable. Discriminant validity in this study refers to two tests, namely fornel lacker creation. Fornel lacker creation refers to the AVE root of each construct. Good Discriminant Validity is indicated by the square root of the AVE for each construct greater than the correlation between constructs in the model.

Table 4. Fornel Lacker Creation

	AC	DN	IC	RC	SE
Adaptive Capability	0.854				
Digital Network	0.694	0.767			
Integration Capability	0.774	0.679	0.833		
Reconfiguration Capability	0.736	0.699	0.653	0.828	
Sustainable Entrepreneurship	0.781	0.735	0.731	0.794	0.784

Table 4 shows the value of fornel lacker cration to test discriminant validity. The results show that all research variables have a value (root AVE) that is higher than the correlation between variables. So based on table 5, this study has met discriminant validity.

Inner Model Analysis

Inner model analysis is a test to analyze the relationship between variables in research. The inner model analysis includes testing the coefficient of determination and path analysis to test the hypothesis. The inner model testing procedure uses bootstrap in smart PLS with the output as shown in figure 1. The first analysis is the coefficient of determination. The coefficient of determination refers to the R2 value in the study. It was found that the R2 value of the digital network variable was 0.589 or 58.9%, indicating that the digital network variable had an influence of 58.9% from other variables in the model. In the sustainable entrepreneurship variable, the R2 value was 74.9%, so the variable was influenced by 74.9% of other variables.

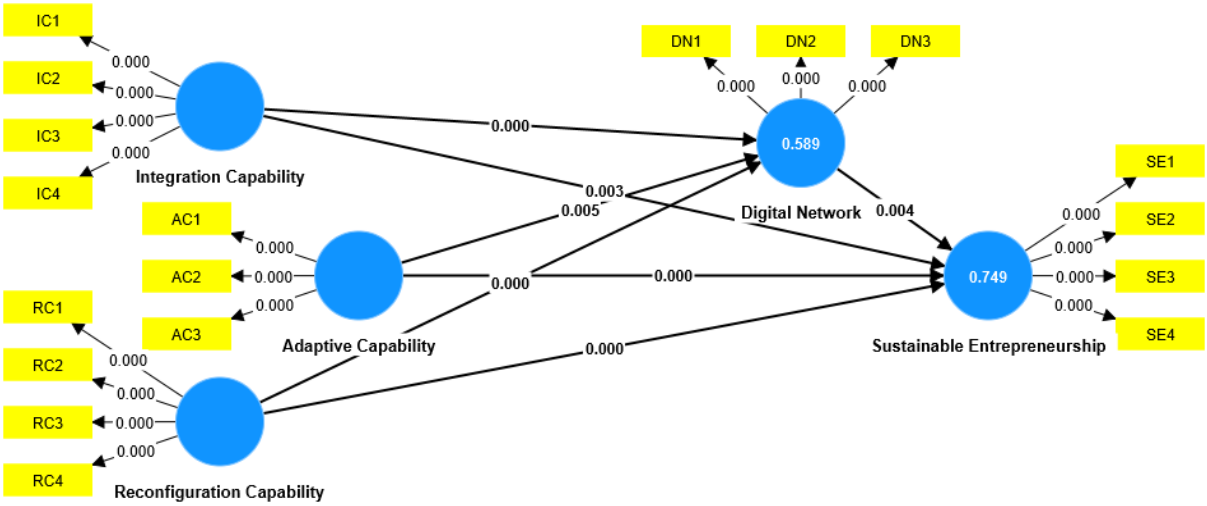

Figure 1. Output Bootstrap with Smart PLS

The next analysis is path analysis to test the research hypothesis. The analysis in this study uses significant criteria if the T-statistics value is greater than 1.96 and the p-value is less than 0.05 at the 5% significance level. While the parameter coefficient shows the direction of influence by looking at the positive or negative original sample and the amount of influence of the independent variable on the dependent variable. The results of path analysis testing to test the research hypothesis are shown in table 5.

Table 5. Path Analysis

	Original sample	T statistics	P values
Integration Capability → Sustainable Entrepreneurship	0.172	2.777	0.003
Adaptive Capability → Sustainable Entrepreneurship	0.243	3.491	0.000
Reconfiguration Capability → Sustainable Entrepreneurship	0.368	5.434	0.000
Digital Network → Sustainable Entrepreneurship	0.193	2.662	0.004
Integration Capability → Digital Network → Sustainable Entrepreneurship	0.054	2.262	0.012
Adaptive Capability → Digital Network → Sustainable Entrepreneurship	0.041	1.703	0.044
Reconfiguration Capability → Digital Network → Sustainable Entrepreneurship	0.069	2.405	0.008

The study reveals that integration capability, adaptive capability, and reconfiguration capability each have a positive impact on sustainable entrepreneurship, supporting hypotheses H1, H2, and H3. Also, the role of digital networking is significant, as it not only positively influences sustainable entrepreneurship (supporting H4), but also serves as a mediating factor. Specifically,

digital networking mediates the effects of integration capability, adaptive capability, and reconfiguration capability on sustainable entrepreneurship, thus supporting hypotheses H5, H6, and H7. These findings underscore the importance of both organizational capabilities and digital networking in fostering sustainable entrepreneurial practices.

Discussion

This research uncovers the relationship between dynamic capabilities and sustainable entrepreneurship, particularly focusing on the mediating role of digital networking. In a context increasingly dominated by digital technology, this study is interesting because it explores how dynamic organizational capabilities, such as integration, adaptation, and reconfiguration, can drive sustainable entrepreneurship through digital networks. The results showed that of the seven hypotheses analysed, it was found that all hypotheses in this study were supported. So this study confirms that dynamic capability which includes three parts, namely integration capability, adaptive capability, and reconfiguration capability, can significantly increase sustainable entrepreneurship. On the other hand, digital networking can also mediate the influence of dynamic capability parts on sustainable entrepreneurship.

The first finding shows that integration capability has a positive effect on sustainable entrepreneurship. These results indicate that H1 is supported so the better the ability to integrate important parts such as resources, technology, facilities and human resources, it can encourage sustainable entrepreneurship. So this research encourages companies to improve integration capabilities. Integration capabilities play a key role in supporting sustainable entrepreneurship by enabling businesses to adopt environmentally friendly practices and technologies, improve efficiency, and create greater social and economic value (Li & Long, 2024).

The findings are supported by (Filyppova et al., 2021; Xu et al., 2022) who found that technology integration capability is the main key in enhancing sustainable entrepreneurship. Integration capabilities let companies bring together various resources, processes, and technologies effectively, creating synergies that optimize the use of resources (Xu et al., 2022). Integration capabilities help firms become more responsive to changes in the external environment, such as regulatory changes or consumer preferences that increasingly favour sustainability (Filyppova et al., 2021). Integration capabilities help companies combine the elements needed to create sustainable entrepreneurship initiatives, which ultimately support responsible and sustainable growth.

The next finding in this study is that adaptive capability has a positive effect on sustainable entrepreneurship. These results indicate that H2 is supported, so the better the adaptive capability possessed by an organization or company, it will encourage sustainable entrepreneurship of the organization. These results are supported by several previous studies by (Basu et al., 2022; Dentoni et al., 2021; Shen et al., 2020) which found that the ability to adapt to change is also a key competency that supports sustainable entrepreneurship.

Adaptability lets businesses quickly adjust to new environmental regulations and ensure compliance with sustainability standards (Basu et al., 2022). Adaptive companies are usually more open to innovation, including in terms of creating solutions that support sustainability (Shen et al., 2020). In a dynamic business environment, sustainability-related risks can be diverse, such as reputational risks, regulatory risks, or operational risks associated with natural resources. Adaptive capabilities help companies identify and manage these risks more effectively (Basu et al., 2022). It is concluded that by developing adaptive capabilities, firms can create an environment that supports continuous innovation, effective risk management and responsiveness to change, which are essential elements of sustainable entrepreneurship.

The next finding is that reconfigurability has a positive effect on sustainable entrepreneurship. These results indicate that H3 is supported, so the better the reconfigurability of the company, the better it will encourage sustainable entrepreneurship. These results are supported by several previous studies including (Cao et al., 2021; Gao et al., 2022; Thomas & Douglas, 2024) which emphasize that the key to sustainable entrepreneurship is the ability to reconfigure the main elements in the organization.

Reconfigurability refers to changing, reorganising, or readjusting key elements in an organization or business strategy to achieve efficiency, innovation, or to respond to changes in the business environment (Thomas & Douglas, 2024). Reconfigurability enables companies to dynamically change organizational structures, business processes, and resource allocation to support sustainability initiatives (Cao et al., 2021). With the ability to remodel and optimise resource use, companies can improve efficiency and reduce environmental footprint. Reconfiguration can include changes in using raw materials, energy, and technology to minimise negative impacts on the environment, which is in line with the principles of sustainable entrepreneurship (Gao et al., 2022).

Further results show that digital networking has a positive effect on sustainable entrepreneurship. These results indicate that H4 is supported, so that with better digital networking, sustainable entrepreneurship will go up. These results are supported by (Bazine & Fréour, 2024; Wiwoho et al., 2020) who assert that a well-established network will lead to sustainability. Digital networking lets entrepreneurs access information, research and insights relevant to sustainable business practices. This includes knowledge about green technologies, best practices, and sustainability-related regulations that can help them develop greener products and services (Bauer et al., 2023; Shaw & Wheeler, 2022).

The findings further suggest that digital networking can mediate the influence of three parts of dynamic capability, namely integration capability, adaptive capability and reconfiguration capability on entrepreneurial sustainability. Digital networking acts as a link that amplifies the impact of integration, adaptive and reconfiguration capabilities on entrepreneurship sustainability (Kurfess et al., 2023; Shaw & Wheeler, 2022). By accelerating information flows, enhancing collaboration, and supporting dynamic customisation, digital networking enables firms to integrate resources, adapt to change, and remodel strategies to achieve sustainability goals (Bauer et al., 2023). Without the mediation of digital networking, the impact of these three parts of dynamic capability on entrepreneurship sustainability may not be as strong or effective as when digital networking is involved.

This research offers a strategic approach that combines the idea of dynamic capability with digital networking in sustainable entrepreneurship. While many previous studies have examined the influence of organisational capabilities on business sustainability, this study introduces digital networking as an important mediating mechanism. It provides new insights into how firms can leverage digital networks to optimise the use of their dynamic capabilities, thus creating entrepreneurial practices that are more sustainable and adaptive to the changing business environment. This study contributes to the literature by expanding the understanding of how dynamic capabilities—namely integration, adaptive, and reconfiguration capabilities—directly influence sustainable entrepreneurship and the critical role that digital networking plays as a mediating factor in this relationship. While much of the existing literature has focused on dynamic capabilities and sustainability separately, this research integrates these ideas, showing how digital networking amplifies the impact of dynamic capabilities on sustainable business practices. By doing so, it introduces a more nuanced perspective that highlights the importance of digital technology in helping with resource integration, adaptability, and organizational reconfiguration in pursuit of sustainability goals.

Theoretical Implication and Managerial Implication

This study contributes to the literature on dynamic capability and sustainable entrepreneurship by introducing digital networking as an important mediating variable. The finding that digital networking strengthens the relationship between integration capability, adaptive capability, and reconfiguration capability with entrepreneurship sustainability enriches the theoretical understanding of how firms can utilise digital technology to enhance their business sustainability. These theoretical implications open up space for further research exploring the role of digital technologies in strengthening organisational dynamic capabilities and how different digital elements can support sustainability in different contexts.

From a managerial perspective, this research provides strategic guidance for firms looking to enhance their entrepreneurial sustainability. Managers should focus on strengthening digital networking within their organisations to maximise the positive impact of integration, adaptive and reconfiguration capabilities. This includes investing in digital infrastructure, training employees to optimise the use of digital technologies, and developing strategies that support more effective digital collaboration. In addition, companies are advised to continue honing their dynamic capabilities to respond to changes in the business environment and be able to integrate sustainability initiatives into daily operations. Implementing these strategies will help companies in achieving sustainability goals and in improving competitiveness in an increasingly dynamic marketplace.

Conclussion

This research reveals that three key aspects of dynamic capability-integration capability, adaptive capability, and reconfiguration capability-significantly influence sustainable entrepreneurship. Digital networking, as a mediating mechanism, plays an important role in strengthening the influence of these three capabilities on sustainable entrepreneurship. With digital networking, firms can integrate resources, adapt to changes in the business environment, and remodel strategies to achieve sustainability goals. The findings confirm the importance of a strategic approach that combines dynamic organisational capabilities with digital technologies to support more sustainable business practices.

Based on the results, firms should increase investment in digital networking to maximise the benefits of integration, adaptation and reconfiguration capabilities. Strengthening digital networks not only helps companies in optimising the use of resources and technology but also increases responsiveness to changes in the business environment. In addition, companies need to continue to develop and integrate their dynamic capabilities to create greater synergies between innovation and sustainability. These recommendations are expected to help companies to create more resilient and sustainable business models, and improve their competitiveness in an increasingly competitive global marketplace.

Reference

Abbas, J., Raza, S., Nurunnabi, M., Minai, M. S., & Bano, S. (2019). The Impact of Entrepreneurial Business Networks on Firms' Performance Through a Mediating Role of Dynamic Capabilities. *Sustainability*, *11*(11), 3006. https://doi.org/10.3390/su11113006

Algarni, M. A., Ali, M., Albort-Morant, G., Leal-Rodríguez, A. L., Latan, H., Ali, I., & Ullah, S. (2022). Make Green, Live Clean! Linking Adaptive Capability and Environmental Behavior With Financial Performance Through Corporate Sustainability Performance. *Journal of Cleaner Production*, *346*, 131156. https://doi.org/10.1016/j.jclepro.2022.131156

Basu, S., Munjal, S., Budhwar, P., & Misra, P. (2022). Entrepreneurial Adaptation in Emerging Markets: Strategic Entrepreneurial Choices, Adaptive Capabilities and Firm Performance. *British Journal of Management*, *33*(4), 1864–1886. https://doi.org/10.1111/1467-8551.12572

Bauer, J. C., Murray, M. A., & Ngondo, P. S. (2023). Who's Missing Out? The Impact of Digital Networking Behavior & Amp; Social Identity on PR Job Search Outcomes. *Public Relations Review*, *49*(4), 102367. https://doi.org/10.1016/j.pubrev.2023.102367

Bazine, N., & Fréour, L. (2024). Is Protean Career Orientation Related to Digital Networking? The Role of Digital Technology Competencies. *Le Travail Humain*, *87*(1), 1–24. https://doi.org/10.3917/th.871.0001

Cao, N., Wang, J., Wang, Y., & Yu, L. (2021). Towards Enterprise Sustainable Innovation Process: Through Boundary-Spanning Search and Capability Reconfiguration. *Processes*, *9*(11), 2092. https://doi.org/10.3390/pr9112092

Dentoni, D., Pinkse, J., & Lubberink, R. (2021). Linking Sustainable Business Models to Socio-

Ecological Resilience Through Cross-Sector Partnerships: A Complex Adaptive Systems View. *Business & Society*, *60*(5), 1216–1252. https://doi.org/10.1177/0007650320935015

Dhar, S., Bose, I., & Khan, M. N. (2021). Digital Social Networking. In *Research Anthology on Strategies for Using Social Media as a Service and Tool in Business* (pp. 828–849). IGI Global. https://doi.org/10.4018/978-1-7998-9020-1.ch042

Fansuri Munawar. (2019). The Role of Entrepreneurial Orientation and Adaptive Capability to Performance of SME Food & Beverages. *Global Business and Management Research: An International Journal*, *11*, 139–151.

Fichter, K., & Tiemann, I. (2020). Impacts of Promoting Sustainable Entrepreneurship in Generic Business Plan Competitions. *Journal of Cleaner Production*, *267*, 122076. https://doi.org/10.1016/j.jclepro.2020.122076

Filyppova, S., Kovtunenko, Y., Filippov, V., Voloshchuk, L., & Malin, O. (2021). Sustainable Development Entrepreneurship Formation: System-Integrated Management Tools. *E3S Web of Conferences*, *255*, 01049. https://doi.org/10.1051/e3sconf/202125501049

Gao, S., Ma, X., & Zhao, X. (2022). Entrepreneurship, Digital Capabilities, and Sustainable Business Model Innovation: A Case Study. *Mobile Information Systems*, *2022*, 1–13. https://doi.org/10.1155/2022/5822423

Gregori, P., & Holzmann, P. (2020). Digital Stainable Entrepreneurship: A Business Model Perspective on Embedding Digital Technologies for Social and Environmental Value Creation. *Journal of Cleaner Production*, *272*, 122817. https://doi.org/10.1016/j.jclepro.2020.122817

Guo, J., Zhou, S., Chen, J., & Chen, Q. (2021). How Information Technology Capability and Knowledge Integration Capability Interact to Affect Business Model Design:A Polynomial Regression with Response Surface Analysis. *Technological Forecasting and Social Change*, *170*, 120935. https://doi.org/10.1016/j.techfore.2021.120935

Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). *Partial Least Squares Structural Equation Modeling (PLS-SEM) Using R*. Springer International Publishing. https://doi.org/10.1007/978-3-030-80519-7

Isip, M. I. G. (2022). Adaptive Capability of Micro Agribusiness Firms: Qualitative Evidence from the Philippines. *Research in Globalization*, *5*, 100087. https://doi.org/10.1016/j.resglo.2022.100087

Jiang, W., Chai, H., Shao, J., & Feng, T. (2018). Green Entrepreneurial Orientation for Enhancing Firm Performance: A Dynamic Capability Perspective. *Journal of Cleaner Production*, *198*, 1311–1323. https://doi.org/10.1016/j.jclepro.2018.07.104

Khouroh, U., Sudiro, A., Rahayu, M., & Indrawati, N. K. (2020). The Mediating Effect of Entrepreneurial Marketing in the Relationship Between Environmental Turbulence and Dynamic Capability With Sustainable Competitive Advantage: An Empirical Study in Indonesian MSMEs. *Management Science Letters*, *10*(33), 709–720. https://doi.org/10.5267/j.msl.2019.9.007

Kurfess, C., Corsten, S., Nickel, M. T., Knieriemen, M., Kreiter, D., & Lauer, N. (2023). Peer-to-Peer Support: Digital Networking in Aphasia to Improve Quality of Life (PeerPAL). *Frontiers in Communication*, *8*. https://doi.org/10.3389/fcomm.2023.1187233

Lahouij, A., Hamel, L., & Graiet, M. (2023). Formal Reconfiguration Model for Cloud Resources. *Software and Systems Modeling*, *22*(1), 225–245. https://doi.org/10.1007/s10270-022-00990-6

Li, F., & Long, J. (2024). Exploration and exploitation of multiple values: The dynamic evolution process of sustainable entrepreneurship in <scp>Chinese</scp> digital platform

corporates. *Sustainable Development*, *32*(3), 2342–2357. https://doi.org/10.1002/sd.2791

Mu, J., Thomas, E., Peng, G., & Di Benedetto, A. (2017). Strategic Orientation and New Product Development Performance: The Role of Networking Capability and Networking Ability. *Industrial Marketing Management*, *64*, 187–201. https://doi.org/10.1016/j.indmarman.2016.09.007

Ploum, L., Blok, V., Lans, T., & Omta, O. (2018). Toward a Validated Competence Framework for Sustainable Entrepreneurship. *Organization & Environment*, *31*(2), 113–132. https://doi.org/10.1177/1086026617697039

Reni Shinta Dewi, Taher Alhabsji, Zainul Arifin, & Yusri Abdillah. (2020). Adaptive Capability: Capability to Create Innovation and Competitive Advantages of SME'S in the Industry 4.0 Era. *International Journal of Innovation, Creativity and Change*, *11*(2), 124–143.

Riviere, M., Bass, A. E., & Andersson, U. (2021). Dynamic capability development in multinational enterprises: Reconciling routine reconfiguration between the headquarters and subsidiaries. *Global Strategy Journal*, *11*(3), 380–401. https://doi.org/10.1002/gsj.1389

Sabahi, S., & Parast, M. M. (2020). Firm innovation and supply chain resilience: a dynamic capability perspective. *International Journal of Logistics Research and Applications*, *23*(3), 254–269. https://doi.org/10.1080/13675567.2019.1683522

Salvato, C., & Vassolo, R. (2018). The sources of dynamism in dynamic capabilities. *Strategic Management Journal*, *39*(6), 1728–1752. https://doi.org/10.1002/smj.2703

Shaw, P., & Wheeler, L. (2022). Digital Networking and the Case of Youth Unemployment in South Africa. In *Introduction to Development Engineering* (pp. 293–321). Springer International Publishing. https://doi.org/10.1007/978-3-030-86065-3_12

Shen, J., Sha, Z., & Wu, Y. J. (2020). Enterprise Adaptive Marketing Capabilities and Sustainable Innovation Performance: An Opportunity–Resource Integration Perspective. *Sustainability*, *12*(2), 469. https://doi.org/10.3390/su12020469

Siahaan, D. T., & Tan, C. S. L. (2022). What Drives the Adaptive Capability of Indonesian SMEs during the Covid-19 Pandemic: The Interplay between Perceived Institutional Environment, Entrepreneurial Orientation, and Digital Capability. *Asian Journal of Business Research*, *12*(2), 1–20. https://doi.org/10.14707/ajbr.220125

Szigeti, David Zacks, Matthias Falkner, & Simone Arena. (1997). *Cisco Digital Network Architecture Intent-bassed Networking for the Enterprise*. Cisco Press.

Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, *51*(1), 40–49. https://doi.org/10.1016/j.lrp.2017.06.007

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509–533. https://doi.org/https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z

Thomas, G. H., & Douglas, E. J. (2024). Resource Reconfiguration by Surviving SMEs in a Disrupted Industry. *Journal of Small Business Management*, *62*(1), 140–174. https://doi.org/10.1080/00472778.2021.2009489

Vo-Thai, H.-C., Lo, S., & Tran, M.-L. (2021). How Capability Reconfiguration in Coping With External Dynamism Can Shape the Performance of the Vietnamese Enterprises. *Sage Open*, *11*(3). https://doi.org/10.1177/21582440211032666

VU, H. M. (2020). A Review of Dynamic Capabilities, Innovation Capabilities, Entrepreneurial Capabilities and Their Consequences. *The Journal of Asian Finance, Economics and Business*, *7*(8), 485–494. https://doi.org/10.13106/jafeb.2020.vol7.no8.485

Witschel, D., Döhla, A., Kaiser, M., Voigt, K.-I., & Pfletschinger, T. (2019). Riding on the Wave of Digitization: insights How and Under What Settings Dynamic Capabilities Facilitate Digital-Driven Business Model Change. *Journal of Business Economics*, *89*(8–9), 1023–1095. https://doi.org/10.1007/s11573-019-00950-5

Wiwoho, G., Suroso, A., & Wulandari, S. Z. (2020). Linking Adaptive Capability, Product Innovation and Marketing Performance: Results from Indonesian SMEs. *Management Science Letters*, *10*, 2379–2384. https://doi.org/10.5267/j.msl.2020.2.027

Xu, G., Hou, G., & Zhang, J. (2022). Digital Sustainable Entrepreneurship: A Digital Capability Perspective through Digital Innovation Orientation for Social and Environmental Value Creation. *Sustainability*, *14*(18), 11222. https://doi.org/10.3390/su141811222