

Orchestrating Dynamic Capabilities for Sustainable Business Model Innovation in Hotels: A Sequential Conceptual Framework

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ABSTRACT

Malaysia's hotel industry faces growing pressure to improve environmental management while maintaining service quality, operational efficiency, guest value, and long-term competitiveness. Although the dynamic capabilities view explains firm adaptation through the sensing–seizing–transforming framework, it provides a limited explanation of how hotels move from recognising sustainability pressures to implementing sustainable business model innovation. This conceptual article develops a Sequential Capability Orchestration Framework to explain how sustainable business model innovation unfolds in hotels. The framework proposes that business model innovation develops through five interdependent stages: sensing capability, organisational learning capability, seizing capability, resource orchestration capability, and transformation capability. Organisational learning converts sensed sustainability signals into actionable knowledge, while resource orchestration translates strategic commitment into coordinated execution and embedded operational change. By integrating configurational logic, the article argues that sustainable business model innovation depends not on isolated green practices or individual capabilities, but on the coherent alignment of the full capability system. The article contributes to the dynamic capabilities view by specifying transition mechanisms between capability stages and explaining business model innovation as a sequential and configurational process. Practically, the framework offers hotel managers a structured pathway for translating sustainability pressures into viable business model innovation, improved environmental performance, and long-term competitive positioning.

Keywords: dynamic capabilities, Sustainable business model innovation, hotel management, resource orchestration, environmental management

INTRODUCTION

Malaysia's hotel industry is entering a critical period of transformation. The sector is recovering strongly after the pandemic, supported by growing tourism demand, investment in upscale hospitality, Malaysia's ASEAN Chairmanship in 2025, and the Visit Malaysia Year 2026 campaign. Four- and five-star hotels are especially exposed to this transformation as they operate in highly competitive markets, serve increasingly demanding guests, and are expected to lead service, digital, and sustainability innovation. However, while Malaysian hotels are expanding in scale and market opportunity, many still struggle to redesign their business models in ways that are sustainable, innovative, and operationally viable (Muniar et al., 2025; Sin, 2021).

This contradiction is particularly visible in sustainable business model innovation (SBMI). Hotels in Malaysia are facing rising pressure to reduce their environmental impact, manage resources efficiently, adopt greener operations, and respond to sustainability-conscious guests. Nevertheless, sustainability cannot be treated as a separate environmental programme. For hotels, SBMI requires changes in how value is created, delivered, and captured through service design, resource use, digital systems, supplier relationships, employee routines, and guest engagement. In other words, SBMI requires a transformation of the hotel's operating logic, not only the adoption of isolated green practices (Hossain et al., 2021; Seow et al., 2025).

Despite this need, implementing SBMI in Malaysian hotels remains difficult. Many hotels face knowledge, awareness, and skill barriers among owners, directors, managers, and employees, while green innovation is often perceived as abstract, costly, or risky. Traditional leadership styles, complacency, and resistance to

change further reduce the agility required to adopt sustainable technologies and new operating practices. These internal barriers are intensified by operational dilemmas, as hotels must balance environmental performance with service quality, guest comfort, food safety, and cost control. For instance, circular food practices such as

food donation, food upcycling, or surplus reuse may be restricted by strict food safety procedures, while some digital sustainability tools may be resisted because they are perceived as impersonal or inconsistent with human-centred hospitality (Chang et al., 2025; Khalil et al., 2024; Patwary et al., 2024).

External conditions add further complexity. Malaysian hotels operate in a tropical climate, where high humidity, heat, and rainfall affect energy efficiency, water use, building design, and daily operations. At the same time, hotels face inconsistent regulatory support, limited environmental infrastructure, technological fragmentation, rising operating costs, and the risk of greenwashing when sustainability is perceived as a cost-saving tactic rather than a genuine commitment. These conditions make SBMI a high-stakes managerial challenge. Hotels do not simply need to “go green”; they need the capabilities to translate sustainability pressures into coherent business model innovation (BMI) (Aziz et al., 2025).

The dynamic capabilities view (DCV) provides a useful starting point for explaining this challenge. The traditional sensing–seizing–transforming (SST) framework explains how firms adapt to changing environments by identifying opportunities, committing resources, and reconfiguring operations. However, this triadic model remains too broad for explaining SBMI in Malaysian hotels. While it identifies the broad stages of adaptation, it does not sufficiently explain the transition mechanisms through which hotels move from recognising sustainability pressures to learning, committing, aligning resources, and embedding change into operations. This reflects a theoretical limitation in DCV, where the mechanisms linking SST remain underspecified, particularly when firms must translate sustainability pressures into business model change (Foss et al., 2023; Ostadi et al., 2024; Pitelis et al., 2024; Seow et al., 2025).

This problem is important because hotels may fail at SBMI not because they lack a single capability, but because the sequence of capabilities is fragmented. A hotel may sense sustainability pressure but fail to convert it into usable knowledge; learn from environmental signals but fail to commit resources; commit to a green initiative but fail to orchestrate people, technologies, suppliers, and routines; or invest in resources but fail to transform its operating model. Therefore, the central issue is not whether DCs exist, but how they are sequentially orchestrated and configured to produce SBMI (Asadi et al., 2020; Voegeli, 2024). Existing studies, such as Witschel et al. (2022), van de Wetering (2022), and Supramono et al. (2025), often treat DCs as aggregated, isolated, or parallel constructs rather than as a sequential capability architecture that explains how sustainability-related opportunities move from recognition to implementation. This issue is also configurational because a change in the business model depends on the alignment of multiple interdependent capabilities and organisational conditions. In practice, hotels still need to understand how sustainable competitive advantage can support not only survival but also broader business growth and international expansion (Seow et al., 2025).

Evidence in the literature indicates that this gap is particularly practical in Malaysian hotels. Hotels may sense external sustainability pressures, but they often lack the capability to acquire, formalise, interpret, and translate raw environmental information into actionable knowledge that can support business model transformation. This creates a fragmented sequence in which sustainability signals do not automatically become strategic commitment or operational change (Chang et al., 2025; Khalil et al., 2024). Malaysian hotels may recognise the need for green practices, digital sustainability tools, food waste reduction, or resource efficiency, yet still struggle to translate these intentions into coordinated action due to weaknesses in team culture, organisational learning capability, and resource orchestration. These capabilities are necessary to coordinate human behaviour, digital technologies, operational routines, staff training, guest participation, and managerial decision-making into a cohesive sustainable operating model (Yoke-Lin et al., 2024).

This practical gap is further intensified by physical and financial barriers that limit hotels' ability to respond strategically to sustainability pressures. High implementation and maintenance costs, infrastructure limitations, and the difficulty of adapting sustainability frameworks to local hotel conditions in Malaysia can reduce strategic agility and entrepreneurial competency (Khalil et al., 2024). As a result, hotels may struggle to

rapidly reconfigure resources, adapt imported sustainability models to the Malaysian context, or develop cost-effective, innovative responses to market and environmental challenges. These constraints show that the challenge is not only technological or financial but also capability-based, as hotels require the ability to learn, adapt, coordinate, and reconfigure resources in ways that fit their operating environment (Sin, 2021; Yoke-Lin et al., 2024).

Ultimately, these conditions may position Malaysian hotels in a reactive stance. Rather than proactively collaborating beyond their organisational boundaries, such as through partnerships with nongovernmental organisations, external innovators, local communities, suppliers, or sustainability partners, hotels may wait for government support, public infrastructure, or regulatory pressure to guide sustainability implementation. This indicates a weakness in open innovation and external collaboration, which limits hotels' ability to develop closed-loop sustainability systems and embed sustainability in daily operations (Chang et al., 2025; Uthamaputhran et al., 2022). Therefore, the Malaysian hotel context demonstrates a clear practical and theoretical gap: sustainable business model innovation requires more than awareness, isolated green practices, or resource commitment; it requires an integrated capability mechanism through which hotels learn, orchestrate resources, collaborate externally, and transform sustainability pressures into business model innovation.

To address this issue, this article proposes a Sequential Capability Orchestration Framework for SBMI in hotels. The framework explains SBMI as a five-stage process comprising sensing capability, organisational learning capability, seizing capability, resource orchestration capability, and transformation capability. It positions SBMI as the outcome of an integrated capability architecture rather than a direct result of isolated green initiatives. Configuration theory further strengthens this argument by explaining that SBMI emerges from the alignment of interdependent conditions rather than from a single dominant capability. Therefore, this article argues that SBMI in Malaysian hotels should be understood as a sequential and configurational capability process (Cruz-Sánchez et al., 2026; Wan et al., 2025). By focusing on Malaysian hotels, this article contributes to hospitality management, hotel management, and environmental management by explaining how sustainability pressures can be translated into coordinated business model transformation.

LITERATURE REVIEW

SBMI in hotels refers to the integration of sustainability into the core logic of value creation, delivery, and capture. In hospitality literature, SBMI is often discussed through related concepts such as green innovation, green practices, circular economy practices, green information management, and sustainable competitive advantage. These concepts are useful because they show the different ways hotels attempt to reduce environmental impact while maintaining economic and social value. However, they also reveal a conceptual fragmentation in the literature. Much of the hospitality research focuses on specific sustainability practices or performance outcomes, rather than explaining how these practices become embedded in the hotel business model. Green innovation illustrates this problem clearly. Although it involves improving hotel processes, technologies, systems, products, and management methods, its adoption remains difficult because many hotels still perceive it as abstract, costly, and operationally challenging (Asadi et al., 2020; Hossain et al., 2021; Seow et al., 2025). This suggests that the central issue is not only whether hotels adopt green innovation, but whether they possess the internal capability process needed to translate sustainability intention into business model change.

Circular food waste management provides a clear example of this implementation gap. Hotels that adopt circular principles move away from the linear “take–make–dispose” model and treat waste as a recoverable resource through reduction, donation, upcycling, composting, and external collaboration (Bocken et al., 2014). In Malaysian hotels, circular food practices are shaped by customer expectations, competitive pressure, environmental beliefs, employee awareness, cost savings, and business opportunities. However, the literature also indicates that hotel-level circular food waste management remains underdeveloped compared with household-level studies, signalling the need for stronger organisational-level understanding (Khalil et al., 2024). This imbalance is important because circular practices in hotels are not simple environmental actions. They require coordination among kitchen operations, food safety procedures, procurement routines, supplier relationships, employee behaviour, guest participation, and waste-management partners. Therefore, circular

food waste management highlights a broader limitation in the literature: sustainability practices are often identified, but the internal organisational mechanisms that make them operationally viable remain less clearly explained.

Beyond food waste, SBMI encompasses sustainable infrastructure, green operations, digital green information, and stakeholder-based practices. Hotels may adopt energy- and water-saving technologies, green procurement, waste reduction systems, green human resource practices, green marketing, and sustainable building design. These practices depend on the coordinated involvement of managers, employees, and guests, because sustainability in hotels is enacted through daily operational behaviour, service quality, guest participation, and managerial commitment (Muniar et al., 2025; Patwary et al., 2024). At the broader tourism level, sustainable development similarly depends on coordinated planning, stakeholder participation, infrastructure, governance, and responsible resource management rather than isolated environmental interventions. Digital technology further supports SBMI by enabling hotels to collect and formalise green data to monitor resource consumption, improve transparency, identify cost-saving opportunities, and support sustainability-related decisions. Evidence from Malaysian hotels indicates that a strategic orientation toward green innovation and the implementation of digital technologies contribute to sustainable business performance through proactive, transparent, and formalised green information practices (Seow et al., 2025; Wan et al., 2025). However, this also shows that technology alone is insufficient; its value depends on how information is interpreted, shared, and converted into operational and strategic action.

At the market interface, SBMI must also create perceived value for guests. When green practices are viewed as inconvenient, expensive, unclear, or merely symbolic, hotels struggle to convert sustainability investments into customer value and competitive differentiation (Chang et al., 2025). This indicates that SBMI is not only an internal operational challenge but also a value-proposition challenge. Hotels must align sustainability practices with guest expectations, service quality, cost structures, and market positioning. Therefore, the success of SBMI depends on whether sustainability can be embedded simultaneously into operational routines and customer-facing value.

Taken together, the literature shows that SBMI spans circular practices, sustainable operations, digital green information, stakeholder engagement, and customer value creation. These domains require more than separate implementation efforts; they require a capability process through which hotels identify sustainability pressures, develop knowledge, commit to action, mobilise resources, and embed change into the business model. The following section turns to DCV to examine how this process can be theoretically explained.

Dynamic Capabilities and Sustainable Business Model Innovation

DCV provides a suitable theoretical lens for explaining how hotels respond to sustainability pressures and renew their business models. In its conventional form, DCV explains adaptation through the SST framework: sensing enables firms to identify opportunities and threats, seizing supports resource commitment, and transforming enables the reconfiguration of resources, routines, and structures. This logic is relevant to SBMI because hotels must detect environmental pressures, respond to changing guest expectations, and reconfigure their operations to create, deliver, and capture value more sustainably (Teece, 2018, 2020).

Despite this relevance, DCV has been criticised for conceptual vagueness, weak operational precision, and unclear boundaries between ordinary and DC. The SST framework identifies the broad architecture of adaptation, but it remains less explicit about how firms move from recognising opportunities to implementing BMI. This limitation is especially important for SBMI, where sustainability pressures must be interpreted, converted into knowledge, supported by resource commitment, aligned with organisational arrangements, and embedded into routines (Ostadi et al., 2024; Pitelis et al., 2024; Teece, 2023). A related issue concerns how DCs are commonly conceptualised and operationalised. Many studies treat DCs as aggregated, isolated, or parallel constructs by combining SST into a higher-order capability or examining each dimension as a separate predictor of business model outcomes. While these approaches can identify general effects, they offer limited explanations of how capabilities develop, interact, and move from recognition to implementation (Supramono et al., 2025; van de Wetering, 2022; Witschel et al., 2022). For SBMI, the issue is not merely whether separate capabilities exist, but whether they are connected in a coherent process.

Prior hospitality research supports this processual concern by showing that capabilities cannot be treated as a categorised collection of independent aspects. Holistic knowledge-management perspectives argue that hotel transformation depends on an ecosystem of connections and interdependencies, in which value is generated through the flow among structures, processes, collaboration, technology, and knowledge rather than through isolated capability elements (Voegeli, 2024). Empirical hospitality studies similarly show that sensing-related capabilities, such as absorptive capacity, external knowledge acquisition, and competitive intelligence awareness, do not independently generate sustainable advantage unless they are channelled through learning capability and supported by team culture (Hossain et al., 2021). Likewise, a green strategic orientation and the implementation of digital technology do not automatically improve hotel performance unless they are connected through green information proactivity, transparency, and formalisation (Patwary et al., 2024). These findings indicate that a methodological weakness in much of the literature is its tendency to examine isolated constructs, mediators, or performance effects without fully explaining the underlying process by which sustainability signals are interpreted, resourced, operationalised, and embedded in the business model.

Building on this critique, this article adopts a processual view of DCs. Rather than treating SST as a broad three-stage sequence, DCs are conceptualised as a multi-stage and interdependent system comprising sensing, organisational learning, seizing, resource orchestration, and transformation. This structure reflects the view that DCs are not outcomes, but processes through which firms purposefully create, extend, and modify their resource base. It also clarifies that sensing, seizing, and transforming are not self-executing categories; each requires mechanisms that connect one stage to the next (Foss et al., 2023; Teece, 2007).

Organisational Learning: From Sensing to Seizing

Organisational learning refers to an organisation's capacity to revamp existing operational capabilities with new knowledge (Pavlou & El Sawy, 2011). The DC process explains how hotels convert sensed sustainability signals into actionable knowledge prior to strategic commitment. Sensing allows hotels to identify changes in customer expectations, environmental pressures, digital technologies, regulatory demands, and market opportunities. However, sensing produces signals, not action (Teece, 2023). Market intelligence remains limited in strategic value unless it is interpreted, shared, and absorbed within the organisation. Therefore, the movement from sensing to seizing is fundamentally a knowledge-conversion problem: external signals must be transformed into internal understanding before they can guide business model decisions (Nieves et al., 2016).

This explains why seizing may fail even when hotels detect relevant sustainability opportunities. A sensed opportunity does not automatically clarify what should be changed, which resources are needed, whether employees are ready, how guests may respond, or whether the initiative fits the hotel's value proposition and cost structure (Li Sa et al., 2020). Failure, therefore, does not necessarily result from a lack of awareness; it may result from awareness that remains ambiguous, fragmented, or disconnected from operational reality. Organisational learning mitigates this problem by converting dispersed signals into knowledge that supports strategic commitment (Zollo & Winter, 2002).

This learning function is especially important in hotels because sustainability-related knowledge is dispersed across many actors and systems. Knowledge may emerge from customer feedback, frontline service encounters, kitchen operations, housekeeping routines, procurement practices, supplier expertise, employee experience, government requirements, and environmental reporting systems. These signals are often partial and department-specific. Organisational learning synthesises these inputs and connects them with the hotel's internal expertise, allowing fragmented information to become coherent action priorities. Even when sensing is strengthened through digital capability, organisational learning remains necessary because digital data must still be interpreted, formalised, shared, and converted into green information that managers and employees can use (Anning-Dorson, 2026; Hoang et al., 2023).

Sensing also triggers organisational learning, as hotels must assess whether sustainability opportunities are feasible before committing resources. In SBMI, opportunities are often complex and involve multiple operational implications (Easterby-Smith et al., 2008). Evidence from Malaysian hotels supports this logic. Batool et al. (2023) found that knowledge sharing and systems thinking among hotel middle managers contribute to organisational sustainability, with creativity mediating these relationships. This suggests that

hotels do not move from sustainability awareness to action through information collection alone; they require learning processes that allow managers to share knowledge, understand interdependencies, generate creative responses, and translate dispersed insights into feasible strategic action. Similarly, evidence from Johor hotels shows that although hoteliers demonstrate strong acceptance of energy-efficiency practices, implementation is constrained by limited technical knowledge, difficulty managing and training staff, and insufficient knowledge about green buildings. This illustrates why sensed sustainability opportunities must first be converted into organisational knowledge before hotels can make informed commitments to green initiatives (Zainuddin et al., 2025). Organisational learning, therefore, acts as a feasibility filter, helping hotels assess whether sustainability opportunities are viable, valuable, and aligned with their business models before seizing them. This reduces the risk that strategic commitment is based on imitation, intuition, or short-term external pressure, and instead grounds seizing in interpreted knowledge and operational feasibility (Idrees et al., 2023; Mota Veiga et al., 2022).

Resource Orchestration: From Seizing to Transformation

Resource orchestration capability explains why strategic commitment does not automatically become SBMI. Seizing may define the sustainability opportunity a hotel intends to pursue, but it does not, by itself, renew routines, redesign operations, or embed sustainability in the business model. At this stage, the challenge shifts from deciding what opportunity to pursue to mobilising the resources required to execute it (Baquero, 2024; Turkcan et al., 2025). Therefore, the movement from seizing to transformation is not primarily a decision-making issue; it is an execution-alignment issue.

This issue is central to SBMI because sustainability requires the coordinated deployment of multiple resource categories rather than the possession of isolated assets. Resource orchestration capability refers to the ability to arrange, package, and use resources to create value, rather than merely owning valuable resources (Sirmon et al., 2007). In sustainability contexts, it supports the integration and deployment of existing and new resources, including leadership, decision rights, organisational structures, incentive systems, technologies, and operational capabilities. Recent evidence shows that resource orchestration strengthens firms' ability to translate green DCs into ambidextrous green innovation strategies and sustainable performance outcomes (Wan et al., 2025).

In hotels, this orchestration logic is necessary. For example, energy-efficiency initiatives in Johor hotels, such as LED lighting, smart building management systems, energy audits, HVAC upgrades, renewable energy systems, and water-heating efficiency, require more than investment in technology. Their implementation depends on the orchestration of financial resources, technical knowledge, staff training, supplier access, monitoring routines, customer support, and management commitment (Zainuddin et al., 2025). These dimensions show that sustainability commitments become transformational only when internal resources, employee behaviour, operational routines, and market-facing value are coordinated into a single system.

Resource orchestration works through three related processes: structuring, bundling, and leveraging. Structuring concerns the arrangement and adjustment of the hotel's resource portfolio in line with the selected sustainability direction. Bundling concerns the combination of resources into usable capabilities. Leveraging concerns the deployment of these capabilities into service processes, routines, partnerships, and customer-facing practices. This distinction is important because transformation does not emerge solely from resource availability. Technologies, financial resources, trained employees, or supplier relationships generate value only when they are configured and mobilised toward the same strategic purpose (Pereira et al., 2024; Wan et al., 2025).

This logic aligns with DCV–BMI research, which explains BMI as an iterative process involving the reconfiguration of activities, competencies, and routines. Recent research identifies strategic sensing, business model reconfiguration, resource alignment, and organisational learning as key processes that shape BMI and explain the “how” of business model change under uncertainty (Cruz-Sánchez et al., 2026). Resource orchestration fits this logic by explaining how strategic commitment is converted into the resource alignment needed for transformation. Without such orchestration, green initiatives may remain fragmented projects; with it, sustainability commitments can be converted into renewed routines, redesigned service processes, integrated

technologies, and institutionalised practices. Accordingly, transformation is not commitment-driven but orchestration-driven (Foss et al., 2023).

Configurational Perspective on Sequential Capability Orchestration

Configurational theory provides a useful lens for explaining DCs as an interdependent system of capability conditions rather than separate capability effects. Its central premise is that organisational outcomes emerge from complex combinations of conditions, where factors interact conjuncturally and non-linearly (Greckhamer et al., 2018; Meyer et al., 1993). This logic aligns with DCV because sensing, seizing, and transforming do not operate independently; their effectiveness depends on how they are connected, sequenced, and supported by organisational and environmental conditions (Fainshmidt et al., 2019). From this perspective, SBMI is better understood as a configuration of mutually reinforcing capability conditions.

This configurational logic is particularly useful because traditional variance-based approaches often decompose DCs into separate effects. Such approaches may identify whether individual capabilities influence innovation, but they provide limited insight into how firms move from opportunity recognition to business model change. Configurational reasoning instead highlights mutual reinforcement: seizing depends on the fit among knowledge, managerial judgement, decision routines, and strategic commitment, while transformation depends on the fit among resources, routines, structures, technologies, and operational systems (Pitelis et al., 2024; Wilden et al., 2016).

Resource orchestration capability is central to this configurational logic because firms cannot simply possess specialised capabilities, such as digital orientation, AI adoption, green knowledge, or green dynamic capabilities, and expect them to produce outcomes automatically. These capabilities generate value only when they are combined with existing resources and operational routines (Kayhan et al., 2024; Pergelova et al., 2026). In digitalisation, for example, data and digital assets create potential, but resource orchestration is required to integrate them with existing capabilities and translate them into strategic execution (Turkcan et al., 2025). In green innovation, resource orchestration amplifies the effect of green DCs by aligning resource deployment with environmental, economic, and social strategies. It also helps firms overcome resource rigidity and balance incremental and radical green innovation through ambidextrous green innovation strategies (Kayhan et al., 2024; Wan et al., 2025).

Equifinality further strengthens this argument. Different hotels may achieve SBMI through different capability bundles depending on their size, resource base, and operating context. Large hotels may combine advanced technologies, internal knowledge generation, and formalised systems to support exploratory innovation. Resource-constrained hotels, by contrast, may rely more on market sensing, external knowledge acquisition, partner networks, and flexible use of resources to compensate for limited internal R&D (An et al., 2026). Both pathways may generate successful innovation, but through different configurations. This means that the proposed framework should not be read as a rigid, universal recipe but as a sequential logic that may be enacted through different configurations of resources and knowledge.

Configurational reasoning also clarifies the role of learning modes across the DC process. Sensing is mainly exploratory because it requires scanning the environment, detecting weak signals, experimenting with ideas, and accessing knowledge beyond existing routines. Seizing is more exploitative because it requires timely decisions, resource commitment, efficiency, and the use of codified knowledge to capture value from selected opportunities. Transformation requires both modes because hotels must experiment with new practices while aligning them with existing operational efficiencies (Bornay-Barrachina et al., 2025). Thus, organisational learning should not be treated as a generic supporting capability; it must be configured differently across the stages of the DC process.

METHODOLOGY

This article adopts a conceptual theory-building approach to develop a Sequential Capability Orchestration Framework for sustainable business model innovation in hotels. Rather than collecting primary empirical data, the article synthesises literature on dynamic capabilities, sustainable business model innovation, organisational

learning, resource orchestration, sustainability, and hotel management. The purpose is to clarify how Malaysian hotels translate sustainability pressures into business model innovation through an integrated capability process.

The framework was developed through four conceptual design stages. First, observation and description were used to identify the practical and theoretical problem. The literature indicates that Malaysian hotels face sustainability pressures, but existing studies offer limited explanations of how these pressures translate into coordinated SBMI (Chang et al., 2025; Khalil et al., 2024; Patwary et al., 2024; Seow et al., 2025). Second, concept derivation was used to identify the key constructs from the DCV and related literature. The starting point was the SST framework, which explains adaptation through opportunity recognition, resource commitment, and transformation (Teece, 2007, 2018, 2020). However, because the movement between these stages remains underspecified, organisational learning capability and resource orchestration capability were derived as transition mechanisms (Pavlou & El Sawy, 2011).

Third, proposition mapping and justification were used to connect the constructs into a sequential capability architecture. The propositions were developed to explain how sensing leads to organisational learning, how learning supports seizing, how seizing requires resource orchestration, and how resource orchestration enables transformation toward sustainable business model innovation. Fourth, refinement was conducted through configurational reasoning. This stage ensured that the framework was not treated as a rigid, linear chain but as a sequential, configurational process in which capabilities operate through alignment, interaction, and feedback (Furnari et al., 2021; Greckhamer et al., 2018; Wilden et al., 2016).

FRAMEWORK DEVELOPMENT

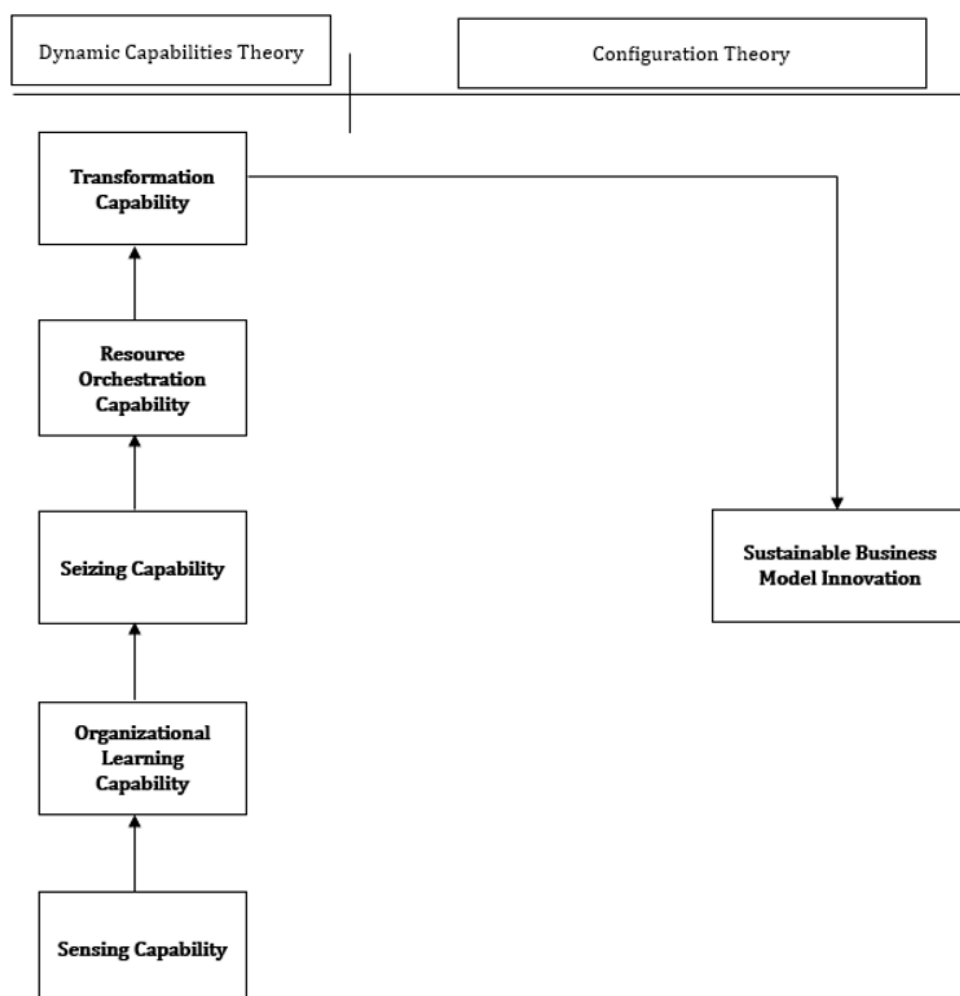


Figure 1 Sequential Capability Orchestration Framework for Sustainable Business Model Innovation in Hotels

The proposed framework explains SBMI as a sequential capability mechanism through which hotels move from sustainability pressure to BMI. The process begins with sensing capabilities, in which hotels identify environmental, technological, regulatory, and customer-related sustainability signals. Organisational learning capability then converts these signals into usable knowledge, enabling hotels to assess the opportunity's

meaning, relevance, and feasibility. Seizing capability translates this knowledge into strategic commitment, while resource orchestration capability aligns and mobilises the human, financial, technological, operational, and relational resources required for execution. Finally, transformation capability embeds sustainability into hotel routines, structures, technologies, service processes, and value-creation logic.

Sequential Logic and Iterative Feedback

Although the proposed framework is sequential, it should not be interpreted as a rigid one-way process. Sustainable business model innovation in hotels may involve feedback loops and iterative interactions among the five capability stages. First, transformation outcomes may feed back into sensing capability. Once sustainability initiatives are embedded in hotel routines, structures, technologies, and service processes, their outcomes, such as financial performance, carbon footprint, food-waste reduction, resource efficiency, and guest satisfaction, can be evaluated through internal audits, performance reviews, risk-management processes, and sustainability indicators. These results provide new information that allows hotel managers to identify performance gaps, detect emerging guest expectations, and refine the next cycle of sustainability-related sensing (Chang et al., 2025; Voegeli, 2024; Yoke-Lin et al., 2024).

Second, resource orchestration may generate feedback to organisational learning capability. During implementation, hotels may encounter operational roadblocks such as employee resistance to digital sustainability tools, difficulties in modifying food safety routines, supplier coordination issues, or challenges in encouraging guest participation. These roadblocks do not necessarily stop the process. Instead, they provide practical lessons that can be absorbed through organisational learning. Hotels may use this feedback to revise training programmes, update standard operating procedures, improve cross-departmental coordination, and adapt sustainability practices to real operational conditions (Hossain et al., 2021; Patwary et al., 2024; Yoke-Lin et al., 2024).

Third, transformation may also influence future seizing capability. When a hotel successfully embeds sustainability into its operating model, the transformed routines, technologies, knowledge, and coordination mechanisms become part of its renewed capability base. This enhanced capability base can strengthen strategic agility and improve future decision-making to seize opportunities, as managers are better positioned to evaluate sustainability opportunities, assess risks, allocate resources, and commit to more advanced business model changes (Hossain et al., 2021; Patwary et al., 2024; Seow et al., 2025). Therefore, the framework presents a sequential process, but one that may involve learning feedback, operational adjustment, and renewed strategic decision-making across successive cycles of sustainable business model innovation.

Framework Proposition

Accordingly, the following propositions specify the relationships illustrated in the framework:

Proposition 1: Sensing capability positively influences organisational learning capability.

Proposition 2: Organisational learning capability positively influences seizing capability.

Proposition 3: Seizing capability positively influences resource orchestration capability.

Proposition 4: Resource orchestration capability positively influences transformation capability.

Proposition 5: Transformation capability positively influences sustainable business model innovation.

DISCUSSION

The proposed framework provides a process-based explanation of how sustainable business model innovation develops in hotels. Its main value is not simply that it adds two more capabilities to the SST framework, but that it explains how the internal movement from sustainability pressure to business model transformation occurs. In this way, the framework responds to three recurring problems in the literature: the black-box treatment of resource transformation, the inflation of disconnected capability constructs, and the tendency to treat dynamic capabilities as an aggregated omni-capability.

First, the framework helps open the black box of resource transformation. Resource-based and dynamic capability explanations often assume that valuable resources, strategic commitments, or adaptive capabilities can lead to sustainable performance, but they do not always explain the internal pathway by which these elements become embedded in a changed business model (Asadi et al., 2020; Hossain et al., 2021). This limitation is especially important in hotels, where sustainability cannot be achieved solely through resource ownership or strategic intent. A hotel may possess green technologies, sustainability policies, trained employees, or environmental awareness, yet still fail to transform its operating model if these resources are not interpreted, coordinated, and embedded into daily routines (Patwary et al., 2024). The proposed framework addresses this issue by treating transformation as a developmental pathway rather than an automatic outcome.

Within this pathway, organisational learning capability performs the cognitive transition between sensing and seizing. Sensing allows hotels to identify sustainability pressures, customer expectations, regulatory demands, technological opportunities, and environmental risks. However, these signals have limited strategic value unless they are interpreted, shared, formalised, and converted into usable organisational knowledge. Organisational learning capability, therefore, explains how external sustainability signals become internally meaningful before strategic commitment occurs (Pavlou & El Sawy, 2011). This is particularly relevant for Malaysian hotels, where sustainability-related information may be dispersed across managers, frontline employees, suppliers, guests, digital systems, food-waste practices, and environmental reporting mechanisms.

Resource orchestration capability then performs the execution transition between seizing and transformation. Strategic commitment alone does not redesign hotel operations. Once a hotel decides to pursue a sustainability opportunity, it must structure, bundle, and leverage human, financial, technological, operational, and relational resources. This orchestration process explains how sustainability commitments are translated into coordinated changes in service delivery, employee behaviour, supplier relationships, digital systems, food-safety routines, guest participation, and value-creation logic (Ariwibowo et al., 2024; Wan et al., 2025). Therefore, the framework clarifies that transformation is not produced by the possession of resources alone, but by the organised movement of knowledge, commitment, resources, and routines toward a new operating model.

Second, the framework helps reduce capability inflation in the hospitality and sustainability literature. Prior studies often explain sustainable hotel performance through a growing list of stand-alone constructs, such as absorptive capacity, competitive intelligence, digital capability, green information management, strategic agility, entrepreneurial competency, open innovation, team culture, and sustainable competitive advantage (Patwary et al., 2024; Seow et al., 2025). These constructs are useful, but when they are examined independently, the literature becomes fragmented. Each construct explains part of the sustainability problem, but the overall process through which hotels move from environmental pressure to business model innovation remains unclear.

The proposed framework does not reject these constructs. Instead, it organises them into bounded functional categories within a sequential capability architecture. Absorptive capacity, competitive intelligence, and external scanning can be understood as sensing-related mechanisms (Hossain et al., 2021; Voegeli, 2024). Knowledge sharing, systems thinking, team culture, and interpretation of green information can be positioned within organisational learning capability (Hossain et al., 2021; Patwary et al., 2024; Voegeli, 2024). Strategic agility, managerial commitment, and opportunity selection are connected to seizing (Chang et al., 2025; Patwary et al., 2024; Seow et al., 2025). Digital capability, green information systems, supplier coordination, and operational alignment are better understood as part of resource orchestration capability (Patwary et al., 2024; Seow et al., 2025; Voegeli, 2024). Changes in routines, service processes, technologies, structures, and

value creation are then located within transformation capability (Asadi et al., 2020; Hossain et al., 2021; Voegeli, 2024). This structure reduces theoretical clutter by showing how different constructs contribute to different stages of the same capability process.

Third, the framework challenges the omni-capability view of dynamic capabilities. Much of the literature treats dynamic capabilities as broad aggregated constructs or as parallel predictors of innovation and performance (Supramono et al., 2025; van de Wetering, 2022; Witschel et al., 2022). This creates the impression that a hotel either possesses dynamic capabilities or does not. Such an approach is limited because it cannot explain why a hotel may perform well in one capability area but still fail to achieve sustainable business model innovation. For example, a hotel may have strong sensing capability and detect sustainability trends early but fail at the organisational learning stage if knowledge is not shared across departments (Pavlou & El Sawy, 2011). Another hotel may formulate a clear green strategy, but fail at the resource orchestration stage if employees, technologies, suppliers, procedures, and managerial routines are not aligned for execution.

By separating dynamic capabilities into discrete but connected stages, the framework shows that sustainable business model innovation depends on the continuity of the capability sequence. The problem is not only whether hotels have dynamic capabilities, but where the capability process becomes disconnected. A break between sensing and organisational learning may produce awareness without commitment. A gap between seizing and resource orchestration may result in strategic intent without implementation. A gap between resource orchestration and transformation can lead to fragmented green initiatives without business model renewal. This interpretation allows the framework to explain capability failure more precisely than aggregated dynamic capability models.

The sequential logic also needs to be understood in terms of configuration. The five stages are neither independent variables operating in isolation nor a rigid, universal recipe. Their value depends on how they fit together under specific organisational and contextual conditions (Cruz-Sánchez et al., 2026). Hotels may differ in size, ownership structure, resource availability, digital maturity, managerial orientation, sustainability experience, guest expectations, and regulatory exposure. These differences may affect where the sequence begins, which stage becomes most difficult, and how feedback occurs across the process. Therefore, the framework should be read as a process architecture that allows variation, alignment, and iteration rather than as a fixed linear chain.

Overall, the discussion suggests that the proposed framework's main contribution is interpretive and integrative. It explains sustainable business model innovation as a connected capability process rather than as an outcome of isolated green practices, fragmented predictors, or aggregated dynamic capabilities. By opening the black box of transformation, reducing capability inflation, and challenging the omni-capability view, the framework provides a clearer explanation of how hotels can move from sustainability awareness to coordinated business model transformation.

Theoretical Contribution

This article contributes to the DCV by specifying the transition mechanisms that connect the SST framework. Prior DCV research has established SST as a central adaptive capability through which firms respond to changing environments (Teece, 2007; Teece, 2018). However, this framework often remains too broad in explaining how firms actually move between these stages, especially when opportunity recognition must translate into a change in business model (Pitelis et al., 2024). In response, this article positions organisational learning and resource orchestration as mechanisms for process coherence and cohesion. This mechanism specification strengthens DCV by making the internal movement from recognition to commitment and from commitment to transformation more explicit.

The article also contributes by clarifying how DCs are a sequential capability architecture rather than broad, aggregated, or parallel capability categories. Existing studies often examine DCs as higher-order constructs or as separate predictors of innovation and business model outcomes (Supramono et al., 2025; van de Wetering, 2022; Witschel et al., 2022). While such approaches are useful for identifying general effects, they offer a limited explanation of how capabilities interact and evolve throughout the business model transformation

process. The proposed framework responds by conceptualising DCs as an interdependent sequence of sensing, organisational learning, seizing, resource orchestration, and transformation. This refinement makes it possible to examine DCs not only as capabilities that firms possess, but as a connected process through which firms move from opportunity recognition to business model renewal.

Finally, this article contributes by integrating configurational logic into DCV. While DCV explains adaptation through capability development and resource reconfiguration, configurational theory explains how outcomes emerge from mutually reinforcing combinations of conditions rather than from isolated variables (Meyer et al., 1993). This integration is important because SBMI depends not only on the presence of individual capabilities but on the coherence and fit among knowledge, commitment, resources, routines, technologies, managerial choices, and external pressures. By incorporating configurational logic, the proposed framework explains why the same five-stage capability process may be enacted differently across hotels depending on their resource base and operating context. Theoretically, this enables a more process-sensitive and configuration-informed understanding of DCs, where capability effectiveness is understood as both sequentially connected and systemically aligned.

Practical Contribution

This article offers hotel managers a practical diagnostic pathway for implementing SBMI to address the operational challenges facing Malaysian hotels. At the sensing stage, managers should establish systematic mechanisms to detect sustainability pressures, including guest expectations, regulatory changes, environmental risks, digital opportunities, and competitors' green practices, rather than relying on informal awareness (Hossain et al., 2021). At the organisational learning stage, hotels should convert these signals into shared knowledge through cross-departmental discussions, staff training, interpretation of environmental data, and internal learning routines before committing resources to green initiatives.

At the seizing stage, managers should evaluate which sustainability opportunities are strategically viable, operationally feasible, and consistent with guest value. This is important because not every green initiative can be implemented without affecting service quality, cost structure, food safety, or guest experience. At the resource orchestration stage, managers must deliberately align the resources needed for execution. For example, adopting circular food practices requires more than approval from senior management; it also requires coordination among food-safety protocols, kitchen workflows, procurement arrangements, employee training, supplier collaboration, and waste-management partners (Chang et al., 2025). Similarly, digital green information systems require data infrastructure, staff capability, reporting routines, and managerial interpretation (Patwary et al., 2024).

At the transformation stage, hotels should ensure that sustainability initiatives become embedded in routines, service processes, technologies, employee behaviour, and customer-facing value propositions. This helps avoid treating green practices as temporary projects or symbolic compliance activities. Overall, the framework supports managers in moving from fragmented sustainability efforts toward coordinated business model change. It also helps green hotels, including SMEs, leverage sustainable competitive advantage not only for survival but also for broader business growth, stronger market positioning, and long-term competitiveness.

CONCLUSION

This article proposed a sequential and configurational explanation of how DCs support sustainable business model innovation in hotels. By extending the SST logic, the framework positions organisational learning and resource orchestration as necessary transition mechanisms that connect opportunity recognition, strategic commitment, and operational transformation. The article, therefore, argues that SBMI is not produced by isolated green practices or by individual capabilities alone, but by the coherent orchestration of sensing, learning, seizing, resource alignment, and transformation. In the Malaysian hotel context, this framework offers a theoretically grounded pathway for understanding how hotels can translate sustainability pressures into embedded changes in their business models, while also providing a basis for future empirical testing across different hospitality and service settings.

Future Research

Future research should empirically test the five propositions using quantitative designs such as PLS-SEM or covariance-based SEM in Malaysian hotels. This would assess whether SBMI develops through the proposed sequential DC process from sensing to organisational learning, seizing, resource orchestration, and transformation. Future studies may operationalise these constructs using validated measurement scales. Sensing capability, seizing capability, and transformation capability may be measured using the scale developed by Kump et al. (2019), comprising five items for sensing capability, four for seizing capability, and five for transformation capability. Organisational learning capability may be measured using the five-item scale of Pavlou and El Sawy (2011), while resource orchestration capability may be measured using the four-item scale of Yang et al. (2025). Further studies may also test the framework across other tourism markets, geographical contexts, and service industries to examine its transferability. Additional research could extend the model by testing organisational culture, leadership orientation, digital maturity, or hotel size as moderators of the proposed relationships.

Research limitations

This article is conceptual; therefore, the proposed framework has not yet been empirically validated. Its focus on Malaysian hotels may also limit generalisability to other industries or geographical contexts. In addition, the framework does not examine the possible influence of contextual variables such as organisational culture, leadership orientation, digital maturity, or hotel size, which may affect how the proposed capability sequence operates.

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