

Dynamic Capability of Private Universities: The Role of Middle Managers



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Abstract: *Achieving the quality of tertiary institutions as part of continuous quality improvement, the role of managers, especially at the middle level manager in business processes in higher education becomes very crucial in orchestrating the dynamic capabilities of the organization, because in this implementation the middle manager becomes the technical executor of the intended achievement process. The purpose of this study is to examine the effect of the elements consisting of sensing, seizing and reconfiguring the middle manager for continuous improvement growth. The results of the study confirm that the middle manager Sensing variable has a significant positive effect on continuous improvement growth, the variable middle manager does not affect continuous improvement growth, and the reconfiguring middle manager variable does not significantly influence continuous improvement growth. Research in the future can be re-implemented the seizing and reconfiguring variable on continuous improvement growth in different research objects, for example in manufacturing companies or at least samples in research, in further research can add a wider object of research, not only one institution but can use many institutions similar.*

Index Terms: *Continuous Improvement, Dynamic Capability, Middle Manager*

I. INTRODUCTION

The Higher education institutions are currently faced with very dynamic environmental dynamics, when viewed from the side of how a higher education must meet quality standards as a condition that universities have been managed effectively and efficiently. These universities must function themselves more competitively than the previous environment. As a reaction to these new conditions, institutions take the initiative to re-create themselves at the strategic level.

However, most educational institutions do not have sufficient strategic answers to new conditions. While they will often find ways to improve their operational effectiveness, including improving those qualities that do not automatically produce the effect desire in increasing the competitive position of an institution in the long run. Quality improvement and correct continuous improvement aim to create permanent added value. But it is not an easy task for educational institutions where often their innovations are not successful because their organizational culture and management culture conflict with what they want to achieve. With regard to achieving standardized quality targets, the position of middle managers academic is very important in the organization so far, this role is crucial but over time their role has changed. Since 1989, when he was treated to accreditation standards for universities. The role of department heads and academic middle managers is considered a senior teacher who also happens to be involved in a routine administrative process. However, external pressure forces academic middle managers to focus more on the quality of teaching and learning, the quality of service and research in which there must be a dissemination obligation. They are expected to be able to truly have the capability to support the achievement of institutional quality improvement. In the context of dynamic capability that middle academic managers must have, they must be able to see that competitive advantage can be achieved if the organization has the capability to continually be able to adjust and reconfigure its resources with a combination of external and tangible / intangible, in responding to rapid market or technological changes with rests on the orchestra of all simultaneous asset capability combinations, especially intangible assets in the form of reputation and market positioning along with capability processes related to knowledge management and innovation and the building of engagement and loyalty as key tips for universities to excel and perform forever. these tips must be unique, rare and difficult to imitate by competitors. Achieving the quality of tertiary institutions based on accreditation standards is a measure of how well the quality of the college is. As an acknowledgment of the quality of universities, accreditation itself undergoes a long process as an institution or agency that assesses the quality of higher education. BAN-PT accreditation was established in 1994, based on Law No. 2 of 1989 concerning the National Education System, and PP No. 60 of 1999 concerning Higher Education.

Manuscript published on November 30, 2019.

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This accreditation is intended for higher education of all forms of status (both for State Universities (PTN), Private Universities (PTS), Religion Colleges (PTA) and Official Universities (PTK); distance education programs; and programs -program, in collaboration with the institutions of higher education in the country, offered by higher education institutions from abroad. Based on Projections [1], by 2030 Indonesia will be ranked seventh in the world, with 135 million school-age population, 113 million skilled, and \$ 1.8 trillion in market opportunities for services, agriculture and fisheries, resources, and education. Seeing the enormous market potential especially in the field of education, education needs to continue to be fostered in producing high-performance universities, or quality, productive educational institutions and able to answer and adjust any changes in a changing environment, therefore universities must be able orchestrating dynamic capabilities through three processes: sensing, seizing, and reconfiguring [2]. Of course this will happen with the presence of 3 enablers: 3 these processes become routines carried out in higher education, organizational culture that supports all three, and an organizational structure that allows all three to work.

Dynamic capability based on [3] is defined as a company process that utilizes resources, especially processes to integrate, reconfigure, obtain and release resources, to match and even create market changes. So that dynamic capabilities are institutional and strategic routines where organizations reach new resource configurations because the market appears, meets, separates, develops, and falls ".

According to [4] the term 'combinative capabilities' [5] uses the terms 'architectural competence' and [6] use the term " to capabilities describe an organizational process in which a company synthesizes and acquires knowledge resources, and produces new applications of these resources. So 'dynamic' refers to the capacity to renew competencies to achieve harmony with a changing business environment; certain innovative responses necessary if time-to-market and timing are very important, the rate of technological change is fast, and the nature of competition in the future and market situation is difficult to predict. The term capability emphasizes the important role of strategic management in adapting, integrating and reconfiguring internal and external skills organizational standards, resources, and competencies to fit the requirements of a changing environment.

In the context of achieving the highest quality standards (A) as part of quality improvement continuously (Continuous Improvement Growth), the role of manager, especially at the level of middle manager in a business process in higher education is crucial in orchestrating the capability of dynamic organizations, because in this implementation manager middle class is the technical executor of the intended achievement process. Previous studies also focused on top management levels as an orchestrator [7], [8], [9] and [10]. Many studies related to dynamic capabilities have been carried out, but involving the role of the middle manager is rarely done. So this study is interesting to do how the role of middle managers (middle managers) of universities to orchestrate dynamic capabilities in improving the quality of university accreditation in this study as continuous improvement growth. Specifically the purpose of this study was to examine the effect of elements of dynamic capability

consisting of sensing, seizing and reconfiguring middle manager for continuous improvement growth.

II. LITERATURE REVIEW

The issue that will often emerge in the competition of an organization is how organizations are able to be competitive and maintain competitive advantage. One of the development of the framework is dynamic capabilities. This can be understood because of strategic analyzes at the company level to maintain and equalize the availability of competitive advantages, and answer the challenges of the organization how and why organizations must build their competitive advantage in this very rapid period of change.

According to [3], there are two approaches in relation to efficiency, namely resource based perspective, which is a resource-based approach that sees companies with superior systems and profitable structures not because they are involved in strategic investments that can prevent entry and raise prices above the cost in the term length, and dynamic capability. which refers to the capacity to renew competencies so as to achieve harmony with a changing business environment; Certain innovative responses are needed if time-to-market and timing are very important, the pace of technological change is fast, and the nature of future competition and markets is difficult to determine.

2.1 Dynamic Capabilities

The theory of dynamic capabilities was first developed by [11], related to the ability of the organization to create; reshape; assimilate knowledge and skills; stay ahead in a rapidly changing competitive environment. According to [11], the development of a paradigm is needed to explain how competitive advantage is acquired and maintained. Companies are turning to resource-based strategies, efforts to accumulate valuable technological assets, and workers with aggressive intellectual property. Winners in the global market show timely corporate responses, flexible innovation products, supported by management capabilities that effectively coordinate and disseminate internal and external competencies, which distinguish companies from other companies, capable of creating something unique and difficult to imitate.

The theory of dynamic capabilities [11] refers to dynamic abilities as a source of competitive advantage, which emphasizes two aspects. First, the term dynamic refers to a shift in the character of the environment, certain strategic responses, and the time needed to be received by the market to accelerate innovation. Second, ability emphasizes the key role of strategic management in adapting appropriately, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies towards environmental change.

There are three categories in helping to determine the company's dynamic capabilities, namely managerial and organizational processes, positions, and pathways [12], [11] and [3]

1. Managerial and organizational processes refer to ways of doing things in a company, as a routine. practice patterns and learning patterns. Managerial processes and organizations consist of

- a. Integration, which is the manager's ability to coordinate or integrate activities within the company, and how efficiently, and effectively internal coordination and integration can be achieved
 - b. Learning, is a process of repetition and experimentation that allows tasks to be done better and faster and opportunities for new production will be identified;
 - c. Reconfiguration and transformation, that is change is an expensive thing so changes must occur with maximum results.
2. Position, referring to the strategic posture of a company is not only determined by the company's learning process and the coherence of internal and external processes and incentives, but also by its location associated with its business assets. Knowledge assets are non-tradable assets, a reflection of the creative mind.
 3. The path, referring to how to look at the alternative strategies available to the company and the attractiveness of opportunities that lie ahead, in which direction the company will be brought is a function of the current position and the future path. Changes in products or prices will be responded to quickly by the movement of entry and exhaustion of technology in accordance with the criteria to maximize value values.

2.2 Sensing

Sensing is basically a process to look back at opportunities that exist in front of the organization. This opportunity can occur through two things according to the first [13] because the organization gets the same information from a different source point of view, second because the organization gets new knowledge and information. Both of these form an opportunity and challenge for the organization. The Sensing Process is a process of mapping information into opportunities and challenges for the sustainability of the organization.

The organizational process is needed to support the capability of sensing to include individuals, because individuals have limited attention to the environment. In addition, individuals have limited ability to continue to scan environmental changes. [2] also emphasizes the need to focus on information, than focusing on diversity of stimuli. rather Diversity of stimuli decreases a company's ability to identify the linkages between events or events that occur in the environment and the company's internal strategy.

According to [2] capabilities sensing consist of the capabilities needed to (scan), create (create), learn (learn), and interpret (interpret). These capabilities must be supported by investment in research and related activities. Sensing by individuals in organizations provides benefits and also benefits companies seeking information. Furthermore it is stated that activities sensing are in organizational processes, namely in the operational activities of the company itself.

Activities that can be categorized as enterprise-level sensing include:

1. Business processes to research and development (R & D)
2. Process for identifying market segments
3. The process of changing customer needs
4. Customer innovation process
5. The process of creating complementary information

The company must develop an information processing system that is able to detect changes in trends, phenomena, market changes, competitor movements, and also the adoption of new technologies. This presents the company to

see a new opportunity for the organization so that strategic execution can be carried out for the progress of the company.

2.3 Seizing

Seizing is a challenge where companies are required to be able to invest their resources in the field of technology and also in supporting assets and other supplements in relation to exploring the existence of a new opportunity in the business world [14].

This capability is expected that the company can find a new opportunity in the business world, conduct analysis and can build a business plan to be subsequently executed by the company according to the prepared roadmap. According to [15], indicators in seizing include:

1. Level of investment to find solutions for consumers.
2. Levels of adoption of best practices in the industry.
3. The speed of response to the weaknesses the company has in accordance with what is shown by the employee.
4. Frequency of process changes over customer feedback.

If a company can respond and build creative and innovative strategies for evaluations, the company can lead a few steps ahead of other companies that are slow to respond to changes and cannot read opportunities ahead.

2.4 Reconfiguring

It is a company's ability to reconfigure the assets they have, how to orchestrate the assets they have to be more effective in responding to changes that are very fast, dynamic, and with an uncertain and always turbulent business environment [14]. Companies need not only the ability to react dynamically to these changes, but also how they can implement effective integration strategies, including adjustments that are specific to the organizational structure, management processes, incentive policy schemes, and routine operations and activities of the company.

There are several indicators presented by [15], including:

1. Frequency in carrying out activities in the reconfiguration process
2. Frequency of implementation of the new management policy method.
3. Frequency of change in strategy or marketing method in dealing with the world turbulence in business
4. Frequency of business process renewal.
5. The frequency of changes in the way the company targets and goals

2.5 Achieves Continuous Improvement growth

Continuous Improvement growth defined as a systematic attempt to find and find new ways of doing work, which actively and repeatedly make improvements to the process [16]. Process improvement is defined as an effort to improve operational processes where there is the ability to consistently improve existing and ongoing processes but also be open to seeking and learning other processes in an effort to improve sustainable capabilities. [17]

All companies are required to have the ability continuous Improvement growth (CIG) because there is no comfort zone in the business environment at this time. Evaluation, innovation, integrated strategies are needed and become the company's homework every time. Therefore, the management must always prioritize the implementation of CIG in the operations of the company.

According to [18] continuous improvement in the process and results must be the target of a long-term and long-term organization or company. Improvements, especially in the quality system, include two criteria, namely increasing continuous yield and continually decreasing costs.

The strategy of implementing CIG for manufacturing and service companies may be different, therefore the creativity and innovation possessed by management holds key to the success of this CIG process.

2.6 Previous Research Review Research

conducted by [19] the influence of strategic leadership and dynamic capability through entrepreneurial strategies and operational strategies on increasing competitive advantage. in Jakarta, Indonesia. The purpose of this study was to analyze the influence of strategic leadership and dynamic capabilities on competitive advantage of private universities in Jakarta by using entrepreneurial strategies and operational strategies as intervening variables. The study used a sample of 200 leaders or leaders of 22 PTS in Jakarta given questionnaires and interviews. This data is analyzed by Structural-Equation-Model (SEM) to test whether there is or no influence of strategic leadership and dynamic ability on competitive advantage PTS in Jakarta. The research output shows that strategic leadership has a significant positive effect on competitive advantage PTS in Jakarta. However, there is an inverse relationship between strategic leadership and competitive advantage if the entrepreneurial strategy intervention variable is used. That entrepreneurial strategy cannot be used as an intermediary variable in influencing strategic leadership towards competitive advantage PTS in Jakarta.

Research by [20] in research clarifies the conditions for relatively ordinary performance and dynamic capabilities. Whereas strategy academics argue that capability can influence company performance through various means and mechanisms. However, the role of capability and contribution of proposals to the theory is too small and untested. This research contributes to solving this problem by considering the conditions in which ordinary and dynamic capabilities contribute to the company's performance is relatively higher. Positive and negative contribution capabilities for relatively strong company performance and the impact of environmental dynamics and the degree of heterogeneity capabilities. Measures of firm performance that are relatively strong both at the process and at the company level in the sample companies in Chile, environmental dynamics allow for a clearer relationship between environment and utilization. The results show that environmental dynamics negatively affect the contribution of ordinary capabilities and positively influence the contribution of dynamic capabilities to the relative performance of the company. Furthermore, heterogeneity strengthens the contribution of dynamic capabilities to relatively strong corporate performance, but is less important for ordinary capabilities. As well as support for the direct effect of capability to be stronger with measures of process performance, while the influence of environmental dynamics and heterogeneity is stronger with firm-level measures.

Research [21] dynamic capabilities on Service innovation. In this study [21] applied a dynamic capability framework for service innovation, analysis used literature analysis, systematization and synthesis, and comparative analysis. to find similarities between dynamic capabilities identified five dimensions that influence the innovation ability of dynamical

services: strategy, clients, knowledge, networks, and dimensions that focus on technology. In this paper presents a conceptual model for identifying the dimensions of dynamic service innovation capabilities. Provides a model of grouping dynamic capabilities based on dimensions and perspectives. This conceptual model increases the collective understanding of discipline and directs the company's attention to the most dynamic capabilities to achieve continuous service innovation; and increase knowledge for researchers in analyzing dynamic capabilities in service innovation.

III. METHODOLOGY

The research design used in this study is quantitative design. The following variables are observed or measured: dynamic capability consisting of (sensing (Si), seizing (Sz), reconfiguring (RG), and continuous improvement growth (CIG).

The data sources used in this study are primary data obtained through the results of questionnaire collection, using the likert scale 1 to 5.

In answering the research objectives and assessing the model compiled, the analytical technique used is Regression analysis technique using the WarpPLS software program to test the validity and reliability of the questionnaire instruments tested for validity and reliability with software. In order to avoid bias in estimation, measurements were also made with econometric tests (multicollinearity, heteroscedasticity and normality).

Hypothesis testing used multivariate analysis using the WarpPLS program. Hypothesis testing was done by comparing t-values with critical values of 1.96 with probability sign input (p) determined at 0.05. If the t-value is greater than the critical value of 1.96 with a probability of significance smaller than α , then the hypothesis can be accepted. Conversely, if the t-value is smaller than the critical value of 1.96 at the significance level greater than α , then the hypothesis is rejected

3.1 Samples Design

The sampling technique is saturated so that in this study the middle manager is 26 people, the location of this study is carried out at PTS Private in Gresik for middle managers in business processes.

3.2 Theoretical Framework and Hypothesis

There are three variables that predicted have implications *continuous improvement growth (Cig / Y)*, These variables are defined as independent latent variables comprising sensing (Si / X1), with permission (Sz / X2), and reconfiguring (Rg / X3) as figure 1:

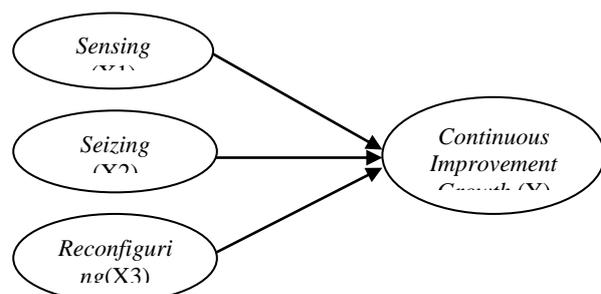


Figure 1: Conceptual Framework Model

Based on the theory presented and frame of mind, then the hypothesis:

1. Sensing middle manager influential towards continuous improvement growth.
2. Seizing middle manager influential towards continuous improvement growth.
3. Reconfiguring middle manager influential towards continuous improvement growth.

IV. RESULT AND DISCUSSION

In the stage of analyzing the results of data processing this research used inferential methods to test the research objectives. Data processing is done by using the WarpPLS tool with the intention of bootstrap process up to 200 resample.

4.1 Validity and Reliability Test

Validity test results produced the following instruments:

Table 1: Results of Validity Test

item	<i>Si</i>	<i>Sz</i>	<i>rg</i>	<i>cig</i>
X1.1	0865	-0048	-0067	-0.31
X1.2	0795	0078	0082	0391
X1.3	0722	-0029	-0010	-0058
X2.1	0306	0829	-0164	-0059
X2.2	-0009	0784	0061	-0245
X2.3	-0420	0667	0118	-0124
X2.4	0052	0650	0015	0498
X3.1	0298	-0394	0821	-0237
X3.2	-0163	0318	0794	0099
X3.3	-0232	0193	0623	0157
X3.4	-0383	0651	0777	-0239
Y1	-0444	-0193	0062	0741
Y2	0202	0031	-0151	0799
Y3	0195	0138	0087	0859

The Results of validity in table 1 known that all indicators have a value above 0.5, so the results of all the indicator values have met above 0.4.

In reliability testing is produced with the Cronbach's alpha value of each variable with a *Si* variable value of 0.838. for the variable *Sz* 0.824, and *Rg* of 0.700 and *Cig* for 0.843 so that the value is equal to or greater than the value of 0.7 as a condition for receiving reliability testing.

4.2 Econometrics Testing

Before estimating the model first tested used an econometric model, the results of the econometric tests show that;

1. Multicollinearity test, the results of data management obtained a value tolerance greater than 0.10 and VIF smaller than 10.00, it can be concluded that there is no correlation between independent variables, then the regression model is said to be free from multicollinearity because the value of Tolerance *Si*, *Sz* and *Rg* is more is greater than 0.1 and the VIF value is less than 10.00.
2. Heteroscedasticity test, the results of the test with scatter are known to spread point dots above and below number 0 on the Y axis, there is no heteroscedasticity.
3. Normality test, the test results show the results of the research data on the normal distributed model, because the normal distribution forms a diagonal straight line and plots the data according to the diagonal or line that describes the actual data will follow the diagonal line).

4.3 Data analysis

In this research there are tests shows the estimated direct effect. The total effect on this study is to show the influence of sensing, seizing, and reconfiguring middle growth manager to continuous improvement. Here are the results of testing the total effect:

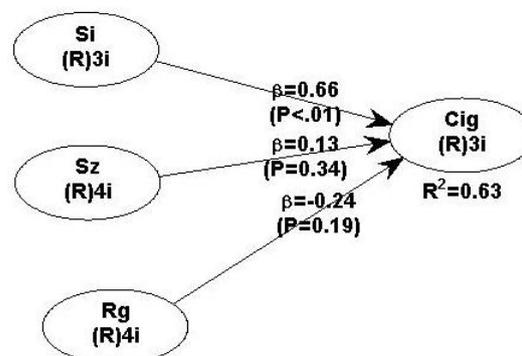


Figure 2: Estimated models

Based on the results of the above analysis, the equation model can be arranged as follows:

$$Y = 0.66X1 + 0.13X2 + (-0.24) X3 + e$$

1. The *Si* coefficient of 0.66 states that the variable Sensing has a positive direction that changes one unit and another variable is constant, then the continuous improvement value changes 0.66 units.
2. The *Sz* coefficient of 0.13 states that the Seizing variable has a positive direction that changes one unit and the other variables are constant, then the continuous improvement growth value changes 0.13 units.
3. The *Rg* coefficient of -0.24 states that the Reconfiguring variable has a negative direction that changes one unit and the other variables are constant, then the value of continuous improvement growth changes -0.24 units.

4.4 Structural Model Evaluation /Goodness of Fit Model

Evaluation on a structural model with PLS SEM conducted to test the R-squared (R2) and test of significance through the path coefficient estimates. The output for the R2 value using the WarpPLS computer program obtained R-squared value (R2) is used to measure how much influence certain independent latent variables have on the dependent latent variable. According to [20], the result of R2 of 0.67 indicates that the model is categorized as good. The table above shows the R value of this study amounting to 0.632 which is then rounded to 0.70. this shows that R2 has a value greater than 0.67. Then it can be categorized as a good model.

4.5 Hypothesis Testing

1. Effect sensing of continuous improvement growth
Test results show that the coefficient direct effect Sensing to continuous improvement growth is 0.66, meaning that the Sensing variable has a positive relationship with the variable Continuous Improvement Growth. The significance value for the variable is Sensing 0.1 <0.05, this indicates that H1 is accepted.

Thus it can be interpreted that there is influence between Sensing the growth continuous improvement

2. Effects of seizing Against Continuous Improvement Growth

Test results show that the coefficient direct effect seizing to continuous improvement growth is 0.13 which means that the variable Seizing has a positive relationship with the variable Continuous Improvement Growth. Significance value for variable is Seizing $0.34 > 0.05$, this indicates that H2 is rejected. Thus it can be interpreted that there is no influence between seizing with continuous improvement growth.

3. Effect of reconfiguring Against Continuous Improvement Growth

Test results show that the coefficient direct effect Reconfiguring of Continuous Improvement Growth is -0.24 which means that the variable Reconfiguring has a negative relationship with the variable Continuous Improvement Growth. The significance value for the variable is Reconfiguring $0.19 > 0.05$, this indicates that H3 is rejected. Thus it can be interpreted that there is no influence between Reconfiguring and Continuous Improvement Growth.

V. CONCLUSION

After testing, it can be concluded that the variable Sensing middle manager has a significant positive effect on Continuous Improvement Growth, variable Seizing middle managers is not effect on Continuous Improvement, Variable Reconfiguring middle manager does not significant effect on Continuous Improvement Growth.

the implications of managerial aspects, it can change existing information into new knowledge, utilize new knowledge or ideas and develop the potential to influence development, implement new organizational strategies, methods or strategies, new services, and achieve targeted goals and targets while taking into account developments business environment. Impact of future theoretical implications and research, that can be re-implemented seizing and reconfiguring variables for continuous improvement growth in different research objects, for example in manufacturing companies and at least samples in research, in further research can add a broader object of research, not just one institutions but can use all institutions with different characters, can be manufacturing or companies engaged in the service sector or need to be examined the role of middle managers in a gender perspective.

ACKNOWLEDGEMENT

The author would like to say a big thank you to the Universitas Muhammadiyah Gresik for the financial support and completion of this research.

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