International Journal of Scientific Research and Management (IJSRM)
||Volume||09||Issue||03||Pages||EM-2021-2118-2125||2021||
Website: www.ijsrm.in ISSN (e): 2321-3418
DOI: 10.18535/ijsrm/v9i03.em02

The Effect of Dynamic Capabilities and IT Capability on Firm Performance Perspective Mediating by Digital Transformation in Small Medium Enterprise

Dessy Hershanty[1], Jafrizal[2]

[1]Management, STIE APRIN Palembang, Indonesia,
Palembang City, South Sumatra 30139, Indonesia
[2]Management, STIE APRIN Palembang, Indonesia,
Palembang City, South Sumatra 30139, Indonesia

Abstract:
The purpose of this study is to determine the effect of information technology capabilities and dynamic capabilities on company performance which is moderated by digital transformation. The research approach used is quantitative with the type of survey research. The population in this study were small and medium enterprises (UKM) in the manufacturing sector in Surakarta which were registered in the database of the Surakarta Cooperative and UMKM Office with a sample of 100 SMEs with the unit of analysis being the owners of MSMEs. Data analysis was performed by conducting data quality tests and hypothesis testing using PLS (Partial Least Square). The results of the study concluded that information technology capabilities and dynamic capabilities have an influence on company performance through digital transformation.

Keywords: Information Technology Capability, Dynamic Capability, Digital Transformation, Company Performance.

1. Introduction

In the era of the industrial revolution 4.0, competition between business actors is getting tighter. This then has an impact on the performance of the businesses carried out, one of which is Small and Medium Enterprises or MSMEs. This condition requires MSMEs to increase their business in order to survive. So several demands such as being able to improve product quality, service, efficiency, production costs and increasing company productivity must be owned by MSMEs to be able to survive and compete from one company to another.Prakoso (2005)believes that companies are required to have an advantage that is able to make them compete in the market. On the other hand, the company must also be able to improve its performance in order to survive and compete. So it can be said that the success of a company in achieving its goals can be influenced by several aspects, one of which is performance[2].

In the digital era, there have been many fundamental changes in business processes due to the emergence of information technology. This concursViriyasitavat & Hoonsopon (2019)which reveals that information technology has changed the techniques of various traditional business processes. Therefore, every producer or seller is expected to be able to adapt to advances in information technology that will continue to develop in this digital era which is also known as information technology capability. Information technology capability or information technology capability is a valuable aspect that a company must have because they are the main facilitator of commercial activities and in ongoing digital transformation activities.[4]. In addition, they can be said that these aspects are rarely owned by the same size, because each company has different capabilities.

The ability of information technology in this case can be seen from the company's ability to carry out digital transformation[5]. Digital transformation is part of a larger technological process. Digital transformation is also a change related to the application of digital technology in all aspects of life in society[6]. In the economic field, digital transformation refers to the use of digital technology to better serve customers. In other words, through digital transformation, companies can have a good impact on the company. This is shown by field research conducted byVerhoef et al., (2021) that

they found that companies undergoing digital transformation increased revenue by 9%, profits by 26%, and market value by 12%.

In addition, digital transformation can also have other positive impacts, namely first, companies are more receptive to responding to markets and making decisions[8]. Second, digital transformation increases business growth, which is marked by increasing revenue and expanding market scope. Third, digital transformation can increase customer satisfaction. Fourth, digital transformation can increase the company's operational efficiency. On the basis of the positive impact obtained, digital transformation has become a company need and obligation to maintain business sustainability and the competence of winners[9]. Regarding digital transformation, currently many small and medium businesses have implemented this in the marketing process of the products they sell. This is one of the many ways they can survive in the digital era that coincides with the current economic crisis.

Although many MSMEs have implemented digital transformation and survive, intense competition is still a problem experienced by these small businesses. According toCentral Bureau of Statistics (2020), there are at least 64 million MSMEs. Based on the previous explanation, it can be said that the SMEs that can survive are those who are able to adapt to the current market and continue to make innovations that are needed. The greatest opportunity in business today does not depend on improving efficiency, but also embracing changes that are happening outside. Therefore, market orientation is a very important business perspective for the company, namely, the focus of attention to the general operations of the Company. According toBeattie & Smith (2013)a market-oriented company when the customer value creation culture is a systematic and complete way in the company is questionable. In this context, the innovation process in the company is a very important aspect in an effort to produce new products to meet the changing demands of customers.

Under these conditions, small and medium enterprises in Indonesia need an integrated approach to their business development both to maintain the loyalty of current customers and to reach new customers, so that they can work in the market more optimally and survive. To meet this demand, increasing the capacity and competence of the company is needed in the production of continuous innovation so as to encourage the general performance of the company[12]. This capability can be said to be the dynamic capability of a company.

The company's dynamic capabilities are related to the organization's capacity to create, remodel, assimilate knowledge and skills to remain solid in a competitive environment that is always changing rapidly so as to change its ability to cope with dynamic environments. A company that has a high level of adaptive, absorbent and innovative capabilities, is able to direct its innovation strategy by focusing on sustainable results and dynamic capacity to become the center of the company's capability development, resulting in a higher level of continuity in the creation of new products or services[13].

Based on the explanation above, the fundamental problems discussed in this study are how the dynamic capabilities, information technology capabilities, digital transformation, and the performance of MSMEs in Indonesia are related. To be able to answer this problem, it is necessary to study theoretically how the relationship of each of the four aspects is so that a research model is obtained. By using this research model, this study aims to determine the effect of dynamic capabilities and information technology capabilities on company performance with digital transformation as a mediating variable in Small and Medium Enterprises.

2. Literature review

2.1 Company performance

The performance of a company can be used as a measure of the ability of an organization or company to achieve its goals [14]. Performance measurement is one of the most important factors for an organization or company, because performance measurement is a process of measuring the extent to which a company does work to achieve its goals, as well as evaluating company performance and planning future goals.[15]. Some researchers have argued that company performance should be viewed from multiple multi-dimensions[16]. One way that can be used to measure company performance is the Balanced Scorecard. The Balanced Scorecard is a comprehensive framework for translating the company's vision and mission and strategy into an integrated set of performance measures, arranged in four perspectives, namely finance, customers, internal business processes, and learning and growth.[17].

2.2 Digital Transformation

Digital transformation can be called the process of utilizing existing digital technologies such as

virtualization technology, mobile computing, cloud computing, integration of all existing systems in the organization and so on.[18]. In addition, digital transformation can also be interpreted as the impact obtained by using a combination of digital innovations that results in changes to structures, values, processes, positions or ecosystems within the organization and the environment outside the organization.[19].

There are 4 factors driving digital transformation. These factors are (a) changes in regulations; (b) changing the competitive landscape; (c) shifting / changing to a digital form of industry; (d) changes in consumer behavior and expectations[20]. Digital technology is one of the triggers for opportunities that can be exploited by organizations[21]. The opportunity can be something that will change one or more aspects (business model, operational model, customer experience, etc.) of the organization into an advantage such as value creation.[22]. Through the use of digital technology, it will produce a digital transformation process. If the process runs properly, it will also have a good impact on company performance.

2.3 Information Technology Capability

Technological capability refers to the ability to develop and design new products, process and enhance knowledge of the physical world in unique ways, thereby transforming this knowledge into designs and instructions for the creation of desired outcomes. More concretely, technological capability is a collection of pieces of knowledge that includes practical and theoretical know-how, methods, procedures, experiences, and physical devices and equipment.[23]. Technology capabilities help enhance the company's ability to recognize and apply new external knowledge to continue developing competencies, which can result in superior performance.

Only companies with strong technology capabilities, can create quality information for decision making, achieve high performance and survive the uncertainty of technology. Technological uncertainty on the one hand can be an inhibiting factor for the smooth distribution of knowledge for both individuals and companies as a whole, and on the other hand can also be a driving factor for a company's willingness to further increase its resources which in the end when resources in the form of technological capabilities become both will improve company performance. Then,Pérez-López & Alegre (2012); Turulja & Bajgoric (2016)argued that information technology capability consists of three dimensions, namely: information technology knowledge, information technology operations, and information technology infrastructure. The explanation of the three dimensions is as follows:

1. Information technology knowledge (IT Knowledge) is the level of awareness of the benefits of information technology as well as employee information technology knowledge and skills[25].
2. Information technology operations (IT Operations) relate to the level of use of information technology in the company's business activities, or transformation of activities in order to increase the use of information technology.[25].
3. Information technology infrastructure (ITInfrastructure) includes hardware, software and support staff, or tools and resources that contribute to the acquisition, processing, storage, dissemination and use of information[24].

2.4 Dynamic Capabilities

The company's capabilities to compete in the market and make innovations are referred to as dynamic capabilities, emphasizing two key aspects, namely 'dynamic' and 'capabilities'. According toSudrajat (2013), 'dynamic' refers to the capacity to update related competencies in the event of a change in the business environment; perform innovative responses when needed due to the demands of time and speed to enter the market; rapid technological changes, future competition and difficult market determination. Meanwhile, 'Capabilities' emphasizes the key role of strategic management in proper adaptation, integration and reconfiguration of internal and organizational skills, resources and functional competencies so that there is a fit (match) with the changing environment.

In the last decade there has been a growing number of ideas from strategists and management who claim that dynamic capabilities are at the heart of corporate strategy, value creation and competitive advantage. Conceptually, studies on dynamic capabilities are based on the concept of resource-base view[27]. A perspective that concludes that the competitive advantage of companies is built through both tangible and intangible resources. What is meant by dynamic capabilities is the company's ability to integrate, build, and reconfigure internal and external competencies to face a rapidly changing environment[28].

According toBiedenbach & Müller (2012), dynamic capabilities can be analyzed with three main elements, namely adaptive capabilities, absorptive

capabilities, and innovative capabilities. The explanation of the three dimensions is as follows:
Adaptive capabilities are the ability of companies to identify and take advantage of emerging markets, including the ability of companies to adapt their product-market scope to respond to external opportunities, scan markets, monitor customers and competitors and allocate resources for marketing activities, and to respond quickly to changing market conditions[29].
Absorptive capabilities are the company's ability to recognize the value of new external information, understand it, and use it for commercial purposes.[30].
The ability to innovate (innovative capability) is the company's ability to develop new products and / or markets, by aligning a strategic innovation orientation with innovative processes and behaviors.[29].

2.5 conceptual framework

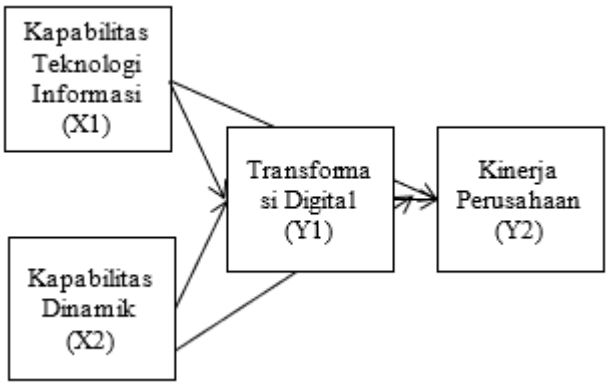

Image 1: Hypothesis conceptual framework

H1: Information Technology Capability affects Digital Transformation
H2: Dynamic Capability affects Digital Transformation
H3: Information Technology Capability affects Company Performance
H4: Dynamic Capability has an effect on Company Performance
H5: Digital Transformation affects Company Performance
H6: Information Technology Capability affects Company Performance through Digital Transformation
H7: Dynamic Capability affects Company Performance through Digital Transformation

3. Research methods

3.1 Design and Research Analysis

The approach used is quantitative with this type of survey research. Population and Sample Selection The population of this study is the manufacturing sector Small and Medium Enterprises (SMEs) in Surakarta which are registered in the database of the Surakarta Cooperative and UMKM Office. The number of UKM in Surakarta is 505 with the unit of analysis being the owner of UKM. Sampling research using probability sampling method. The minimum number of samples for analysis purposes is 120 SMEs based on consideration of the ideal number required for the analysis process using PLS is 5-10 respondents for each parameter[31]. The data in this study were primary data which was scored with a 5 Likert scale ranging from 'strongly disagree' to 'strongly agree'. The quality of the data is seen from the results of the reliability and validity testing. In the reliability test, you will see the results of composite reliability and Average Variance Extracted (AVE). Meanwhile, testing the validity will see the results of loading factors that show confergent validity. According to Ghozali (2008), a construct is said to be reliable if it has a minimum value of 0.8 for reliable composite and 0.5 for AVE. As for the loading factor value, which is expected to show valid data is at least 0.5.

3.2 Hypothesis test

Hypothesis testing is done by using the Structural Equation Model (SEM) by using the Partial Least Square (PLS). The structural model in this study was analyzed using Smart PLS 3 software. Hypothesis testing decision making is based on the p value (probability) with a significance value of 0.05 and comparing between t count and t table.

4. Research result

4.1 Convergent Validity

Convergent validity using instinctive indicators can be obtained through the correlation relationship obtained from the indicator score. The expected value in the convergent validity test is ≥ 0.6 so that it can be said to be valid.

Table 1. The results of the instrument validity test with PLS-SEM

Variable	*Instrument Code*	*Outer Loading*	*Information*
IT Capability (X1)	IT1	0827	Valid
	IT2	0.808	Valid
	IT3	0.633	Valid
	IT4	0800	Valid
	IT5	0.641	Valid
	IT6	0.636	Valid
Dynamic Capability (X2)	DC1	0.745	Valid
	DC2	0.777	Valid
	DC3	0.685	Valid
	DC4	0.762	Valid
	DC5	0.803	Valid
	DC6	0.737	Valid
Digital	TR1	0.700	Valid

Transformation (Y1)	TR2	0.808	Valid
	TR3	0780	Valid
	TR4	0.754	Valid
	TR5	0.788	Valid
Firm Performance (Y2)	FP1	0.732	Valid
	FP2	0897	Valid
	FP3	0833	Valid
	FP4	0861	Valid

Based on the results of calculations using PLS-SEM, the results show that all outer loading values ≥ 0.6, which means valid.

4.2 Discriminant Validity & Composite Reliability

Discriminant validity is used to measure two different instruments in order that the two instruments are not correlated. The discriminant validity test is seen based on the cross loading value by comparing the root average variance extracted (AVE). Data is said to meet the criteria if the AVE score is ≥ 0.5. The results of the instrument reliability test can be seen in table 2.

4.3 R-Square test

Table 2. Reliability Test Results using PLS-SEM

Code	*Cronbach's Alpha*	*rho_A*	*Composite Reliability*	*Average Variance Extracted (AVE)*
IT	0820	0833	0871	0.532
DC	0847	0852	0.886	0.566
TR	0.825	0.825	0.877	0.588
FP	0850	0852	0.900	0.694

Based on the results of calculations carried out using PLS-SEM, the research data met the criteria for discriminatory validity and composite reliability.

4.4 Inner Model Evaluation Results

Inner model aims to evaluate the relationship between latent constructs as formulated in the hypothesis. The relationship between the variables whose influence is calculated is the IT Capability (X1) and Dynamic Capability (X2) variables on Firm Performance (Y2). The relationship between variables which the influence is calculated is IT Capability (X1) and Dynamic Capability (X2) through Digital Transformation (Y1). The results of calculating R Square can be seen in table 3.

Table 3. Result of R Square Calculation

	R Square	*R Square Adjusted*
Digital Transformation	0.684	0.677
Firm Performance	0.678	0.668

4.5 Hypothesis Test Results

In the PLS test, each relationship test is carried out using a simulation with the boodstrapping method of the sample. The following is the calculation result based on the direct indirect effect. The basis for decision making is determined by Original sample, t statistics and P-Value. Original sample shows the direction of the relationship. The data is said to be significant if T statistics> 1.96 and at P Value <0.05.

Table 4. Hypothesis Test Results

Direct Effect				
Hypothesis	*Beta*	*T-Statistics*	*P-Values*	*Result*
Information Technology Capability towards Digital Transformation	0.502	5,631	0.000	Positive and significant
Dynamic Capability affects Digital Transformation	0.386	3,934	0.000	Positive and significant
Information Technology Capability affects Company Performance	0.255	2,490	0.013	Positive and significant
Dynamic Capability affects Company Performance	0.337	3,665	0.000	Positive and significant
Digital Transformation affects Company Performance	0.308	2,937	0.003	Positive and significant
Indirect Effect				
Hypothesis	**Beta**	**T-Statistics**	**P-Values**	**Result**
Information Technology Capability affects Company Performance through Digital Transformation	0.155	2,440	0.015	Positive and significant
Dynamic Capability affects Company Performance through Digital Transformation	0.119	2,346	0.019	Positive and significant

Hypothesis conclusion results

Table 5. Hypothesis Conclusion Results

	Hypothesis	*Result*
H1	Information Technology Capability affects Digital Transformation	Received
H2	Dynamic Capability affects Digital Transformation	Received

H3	Information Technology Capability affects Company Performance	Received
H4	Dynamic Capability affects Company Performance	Received
H5	Digital Transformation affects Company Performance	Received
H6	Information Technology Capability affects Company Performance through Digital Transformation	Received
H7	Dynamic Capability affects Company Performance through Digital Transformation	Received

5. Discussion

5.1 The Influence of Information Technology Capability Variables (X1) on Digital Transformation (Y1)

Based on the results of statistical calculations the influence of the Information Technology Capability variable (X1) on Digital Transformation (Y1) shows that the p-value is smaller than the α value (0.000 ≤ 0.05). The value in beta is 0.502 so that a positive and significant result is obtained. These results indicate that information technology capabilities have an influence on digital transformation. This result is also supported by a statement fromRahayu, Risk, & Juita (2020)that information technology capability is believed to be able to create a competitive advantage for the company, and this competitive advantage is of course closely related to company performance and value. In research conducted byHerwiyanti (2013) It is proven that information technology capability has a positive influence on the quality of management accounting information.

5.2 The Effect of Dynamic Capability (X2) on Digital Transformation (Y1)

Based on the results of statistical calculations the effect of the Dynamic Capability variable (X2) on Digital Transformation (Y1) shows that the p-value is smaller than the α value (0.000 ≤ 0.05). The value in beta is 0.386 so that a positive and significant result is obtained. The results of this study indicate that dynamic capabilities have an influence on digital transformation. This result is also supported by a statement fromWinasis & Riyanto (2020) that companies must implement an integrated digital transformation strategy to improve company performance and thereby increase the company's long-term business opportunities in a sustainable manner.

5.3 Effect of Information Technology Capability (X1) on Company Performance (Y2)

Based on the results of statistical calculations the influence of the Information Technology Capability variable (X1) on Company Performance (Y2) shows that the p-value is smaller than the α value (0.013≤0.05). The beta value is 0.255 so that a positive and significant result is obtained. These results indicate that information technology capabilities have an influence on the performance of the company. Similar research was also carried out bySidiq & Astutik (2017) and obtained the results that the results of hypothesis testing indicate information technology capabilities have a positive effect on customer orientation and business performance.

5.4 The Effect of Dynamic Capability (X2) on Company Performance (Y2)

Based on the results of statistical calculations the effect of Dynamic Capability (X2) on Company Performance (Y2) shows that the p-value is smaller than the α value (0.000≤0.05). The value in beta is 0.337 so that a positive and significant result is obtained. These results indicate that dynamic capabilities have an influence on company performance. Based on research conducted bySudrajat (2013) The results show that dynamic capabilities can have a direct effect on innovation performance, with variables for dynamic capabilities including adaptive capabilities, absorptive capabilities, and innovative capabilities.

5.5 The Effect of Digital Transformation (Y1) on Company Performance (Y2)

Based on the results of statistical calculations the effect of Digital Transformation (Y1) on Company Performance (Y2) shows that the p-value is smaller than the α value (0.003≤0.05). The value in beta is 0.308 so that a positive and significant result is obtained. These results indicate that digital transformation has an influence on company performance.Oktavenus (2019) revealed that the influence of digital transformation variables and consumer behavior patterns can directly affect the company's business model significantly.

5.6 Effect of Information Technology Capability (X1) on Company Performance (Y2) Through Digital Transformation (Y1)

Based on the results of statistical calculations the influence of Information Technology (X1) on Company Performance (Y2) through Digital Transformation (Y1) shows that the p-value is smaller than the α value (0.015≤0.05). The beta

value is 0.155 so that a positive and significant result is obtained. These results indicate that the capabilities of information technology through digital transformation have an influence on company performance. The right ability of the company to respond to technological uncertainty is intended so that the company can optimize its information technology capabilities so that quality management accounting information can be produced.[33].

5.7 The Effect of Dynamic Capability (X2) on Firm Performance (Y2) Through Digital Transformation (Y1)

Based on the results of statistical calculations the effect of Dynamic Capability (X2) on Company Performance (Y2) through Digital Transformation (Y1) shows that the p-value is smaller than the α value (0.019≤0.05). The value in beta is 0.119 so that a positive and significant result is obtained. These results indicate that dynamic capabilities through digital transformation have an influence on company performance. Setiawan, Oktaviani, Fahmi, and Djohar (2018a) said that transformation is required for broadband service providers to face the digital business era, where there is still a gap between the capabilities of broadband service providers compared to expectations of environmental turbulence. Efforts to transform these capabilities require dynamic capabilities of the company[36].

6. Conclusion

The results of this study indicate that information technology capabilities and dinami capabilities have a significant and positive effect on company performance through digital transformation. Information technology capabilities have a significant and positive effect on digital transformation. Dynamic capabilities have a significant and positive effect on digital transformation. Information technology capability has a significant and positive effect on company performance. Dynamic capability has a significant and positive effect on company performance. Digital transformation has a significant and positive effect on company performance.

References

[1] B. PRAKOSO, "THE EFFECT OF MARKET ORIENTATION, INNOVATION AND LEARNING ORIENTATION ON COMPANY PERFORMANCE TO ACHIEVE COMPETITIVE ADVANTAGE (Empirical Study of Manufacturing Industry in Semarang)," *J. Stud. Manaj. and Organs.*, 2005.

[2] S. Andriani, N. Kesumawati, and M. Kristiawan, "The influence of the transformational leadership and work motivation on teachers performance," *Int. J. Sci. Technol. Res.*, 2018.

[3] W. Viriyasitavat and D. Hoonsopon, "Blockchain characteristics and consensus in modern business processes," *J. Ind. Inf. Integr.*, 2019.

[4] SE Fawcett, C. Wallin, C. Allred, AM Fawcett, and GM Magnan, "Information technology as an enabler of supply chain collaboration: A dynamic-capabilities perspective," J. Supply Chain Manag., 2011.

[5] N. Trushkina, R. Abazov, N. Rynkevych, and G. Bakhautdinova, "Digital Transformation of Organizational Culture under Conditions of the Information Economy," *Virtual Econ.*, 2020.

[6] A. Hanelt, E. Piccinini, RW Gregory, B. Hildebrandt, and M. Lutz, "Digital Transformation of Primarily Physical Industries - Exploring the Impact of Digital Trends on Business Models of Automobile Manufacturers," *12th Int. Conf. Informatic wirtschafts*, 2015.

[7] PC Verhoef *et al.*, "Digital transformation: A multidisciplinary reflection and research agenda," J. Bus. Res., 2021.

[8] H. Li, Y. Wu, D. Cao, and Y. Wang, "Organizational mindfulness towards digital transformation as a prerequisite of information processing capability to achieve market agility," *J. Bus. Res.*, 2021.

[9] S. Schaltegger and M. Wagner, "Sustainable entrepreneurship and sustainability innovation: Categories and interactions," *Bus. Strateg. Environ.*, 2011.

[10] Statistics Indonesia, "Statistics Indonesia 2020 Statistical Yearbook of Indonesia 2020," *Stat. Yearb. Indonesia.*, 2020.

[11] V. Beattie and SJ Smith, "Value creation and business models: Refocusing the intellectual capital debate," *Br. Account. Rev.*, 2013.

[12] RPJ Rajapathirana and Y. Hui, "Relationship between innovation capability, innovation type, and firm performance," *J. Innov. Knowl.*, 2018.

[13] L. Cabral and A. Hortaçsu, "The dynamics of seller reputation: Evidence from ebay," *J. Ind. Econ.*, 2010.

[14] E. Ributari Nurgahayu and E. Dwi Retnani, "Application of the Balanced Scorecard Method as a Benchmark for Measuring Company Performance," *J. Science Ris. Account.*, 2015.

[15] A. Moldavska and T. Welo, "A Holistic approach to corporate sustainability assessment:

Incorporating sustainable development goals into sustainable manufacturing performance evaluation," *J. Manuf. Syst.*, 2019.
[16] A. Sidiq and EP Astutik, "Analysis of Information Technology Capability on SME Business Performance with Customer Orientation as an Intervening Variable (Study on SMEs in the Manufacturing Sector in the Solo Raya Region)," *Econ Media. and Manaj.*, 2017.
[17] R. Lizwaril, "Measurement of Cooperative Performance with the Balanced Scorecard, "Ilm. Account. and Humanika JlNAH, 2015.
[18] J. Loonam, S. Eaves, V. Kumar, and G. Parry, "Towards digital transformation: Lessons learned from traditional organizations," *Strateg. Chang.*, 2018.
[19] B. Hinings, T. Gegenhuber, and R. Greenwood, "Digital innovation and transformation: An institutional perspective," *Inf. Organ.*, 2018.
[20] K. Osmundsen, J. Iden, and B. Bygstad, "Digital Transformation: Drivers, Success Factors, and Implications," *Mediterranean. Conf. Inf. Syst. Proc.*, 2018.
[21] S. Nambisan, "Digital Entrepreneurship: Toward a Digital Technology Perspective of Entrepreneurship," *Entrep. Theory Pract.*, 2017.
[22] D. Kindström, "Towards a service-based business model - Key aspects for future competitive advantage," *Eur. Manag. J.*, 2010.
[23] GP Pisano, "A Normative Theory of Dynamic Capabilities: Connecting Strategy, Know-How, and Competition," *SSRN Electron. J.*, 2015.
[24] S. Pérez-López and J. Alegre, "Information technology competency, knowledge processes and firm performance," *Ind. Manag. Syst data.*, 2012.
[25] L. Turulja and N. Bajgoric, "Innovation and Information Technology Capability as Antecedents of Firms' Success," *Interdiscip. Descr. Complex Syst.*, 2016.
[26] D. Sudrajat, "Dynamic Capability, Innovation Performance, and Performance of Logistics Service Companies in Indonesia (A Research Framework)," *Binus Bus. Rev.*, 2013.
[27] L. Breznik and M. Lahovnik, "Renewing the resource base in line with the dynamic capabilities view: A key to sustained competitive advantage in the IT industry," *J. East Eur. Manag. Stud.*, 2014.
[28] P. Wójcik, "Exploring Links Between Dynamic Capabilities Perspective and Resource-Based View: A Literature Overview," *Int. J. Manag. Econ.*, 2015.
[29] T. Biedenbach and R. Müller, "Absorptive, innovative and adaptive capabilities and their impact on project and project portfolio performance," *Int. J. Proj. Manag.*, 2012.
[30] N. Roberts, PS Galluch, M. Dinger, and V. Grover, "Absorptive capacity and information systems research: Review, synthesis, and directions for future research," *MIS Quarterly: Management Information Systems*. 2012.
[31] I. Ghozali and D. Ratmono, *Multivariate and Econometric Analysis*. 2017.
[32] R. Rahayu, S. Risk, and V. Juita, "Capability Information Technology, Company Performance and Company Value, "J. Ris. Account. Integrated, 2020.
[33] E. Herwiyanti, "THE INFLUENCE OF INFORMATION TECHNOLOGY CAPABILITY ON THE QUALITY OF MANAGEMENT ACCOUNTING INFORMATION WITH TECHNOLOGY UNCERTAINTY AS A MODERATED VARIABLES," *J. Chem. Inf. Model.*, 2013.
[34] S. Winasis and S. Riyanto, "Digital Transformation in the Indonesian Banking Industry: Impact on Employee Work Stress," *Istishadia J. Ekon. and Bank. Sharia*, 2020.
[35] R. Oktavenus, "Analysis of the Effect of Digital Transformation and Consumer Behavior Patterns on Changes in the Business Model of Companies in Indonesia," *J. Manaj. Business and Entrepreneurship*, 2019.
[36] SD Setiawan, R. Oktaviani, I. Fahmi, and S. Djohar, "SITUATIONAL ANALYSIS OF BROADBAND SERVICE PROVIDERS IN DIGITAL BUSINESS ERA," *Mix J. Ilm. Manaj.*, 2018.

Author Profile

Dessy Hershanty received the Dr. and MM degrees in Management from STIE APRIN Palembang

Jafrizal received the Dr. and MM degrees in Management from STIE APRIN Palembang.