

ANALYSIS THE IMPLEMENTATION OF DYNAMIC CAPABILITY'S APPROACH IN SUPPORTING PERMODALAN NASIONAL MADANI LTD'S TRANSFORMATION PROGRAM

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ABSTRACT

The main problem faced by most companies in the world is an increasingly dynamic and complexity of business conditions with higher level of competition and turbulence conditions that include many internal and external factors. One of the strategic approach appropriate to treat the condition is a dynamic capability which is believed to be able harmonizing all resources to enhance their capabilities and achieve an optimum business performance. Covered within the strategy is a holistic perception that combining all the governance and management of the company in a complete system, not just a partial analysis that sorting out the problems into several sub-problems that are not related to one another. The following research is within the area of change and strategic management and aims to obtain an empirical and scientific evidence for the formulation and implementation of dynamic capabilities approach, due to the scarcity of empirical evidence supporting the concept. The research located in Permodalan Nasional Madani Ltd ("the Company"), as a State Owned Company ("SOE") which was established by the Government of Indonesia to support the business development of Small Medium Enterprise ("SME") that already been known has successfully increasing the community's economy. The Company has been successfully implementing the First Transformation and initiate a second transformation, in particular to meet the task at hand and reach the goal as SME Center in 2028. Data were analyzed by using a combination of concurrent embedded and phenomenological approach, also include in-depth analysis to assess the extent of dynamic capabilities have been implemented to improve corporate performance and achieve the company's long term goal. As conclusions of the study are a) dynamic capability has been implemented to support the company's success in the First Transformation 2009-2013, in particular based on a sense of urgency for the decline in the performance of companies that need to be addressed with radical changes yet purposeful and systematic as well as the selection of the company to stay focused on the segment SME business which has an enormous potential; and b) to support the company's further success, both in Advanced Transformation and the presence of the company in supporting the development of SME business segment in Indonesia, the dynamic capabilities approach should remain in place and run with the best. As an academic recommendation of this research are a) the expansion of research systematic to other companies with an advanced customization; b) conduct a further research to determine and prove the relationship between organizational capabilities and financial performance to determine the financial proof of continuous innovation as a sustainable innovation. For a practical recommendation, there is a need to conduct a) subsequent research in the company for a longer period of time; and b) and advanced research in other companies, especially which has a similar status as special SOE.

Keywords: Dynamic capability, holistic approach, Permodalan Nasional Madani. Ltd, First and Second Transformation, mixed method research, qual-quant, Grand Strategy of Transformation Program

PREFACE

Growth Stagnation of SME Business Segment

Based on the advantages and the high potential of the SME business segment, the Government has provided many protection and convenience for the perpetrators to be able to contribute optimally match the characteristics of excellence (CGAP, 2004). However, there has been a stagnation of growth in the business segment of SMEs, which is reflected from the lower vertical mobility from small into medium industries scale than the declination of medium into small industries scale. And although most of the business segment of SMEs able to survive economically for a long time, but most are not able to overcome the impact of business conditions caused by implementation of import liberalization policies, changes in technology and growing demand for modern products of high quality.

To increase the contribution of the role of SMEs in the national economy, there are three main types of policies and strategies in the form of the creation and provision of a) a conducive business climate in a systematic, independent and sustainable; b) the financial guarantee system for productive business activities carried on micro-enterprises; and c) the provision of technical assistance and managerial assistance in order to improve the status of SMEs to be feasible and bankable in the long term (Sumodiningrat, 2004). Those solution are an answer to the main problems of SMEs business segment namely professionalism, lack of capital and financial access.

The Company's Significant Existence

The company is a SOE, which is obliged to carry out financing (as a financial solution) and coaching (as a non-financial solution) to SME's business segment in Indonesian in an appropriate solution to develop a strong, independent and able to create new jobs SME's business person or institution.

As a response to the decline of company's performance, as an impact of dynamic changes has been faced by the company, both of changes in government's regulation and macro condition, the company has formulated a Grand Strategy of Transformation Program i.e a) First Transformation 2009-2013; b) Second Transformation 2014-2018; and c) Advanced Transformation of 2019-2028. The company has been successfully implementing the First Transformation 2009-2013, as the primary base to significant improvements in the management and performance of the company, and continuing with the Second Transformation

From an initial review, it has been obtained a phenomenon of dynamic capability's role within First Transformation so as to change the paradigm of business direction i.e from a special SOE with a fully government's support to become a business orientation with profit oriented and a good corporate governance.

PROBLEM FORMULATION

1. How is the consideration of decision makers and executors of First Transformation 2009-2013 that choose dynamic capability's approach as a response to the decline of corporate performance and also a base for formulation Grand Strategy of Transformation Program 2009-2028?
2. How does the dynamic capability's approach has been formulated and implemented within First Transformation 2009-2013?
3. How does the company continuing its ability of formulating and implementing a dynamic capability's approach has been implemented in First Transformation 2009-2013 to Second Transformation 2014-2018 which been integrated into long term company's plan to become a SME Center in 2028?

RESEARCH PURPOSE

The purpose of this study was to examine the extent of the phenomenon of how the company has implemented dynamic capabilities approach. The approach embodied in the form of strategic steps manifestations in the form of a) to understand opportunities and threats (sensing), b) capture opportunities (seizing) and c) re-transforming and reconfiguring (reconfiguring), particularly in supporting the implementation of the First Transformation from 2009 to 2013 and continued the Second Transformation from 2014-2018 and subsequent transformation so the company can become SME Center in 2028.

RESEARCH BENEFIT

1. Learning and guidance models for
 - a. The company in carrying out the Second Transformation 2014-2018 which is integrated into the company's long term plan to become a SME Center in 2028;
 - b. The Indonesian manager and Ministry of SOE authorized to manage and support SOE in achieving their optimum business performance and reaching sustainability level; and
 - c. Researchers to study within other companies and enriching an understanding of dynamic capability's approach.
2. Contribute to the development of strategic management science particularly in formulation and implementation of dynamic capability's strategy to improve the company's performance especially in facing dynamic business condition and potential decline of the company's performance; and
3. Provide an extension of learning for researches about formulation and implementation of dynamic capability's approach in special SOE with an obligation to support the development of Indonesian SME business segment, which also:
 - a. As an answer to the lack of a representative empirical evidence and scientific research's result about the effect of dynamic capability on the company's performance in general and special SOE as the company's and
 - b. an implementation guidelines to improve the company's performance and ensure the achievement of the company's goal to become a SME's Center in 2028.

RESEARCH SCOPE

This research is in the areas of strategic management and change management to be more specific on the implementation of the concept of dynamic capabilities (based on the basic concept of Teece, 2009) as a form of adaptation to the dynamics of the external environment company.

Data were analyzed by using a combination of concurrent embedded and phenomenological approach and include in-depth analysis to assess the extent of dynamic capability has been implemented to improve corporate performance and achieve long-term goals as an SME Center in 2028.

As the unit of analysis in this study is to examine the extent of the Company, especially in the company has implemented a strategy approach conceptualization dynamic capabilities in the First Transformation 2009-2013 that became the reference model to the company in conducting Second Transformation 2014-2018 and Advanced Transformation to be a SME Center in 2028.

THEORETICAL REFERENCE

Transformation

Transformation is the transfer or metamorphosis of one form into another, fundamental, strategic and comprehensive (French et al, 2000), as well as a process that is able to leverage existing resources, changing the paradigm of the company as a whole (Firmanzah 2012) and includes a fundamental shift in values, work patterns, organizational culture and mindset in accordance with the demands of the organization in the era of competition in the future and relations organizations, individuals and society as a whole (Soetjitra, 2001).

Benchmark for the success of transformation are (a) changes in performance through revenue, profit, turnover, etc; and (b) changes in the behavior of human resources towards a better, measured through media observation, survey, or assessment. While the approach used specifically 5R namely (a) reframing or reconfiguration; (b) restructuring or rearrangement; (c) revitalizing or strengthening back function; (d) renewal or update the views; and e) reinspiring or planting commitments (Norman, 2001; Charmer, 2009; Scott, 2000) was determined by the presence of i) a sense of urgency; ii) commitments; iii) a paradigm shift; and iv) high performance standards (Soetjitra, 2001).

According to the Jakarta Consulting Group, the success of business transformation is determined by (a) a clear vision changes; (b) support and involvement of top management as a director, influencers, inspiration and controllers (drivers) on the transformation process; (c) empowering employees optimally; (d) supportive business environment; (e) an excellent supporting system in the form of soft system of corporate culture and hard automation system such as the management of the working mechanism; and (f) the persistence implementation.

Competence and Competitive Advantage

To be survived, existed and grow sustainably in turbulence business conditions which triggered by changes in the business climate, companies must be able to execute a change management proces as a comprehensive steps of (a) adopting new beliefs, new better values and significant institutional norms (Cormode, 2009); (b) formulating and implementing business strategy steps which completely different from the past (Kotler and Caslione, 2009); while positioning itself not only limited to the competitive landscape or resource market only (Durand, 2012).

According to Key et al (1994) a competitive advantage is a measured of competence and performance to factors prevailing in the external environment of the company. Companies should concentrate on activities to produce innovative products of technology owned and carry out investments in the brand and implementing effective brand management strategy along with their technology investments. Companies also need to focus on understanding the needs of its customers to build loyalty and long-term relationships and perform dynamic marketing steps to stay ahead of the competition.

Perspective of Sustainable Competitive Advantage

There are several perspectives in achieving a sustainable competitive advantage, namely:

1. Structural perspective (structural view), which is a traditional model outlined that the company's performance in the market, highly depends on the characteristics of its surroundings which include dimension of business performance (profitability and cost efficiency), innovation and social performance;
2. Resource based perspective, that the competitive advantage and company's performance are strongly determined by the special resources and capabilities as well as the accumulation of the company's competence (Pace et al, 2005) which requires four characteristic of resources and capabilities that has a value, scarcity, inimitate and organized to be avle to have a sustainable competitive advantage or VRIO (*valuable, rare, inimitate, organization*) (Amit dan Schoemaker, 1993; Barney, 2010; Dierickx dan Cool, 1989; Hamel dan Prahalad, 1994);
3. Knowledge-based perspective, that sustainable competitive advantage will be realized when there is a pattern of learning as a process of finding the future knowledge (Grant, 1996) which requires a dynamic learning to acquire the updated knowledge, which include all stakeholders in the implementation of knowledge sharing (Collins, 1994).
4. Blue ocean strategy perspective that market boundaries and industrial structure needs to be needs to be reconstructed through the implementation and the confidence of industry players, as well as the diversion of attention from the offer to the demand and competing focus to value innovation; and
5. Dynamic capability's perspective, refer to the business environment change requires the capacity to constantly renew the competence and innovative responses (Panulu, 2014).

Dynamic Capability's Approach

Dynamic capability's approach emphasis on the process of adaptation and continuous improvement over the activities of the existing organization so as to respond and adapt to the dynamic changes occurring within or outside the company, to remain in existence and competitive in a turbulent environment (Lawson and Samon, 2001) as well as be able to realize the company's vision (Pearce and Robinson, 2012; Eisenhardt and Martin, 2000; Priem and Butler, 2000; Lawson and Samon, 2001; and Pearce and Robinson, 2012). Nevertheless, the approach remains idiosyncratic dimension or unique and very rooted in the company's history, especially for the excellence of business models that have been successfully undertaken by the company and difficult to imitate by competitors (Teece, 2009).

The use of dynamic capabilities approach is not a new conceptual in the management of the company. Because in some ways, dynamic capabilities approach has been inherently in the management of the company which is not realized but actually has brought the company achieve superior performance (Teece, 2009).

There are three capabilities that should be run simultaneously in order to achieve and maintain a sustainable advantage in a dynamic capability approach systematization as follows:

1. Understanding the form of opportunities and threats (sensing), by analyzing (a) R & D internal processes and the selection of new technologies; (b) utilization a complementor suppliers and innovation within the company; (c) development of science and exogenous technology; and (d) identification of target market segments, changes in customer needs and innovation
2. Capturing opportunities (seizing) by analyzing (a) customer solutions and business model; (b) choose a complement processing limit and control the company; (c) select a protocol decision-making; and (d) build loyalty and commitment; and
3. Transforming or reconfiguring (reconfiguring) by analyzing (a) decentralized structure of the company; (b) governance in the company; (c) implementation of co-specialization within the company; and (d) establishment of a knowledge management within the company

RESEARCH METHODOLOGY

Fenomenologi

Phenomenology as a method of philosophical idealism that one can understand without prejudice and not start from a specific theory, derived from Kant's distinction between noumenal (the true nature) and phenomenal (the visible or invisible). Through a phenomenological approach is expected to acquire the knowledge that is true, of phenomena which manifest themselves in accordance with the true reality without manipulation and complements own facts directly without symbols or signs and more directed to things that are a priori (Moelong, 2013).

According to Creswell quoted as saying Kuswano (2009) phenomenological function for science is a) return the philosophy of the original duty; b) using the methods of philosophy were clean of prejudice; c) the reality is the result of interaction between subject and object; and d) stresses the intentional factor as the entrance to the consciousness. Moustakas (1994) and Husserl as quoted Kuswano (2009) suggested four core processes phenomenology is a) epoche; b) reduction of phenomenology; c) variation of the imagination; and d) the synthesis of meaning and essence.

Strategi Metode Kombinasi

Mixed method research is used to provide an explanation of qualitative and quantitative to obtain more comprehensive scientific explanation, because the qualitative and quantitative methods have an approach or a different perspective to the limitations of each (Sugiyono, 2013). This research method is based on the philosophy of pragmatism practical, based on a variety of viewpoints, biased and unbiased; as well as subjective and objective at the same time (Creswell, 2012 and Muscat et al, 2012).

According to Creswell (2009) in Sugiyono (2013) integration between philosophy and quantitative methods (positivistic) and qualitative methods (pospositivistic) is seen as a reflection of the philosophy of pragmatic in the form multimetode, boils down to one (convergence), integration of the two methods and combinations two methods. This is related to the fact that (a) the world is not an absolute unity; (b) is not only based on a philosophical foundation should be combined between quantitative and qualitative; and (c) researchers need to use all the methods in understanding the problems, especially related to the difference between the reality with the assumption; and assumptions that could affect the differences in data collection and analysis to achieve the research objectives. This approach involves the function of two research approaches collectively so that the strength of the overall study is greater than the qualitative and quantitative research (Creswell and Plano Clark, 2007 in Creswell, 2009) in an effort to synergize several methods at the time of data collection. (Bungin, 2008).

Mixed method research is a natural complement to quantitative and qualitative research method, and is seen as the third method which capable enough to facilitate idea is based on the empirical consequences and practical because basically the method of qualitative and quantitative methods are complementary and not contradictory to each other (Johnson and Cristensen 2007 in Sugiyono (2006 and 2013).

Rationalization of the use of a combination of research methods:

1. Rationalization based i.e. triangulation, complementary, initiation, development and expansion;
2. Ability to produce a complete and deep research result;
3. Allow to be implemented in one single place; and

4. Appropriate to examine the phenomenon.

While aspects in designing mixed method research is a) timing; b) weighting; c) mixing; and d) teorizing in the perspective of transformation. According to Pluye et al (2009) there are four basic strategies on mixed method research as a response to a data divergence or the results of qualitative and quantitative research, namely reconciliation, initiation, grouping (bracketing) and exclusion. The four strategies require (a) an assessment of the quality components of the combination of research methods; (b) a comparison between the data or the results of qualitative and quantitative research; and (c) an analysis of additional data collection if necessary.

There are four types of basic design in a mixed method research, namely (a) triangulation; (b) embedded; (c) an explanatory; and (d) exploratory. The design of triangulation is used in research to solve a problem of compliance data of different types. Embedded design used in the study with a set of data that can provide a secondary role supporting studies based on other types of data. Explanatory design is a combination of two-phase research methods of qualitative data which helps in the explanation or built on the results of previous quantitative data. While the design of exploratory research is a method wherein a combination of two phases of qualitative data help explanation or built on the results of previous qualitative data (Creswell and Clark, 2011).

According to Creswell (2009) in Sugiyono (2013) and Creswell (2009) mixed method research divided into (a) sequential model, where researchers develop research results from one method to the other; and (b) concurrent models, where researchers combine quantitative and qualitative data (the same time) in order to obtain a comprehensive analysis in order to answer the research problem.

Research Procedure

The details of overall strategy within mixed method research are as follows:

1. Research identification
 - a. Research problem identification;
 - b. Formulation of research problem;
 - c. Research focus;
 - d. Initial or filed survey
 - e. Identification of phenomenology approach rationalization;
 - f. Rationalization of phenomenology research model;
 - g. Identification of research design.
2. Research planning
 - a. Making a questionnaire list;
 - b. Research background;
 - c. Informan selection;
 - d. Document study;
 - e. Collection supporting data;
 - f. Description procedures.
3. Understanding research background and self preparation:
 - a. Researcher as data collection;
 - b. Understanding research background and researcher;
 - c. Researcher performance;
 - d. Relationship between researcher and respondent;
 - e. Time of study.
4. Data collection:
 - a. Sampling procedure;
 - b. Qualitative data collection:
 - i. In depth interview;
 - ii. Focus group discussion;
 - iii. Observation.
5. Data analysis:
 - a. Data analysis's approach;
 - b. Data analysis's steps;
 - c. Data analysis based:
 - i. Inductive analysis systematic;
 - ii. Quantitative data inherently;
 - iii. Final data analysis and analysis finding.
6. Validity procedures of qualitative research:
 - a. Cheking the data's validity';
 - b. Procedures of checking the validity of qualitative research data:
 - i. Participation extension;
 - ii. Observation preserverance;
 - iii. Triangulation (researcher honesty, data sources, methods and theory);

- iv. Checking through discussion;
- v. Referential adequacy;
- vi. Negative case study;
- vii. Member checking;
- viii. Dense and detailed description;
- ix. Audit dependency and certainty;

7. Writing final report of research result:

- a. Adjusting reports with a concurrent research strategy;
- b. Making conclusions, impact and benefits of research:
 - i. Summarizing and overviewing of the entire research;
 - ii. Confirming research result by presenting differences with the past research;
 - iii. Explaining research result with the possibility of subsequent research;
 - iv. Linking research result with the usefulness of research;
 - v. Linking research result with a researcher's profession;
 - vi. Linking research with the meanings of social relevance; and
 - vii. Closing explanation by offering the goals and direction for further research.

DATA PRESENTATION AND DISCUSSION

Solid and detailed description on the following results:

1. Platform for the Implementation of Transformation

- a. Sense of urgency of transformation is a Government's limitation in providing and additional paid-up-capital and decline of Credit Program's portfolio, which causing business fluctuation
- b. Grand Strategy of Transformation 2009-2028:
 - i. Continuous change process and program as a response to the dynamic condition occur in the company's operational process;
 - ii. As a company's roadmap to become a SME Center in 2028;
 - iii. Forming a company's capacity and superior quality in order to be better able to fulfill its mission as Special SOEs to finance and foster SME business segment;
 - iv. The underlying strategic is to strengthen the pillars of the financial services industry, increased competitive advantage and increasing the company's dynamic capability.
 - v. Divided into three stages:
 - Period 2014-2018: consolidation expansion and profitizing;
 - Period 2019-2023: diversification of services (intermediary);
 - Period 2024-2028: to become Indonesia's SME Center and total solution to SME business segment in Indonesia.

2. Execution of First Implementation 2009-2013:

- a. Formulation and Strategy Implementation:
 - i. Year 2009: structuring of operations and new business development;
 - ii. Year 2010-2011: development of high value business;
 - iii. Year 2012-2013: stabilizing sustainability, high value performance
- b. Essence of meaning:
 - i. Business reposition as a business turnaround and change in business orientation;
 - ii. Increasing the company's focus on SMEs and micro business segment;
 - iii. Downsizing taking into account the urgency of the changes and simplification and management functions of the organization;
 - iv. More appreciate the professionalism element in determining and filling the hierarchy.
- c. Reflection of success:
 - i. The Transformation the business orientation of the transfer of business activities from wholesaler or distributor into direct financing which is synergized with management services and capacity building;
 - ii. Extension product and services diversification

1. Holding business to all company's activity;
2. Direct financing and coaching through UlaMM;
3. Provision of management services (capacity building);
- iii. Organizational transformation, in the form of a change from the lowest level, increase the level of rank and title changes positions;
- iv. Changes in the company's management;
- v. Increased the company's performance, either in the form of a) overall financial performance; b) income ratio; c) operating income; d) asset, outstanding asset and net income; e) total assets; and f) capital;
- vi. Gained A rating from PEFINDO, related to the development UlaMM above industrial averages;
- vii. Increasing confidence form banking and investor;
- viii. Cooperating with Japan External Trade Organization (JETRO);
- d. Main support to the company's success:
 - i. Paradigm change;
 - ii. Guidance from top management;
 - iii. Customer intimacy;
 - iv. Transformation management;
 - v. Dynamic capability's implementation
 1. Understanding opportunities and threats (sensing)

The company has been implementing stages, especially related to the development of SME's business segment as follows:

 - a. R&D process in the selection of new technology, both in additional outlets or continuous IT infrastructure updating process;
 - b. Utilization of complementor supplier and innovation, in developing business models venture and investment management;
 - c. Development of science and exogenous technology, by including the company's human capital in training and technology development and integrated IT system's event;
 - d. Identification of the target market segment, changing needs and innovation in more proactive and be as a main solution to the problem of SME's business segment.
 2. Capturing opportunities (*seizing*)

The company has been implementing measures, especially related to the development of MSME business segments as follows:

 - a. Explanation of customer solution and business model:
 - Diversification of portfolio's financing;
 - Product acceleration;
 - Deploying the company's product and service;
 - Improving the company's ability in fulfilling customer expectation;
 - Customer retention program;
 - Debtor's assistance;
 - Accelerating operational cost efficiency;
 - Developing product and risk management techniques;
 - b. Selection complement and controlling boundaries:
 - Calibrating special assets i.e human capital and intellectual property (competence, experience and SME business development);
 - Controlling the company's non-performing assets;
 - Valuing the company's appropriability.

- c. Selection decision making's protocol:
 - Realizing inflection point as a response to the company's basic fundamental;
 - Procedures to avoid mistakes in decision making process.
 - d. Loyalty and commitment development:
 - Leadership excellence;
 - Effective communication;
 - Non-economy factor inherited referring to the company's philosophy ILMU PADI (integrity, loyalty, independent, excellence, professional, disciple and sincere)
 - e. Reformulation of income architecture;
 - f. Reformulation of customer target.
3. Re-transformation and reconfiguring (reconfiguring);
- The company has been implementing stages, especially related to the development of SME's business segments as follows:
- a. Decentralization:
 - Adopting loosely coupled's structure by delegating the authority of loans approval;
 - Adhering open innovation that becomes the company's advantage as Special SOE in financing and coaching SME's business segment;
 - Developing integration and coordinations's skills through the determination of job description and systematic, clear and decisive coordination;
 - b. Governance:
 - Achieving incentive alignment that consider the contribution of employee to the company;
 - Minimizing agent problem by integrating interest within the company;
 - Preventing and checking a strategy irregularities by continuous performance evaluation, and strengthening the internal auditors
 - Avoiding rent dissipation through changes and strengthen financial figures especially UlaMM;
 - Improving compliance to laws and regulations;
 - c. Co-specialization
 - Implementing synergistic stages to develop teamworks based on cooperation spirit
 - d. Knowledge management.
 - Applying learning within new environment and technology.
 - Knowledge transfer and learning through training for an existing or new employee;
 - Integrating assets and knowledge, through competency acceleration's training, consultancy to other parties, discussion in meeting, as well as policies set forth in SOP;
 - Optimizing protection the company's brand as special SOE dedicated in financing and fostering SME's business segment;

3. Second Transformation 2014-2018

- a. Accelerated competition condition as a main challenge of performance enhancement:
 - i. Increasing number of SME's business company;
 - ii. Only rely in funding form the issuance of bonds and commercial bank's loans;

- iii. Increasing cost of funds and lending rate on the company's loan as the impact of decreasing macroeconomic conditions;
 - iv. Fluctuations in interest rates of bank's loans as a source of the company's funding; and
 - v. Competition with banking which also financing micro business segment, and unofficial financial institution that more flexible in lending's terms and conditions.
- b. Éssence
- i. Systematic and review continuously strategic change steps to maintain the quality of business process;
 - ii. Improving the quality of corporate governance in a transparent and meets the principle of good corporate governance;
 - iii. Improving internal capabilities as the company's ability and strengthening the human aspect; and
 - iv. Continuing changes of First Transformation 2009-2013 by focusing on changes in Head Office.
- c. The target to be achives is to be financial institution that are increasingly recognized, respected and even become a necessity as well as unity in providing financial services to the SME's business segment;
- d. The substantial differences between First Transformation 2009-2013 and Second Transformation 2014-2018

Tabel 1. Substantial Differences between First Transformation 2009-2013 and Second Transformation 2014-2018

DETAILS	FIRST TRANSFORMATION 2009-2013	SECOND TRANSFORMATION 2014-2018
(1)	(2)	(3)
<i>Sense of urgency of changes</i>	Threat of the company's existence since the end of ex KLBI Credit in 2014	Increased competene in similar business that will affect the company's performance•
Sgmentation of financing focus	<ul style="list-style-type: none"> • Granting loan above IDR 25 million • Indirect financing throught financial institution 	More oriented to the lower business segment to increase number of debtors even with the same credit exposure (at leas USD 1 billion for each outler)
Main objectives of transformation	Maintaining the existence of the company as the end of the EX KLBI or other credit program	<ul style="list-style-type: none"> • Continuing the momentum of success of First Transformation 2009-2013 to improve the company's performance • Achieve a continuation success as a foundation in achieving the company's long term goals

- e. The company must increase it dyamic capabilities that has formed during First Transformation 2009-2013 while performing the steps as stated by Teece et al (2007) which consists of (i) environmental monitoring (sensing); (b) market and competitor's evaluation (seizing); and (c) reconfiguting/transformation entire company's capability in levels that exceeds competitors which implicitly reflects the company's competitive advantage.

4. A strategy for handling potential obstacles in achieving the company's long term goals

- a. Increasing long term capabilities, particulary in the company's branch, so as to answer the challenges of the changing times and improve the responsibility in handling credit applications;
- b. Obtaining the authority to be a deposit taking company by approaching the Regulator to amend the relevant regulations and or issueing debt guaranted by securities firm;
- c. Obtaining the authority to issue its own financial instruments, which referers to the Saving and Loan in the United States which has been proven to be quive alternative funding sources;
- d. Optimizing of corporate excellence in the development of local monetization which is able converting asset ownership in society to become a cash;
- e. Accelerating financial inclusivity in the spirit of poverty alleviation, which stil based on the status of special SOE and be independent (not under supervision or banking subsidiaries) due to specificity of its business nature and limitation of banking's legal limits.

SUMMARY AND RECOMMENDATIONS

Summary and Highlights of Research in Overall

General conclusions of the study are dynamic capability has been implemented to support the company's success in the First Transformation 2009-2013, in particular based on a sense of urgency for the decline in the performance of companies that need to be addressed with radical changes yet purposeful and systematic as well as the selection of the company to stay focused on the segment SME

Dynamic capabilities approach is not a new approach at the level of the formulation and implementation of strategic management, but in many ways actually inclusively within the company's management. But to present in a formulations of the company's strategy roadmap, need to be arranged in the form of well-structured systematic, comprehensive and insightful progress.

To support the company's further success, both in the continued transformation and the company's presence in their functions and roles supporting the development of the SME business segment in Indonesia, the dynamic capabilities approach should remain in place and run with the best.

Research Results and Advanced Research Possibilities

General Research Benefit

Implementation of the research results are

1. Direction from top management that (a) visionary and insightful, especially the necessity of a Grand Strategy for the 2009-2028 Transformation period to face a performance decline; (b) has a strong belief that a good and systematic organizational changes will increase profit and corporate agility to face a dynamic changes; (c) honest and integrity; and (d) have a high work ethics; which be able in realizing an excellent coordination within the company; and
2. The company's success in developing business and customer intimacy which will be continue in using the company's financial services. There is a need to integrate financial and non financial solution's approach to support the successful of financial services industry';

Possible Advanced Research

1. In the Academic Perspectives

Based on some shortcomings that remain unresolved within the research, there is a need to conduct a further research carried out as follows:

- a. Systematically research on the dynamic capabilities approach, could be implemented to companies with a similar or different business types; and
- b. The relationship between organizational capabilities and financial performance to determine the financial proof of continuous innovation process.

2. In Corporate Business Perspectives

The research results became a reference in subsequent corporate development, particularly in the continuing implementation of the conceptualization of the dynamic capability's approach formed during the First Transformation 2009-2013 and further developed in the Second Transformation 2009-2014 and subsequent Transformation stages.

Research Results and Benefits

1. Within Real Life

- a. Dynamic capability is a strategic approach that will be beneficial in the management of companies, especially those in turbulent business conditions of business that requires a strategic and holistic approach to be able to demonstrate the expected performance to all stakeholders;
- b. Implementation of dynamic capabilities approach is able to provide an open and comprehensive attitude and be able to explore the advantages inherent in the company; and
- c. The success of a change steps is largely determined by the willingness of the whole company to change the paradigm, committed on strategic measures that have been implemented, and are willing to contribute optimally in improving the company's performance.

2. Within World Eduations

- a. Mixed method research, especially embedded concurrent models, can be used for any type of complex research but with limited time rigorous research so as to be able to produce an in-depth research process within a short time; and
- b. The science convergence is considered as an absolut values since it could provide a rich and complete perspectives.

3. Relations of Research Result to the Meanings of Social Relevance

The research results that could provide an insight and scientific proof of strategic approach to improving the quality of corporate governance which is closely related to the SME's business segment with a business orientation of middle to bottom social class.

4. The Purpose and Direction of Further Research

- a. Recommendation of subject side i.e. the concurrent embedded research method with phenomenological approach is able providing a wide, meaningful and comprehensive in-depth (insight) research since it could explore the deepest philosophical matters from existing condition; and
- b. Recommendation of researcher, namely the need for the implementation of similar research method since it is able to provide an in-depth and comprehensive review and implies a profound lesson for the research implementation.

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