Implementing Dynamic Capability Framework on Indonesian Schools

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ABSTRACT

The article was an investigation into the nature of organisational sustainability in Indonesian schools. Through an extensive reading and analysis of literature on organisational studies, this research examined the possibility of integrating key aspects of learning from change situations into systemic approaches to the organisational design of schools in Indonesia. Within Indonesia's educational context, continually changing environmental conditions were made even more problematic for schools because political and public policy instability regularly enters their organisational life and educational projects. The reasons were multifarious and nuanced as to how they impact schools working in particular contexts, including: (1). Regular and significant curriculum change policies in recent years; (2) Public policy change and expectations for addressing change at the school level within very short time frames; and (3) How an ever-changing policy environment was made more complex for those schools located in geographically isolated locales within large scale logistical considerations for the Indonesian schools that must adapt, adopt or fail. The result show that key dimensions of Dynamic Capability was pertinent as an approach to investigate and understand the adaptation process of Indonesian schools. The three core components of dynamic capability namely, sensing, seizing, and transforming were recommended as a way to portray schools' actions toward the uncertain public policy in Indonesia.

Keywords: *Dynamic Capability, Organisational Sustainability, Adaptive School Design*

INTRODUCTION

Some authors have suggested that a 'good' educational institution is one that seeks to create and nurture outstanding educational outcomes (C. A. Brown, 2014; Efird & Lee, 2014). Reading across the scholarly literature, the definition of a 'good' school and its contribution to student outcomes is widely contested (Stewart, 2012; Sturges, 2015; Zierer, 2013). Some education management scholars define a good school/educational institution as one that helps students advance their knowledge, both conceptually and practically (Urbanovič & Balevičienė, 2014), while other scholars have prioritised assessment results, asserting that a good school is a school that helps its students obtain the best results in assessments such as the national examination, PIRLS, PISA and TIMMS (Urbanovič & Balevičienė, 2014). Furthermore, some peer

reviewed literature suggests the importance of service delivery. In this instance, a good school is a school that is able to manage its resources in order to address all stakeholders' needs (Bonner, 2012; A. E. Brown, 2011; Hopson et al., 2008; Nedelcu, 2008).

Regardless of the agreed definition, a good education requires educational stakeholders to plan, guide and act across the various modalities of an educational institution in order to achieve the main goal of education, which, according to some authors and the Organisation for Economic Co-operation and Development (OECD), is to further the economic and social prosperity of the country (Astakhova et al., 2016; Devillar et al., 2013; OECD, 2015) calling upon education systems to evolve in accordance with the changing social and economic environment. For this reason, Indonesia has a complex history of educational change and development.

Since the reformation (*reformasi*) era began in 1998 which was marked by the fall of the Suharto regime and subsequent democratisation, Indonesia has experienced turbulent social, economic, and political periods (Bunnell et al., 2013). This era triggered popular unrest that manifested across social, cultural, economic, and political contexts within the country (Bunnell et al., 2013; Parker & Raihani, 2011). The events that were triggered by *reformasi*, together with other factors such as exponential growth in information technologies and the impact of globalisation, have continued to create unstable environmental conditions for Indonesia's government and private organisations (Gellert, 2015; Harvey, 2006; OECD, 2008). These inter-related contextual features have forced some organisations to adapt and adjust their structures and organisational design (Ito, 2011; Mappiasse, 2014; OECD, 2015). These challenges have also impacted schools, to which we now turn.

The governance structures of Indonesian schools contribute further complexity to their situation. In Indonesia, there are seven types of schools: (1) national (non-religious based) government schools, (2) vocational government schools, (3) private (non-religious based) schools, (4) private vocational schools, (5) Islamic government schools, (6) private (religious based) schools, and (7) international standardised schools. These schooling types are governed by two Government Ministries; The Ministry of Education and Culture (MoEC) and the Ministry of Religious Affairs (MoRA). The Ministry of Education and Culture has wider authority than the Ministry of Religious Affairs, as it regulates almost every aspect of school management, teaching and learning processes, and school activities, particularly in the national (non-religious based) and vocational government schools. In relation to Islamic government schools, they are required to align their policies with both ministries; particularly in relation to curriculum design. Apart from these two school categories, the private schools, both religious and non-religious based, have a choice of operating under either of the two aforementioned ministries. Thus, all Indonesian schools have to synergise their educational programs in accordance with government agendas which are often changing, particularly when a new government official is appointed. Moreover, the two aforementioned government ministries often have different agendas and interests making the decision-making processes often lengthy as a result of high level ministry negotiations. In short, all Indonesian schools must find ways to accommodate factors in establishing their programs: the two ministries (MoEC and MoRA), a foundation board (for private schools), school core values, organisational resources, and the changing market (parents, students, business entities). Therefore, Indonesian schools are highly susceptible to, and impacted by, the public policy environment.

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Indonesian schools operate within a complex and turbulent context that requires constant adaptation. The uncertainty of the national context, in terms of national politics, tends to create uncertainty in government regulation. For instance, before the implementation of the 2013 curriculum (K-13), a competency-based curriculum was instituted from 2004. Across the 363,029 schools in Indonesia (Ministry of Education and Culture of Indonesia, 2016), the roll out of this mandated curriculum orientation had only just been completed when another official curriculum decree, the KTSP (*Kurikulum Tingkat Satuan Pendidikan*), was mandated and implemented within two years following the previous curriculum. In 2013, the K-13 curriculum entered the public policy arena with some schools piloting its implementation. In 2014, K-13 was formally rolled out in all schools in Indonesia. However, toward the end of 2014, the government announced a new policy which reimposed the old curriculum (KTSP) across the educational landscape (MoEC, 2014).

The last case of curriculum change (from KTSP to K-13) is the most significant change in the history of curriculum policy in Indonesia (Machali, 2014; Uce, 2016). Not only because it has been rolled out, withdrawn, and reimposed, but also the significance of the changing aspects. The changes cover all aspects of the curriculum including administration, curriculum structure and content, pedagogy, and assessment (Abdullah, 2016; Chaira, 2015; Mahfud, 2019). As a consequence, schools were faced with relatively new curriculum orientations and characteristics. Although some schools, particularly those situated in big cities, are fast in adapting to the changes because of the ease of information access and availability of resources, such adaptation still remains a challenge for most schools in Indonesia (Machali, 2014; Uce, 2016).

Pedagogically, teachers and students are required to adjust to a newly designed teaching method that is more inquiry based and student centred (Abdullah, 2016; Chaira, 2015; Mahfud, 2019). To some extent, this is good for both teachers and students. However, some teachers who are new to this teaching methodology may find it difficult to fully comprehend and implement. As a consequence, they have to undertake training to familiarise themselves with new methods. This means that they have to leave their classes and organise substitute lessons. This transition or change impetus also happens in the area of assessment. In fact, the assessment area has been one of the most significant factors for teachers and school leaders because the previous curriculum (KTSP) was mainly based on summative assessment, while the new curriculum (K-13) emphasises both formative and summative assessment approaches (Abdullah, 2016; Chaira, 2015; Mahfud, 2019). This also leads to substantially increased workloads for teachers and school leaders, both administratively and intellectually.

Considering the context of this research and the absence of prior studies, there are number of factors which bolster the significance of this research. *First*, most of the previous studies on dynamic capabilities were conducted in the corporate lense. Moreover, very limited researches were conducted in Asian contexts. This research signify the fact that such studies have never been conducted in schools, particularly in Indonesian contexts. Thus, there is a gap in the literature about how Indonesian schools adapt to change and the factors that enable successful adaptation. *Second*, there are more than 350,000 school leaders and school boards charged with change management in response to flux with no research and little externally funded professional development to support them. *Third*, policy makers can benefit from understanding the ways in which schools manage change and, therefore, shape policy decisions accordingly. *Fourth*, gaining an understanding to support schools to adapt is

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a critical part of sustaining a quality education with a sense of continuity and reliability for the hundreds of thousands of students in schools across Indonesia today.

Based on the above considerations, in the Indonesian context, flexible and adaptive organisational design and processes are crucial to ensure organisational sustainability in terms of providing appropriate responses to ongoing flux in public policy. Given the number of schools impacted by this policy flux, it is important to understand the key organisational capabilities that enable appropriate responses. It can be argued that sufficient understanding of these organisational capabilities can help Indonesian schools to flourish in the face of contextual change.

METHOD

The nature of this study, which is a theoretical analysis and concept generation, requires an extensive use and source from the literature. In this regard, the main method of this study is systematic data review. Technically, the process of the research starts with collecting all secondary data from books and journals circulate around how organisations adapt to the changing contexts. Following that, the data review is focused toward the use of "dynamic capabilities" as one of the compatible approaches to adapt to changing organisational contexts/environment. Then, using Flinders University's library search engines all data (journal articles and books) related to "dynamic capability" were gathered. The data were then identified, omitted, categorised, coded, and analysed. The analysis looks through the suitability of the theoretical and the practical proof of dynamic capability for highly changeable organisational contexts. The analysis is meant to uncover the key features of "dynamic capability", its possible orchestration on a flexible organisation design and situate it within Indonesian school contexts.

RESULT AND DISCUSSION
Neoliberalism, Organisational Change, and Public Policy in Indonesia

All schools in Indonesia are situated within a neoliberal policy environment that shapes and influences what they can and cannot do. Neoliberalism presents as a dominant political and economic development ideology that promotes the 'hand of the free market' to determine approaches to economic productivity and global competitiveness. It is an ideology that features in public policy design and practice (Harvey, 2005, 2006). The ideology of neoliberalism positions the role of government as a protector of the free reign of the marketplace (Harvey, 2005). Market rule has now coupled with state intervention (what was known as Keynesian economics in the post-World War Two era) as a core component of institutional governance (Blossing et al., 2014; Bockman, 2013).

Neoliberal ideology has infiltrated public policy assumptions, design and implementation in Indonesia over the last 20 years (Bunnell et al., 2013; Gellert, 2015). It has spurred new power relations between the market, the state, and the social institutions of the state. Government policy action construed within the market logics of efficiency, competitiveness, accountability and profitability (Bockman, 2013) influence how politicians, business leaders and high-level bureaucrats define 'good' and 'responsible' government in Indonesia. Therefore, any discussion of organisational or structural change in schools must also encompass an awareness of how neoliberal ideology influences the various ways policies are foisted upon schools, and their consequent impact upon schooling purposes and values, schooling responses to new policy, and possible policy side effects.

The liberalisation of social and economic relations, acknowledging layered complexity and cultural nuance presenting in different geographical locations, has shaped, and continues to shape, government priorities in Indonesia. All organisations, both public and private, must address the macro and micro workings of the marketplace and, in doing so, find approaches to innovation for organisational sustainability (Ball, 2015; Montgomery, 2016).

Market liberalisation therefore continues to impact the strategic work of organisational leaders, who often present as the key conduits and 'shock absorbers' of external environmental change, and what must be addressed internally to respond to change (Boonstra, 2013; Feldman & Pentland, 2003; Ner et al., 2012). In considering organisational change, organisational leaders must be attentive to key elements or components of their organisations that can be adjusted in order to create more favourable and stable organisational conditions (Collins, 2002; Dunphy, 2007; Parrish, 2010). In other words, astute and informed sustainable and productive organisations will continually utilise their resources to innovate towards their determined organisational goals within any market-based society (Hyslop-Margison, 2006).

Neoliberalism, in its various manifestations, has impacted the Indonesian educational sector and continues to do so. This includes influence over organisational management priorities, forms and approaches to professional development, curriculum design and orientation, schooling purposes, approaches to accountability, dominant pedagogical practices and resourcing allocations for teaching and learning. Moreover, in recent years, neoliberal public policy has been directed at a schools' leadership and management domains, calling for leaders' compliance with new policies within increasingly explicit rules governing school behaviour. Within the realm of accountability, increasingly sophisticated measurement regimes are being used to quantify school success, or lack thereof, and defining and distinguishing a 'good' principal from 'poor' one, and a 'good' teacher from a 'bad' one.

In the Indonesian context, a notable neoliberal public policy ideology features in the National Education System Law No. 20 of 2003. This policy stated that all schools in Indonesia should adopt a School Based Management (SBM) system. This system delegates authority to schools to manage their own resources and stakeholders in order to meet government standards. Greater accountability is, therefore, expected of the principal and school community for the achievement of acceptable schooling outcomes. Furthermore, the government imposed another policy, the National Education Standard (PP No. 19 2005), that specifies eight essential criteria for a good and effective schooling system. In this regard, schools are being forced to respond and adhere to regulations in line with the government's agenda. Thus, the question arises, what is schooling in Indonesia actually for?

In recent years, SBM has appeared to facilitate greater autonomy for principals but, in actual fact, it has increased principals' accountability to the bureaucracy for appropriate management of government funding allocations and student results (Bunnell et al., 2013; Mappiasse, 2014; Neilson, 2014). SBM is inspired by neoliberalism within a logic of more explicit accountability and efficiency (Blossing et al., 2014; Bunnell et al., 2013; Bunnell & Ann Miller, 2011), delivered and controlled by the central bureaucracy rather than by schools.

Neoliberalism and the purpose of schooling

Neoliberal ideology is endemic across the OECD in the education realm. Public schools in Australia, for instance, according to Campbell and Sherington (Campbell,

2009, 2013), are becoming more like private firms that must compete against each other for more privileged, high social capital students who bring with them a propensity to achieve higher grades, thereby creating a more competitive market positioning for the successful 'market savvy' school. This phenomenon highlights how some schools are becoming more attuned to the workings of the education marketplace rather than prioritising an equitable and inclusive education for all students, disadvantaged and privileged alike. In other words, the education marketplace works to weaken some schools' commitment to a quality education for all young people, because disadvantaged and high needs students can be seen by some educational leaders as detrimental to their market brand or school image in the community, therefore negatively impacting future enrolments. Schooling purpose is, therefore, not always focused on equity and inclusion for all, but a quality education for students who, by virtue of their demographic, improve the brand image of the school within the market. Within this market-based ideology (neoliberalism), parents are positioned as customers and students as potential clients, with decisions about choice of school being made in a consumer context like food choices in a supermarket (Connell, 2013; Sider, 2017). In this sense, schools are becoming more like a commodity or product to be purchased on the open market.

Determining the purposes of schooling has been, and still remains, an area of scholarly, political and philosophical contestation and consideration (Labaree, 1997; Sadovnik et al., 2017). According to leading scholars, in the last 100 years, arguments have coalesced across three pillars of contention, each of which contributes to the various manifestations of schooling (Ebert & Culyer, 2013; Sadovnik et al., 2017). These pillars can be loosely described as social, economic and political schooling purposes. The scope of the social pillar moves from social control through to social mobility and includes preparation of students for social roles (OECD, 2012, 2015; Sadovnik et al., 2017). The economic pillar considers the broader objective of improving workforce quality in the interests of national growth and prosperity, and for promoting greater life opportunity in terms of access to good future careers for the individual (Sadovnik et al., 2017). The debate around the political pillar of schooling purpose has been ongoing since the early 1990s. It can be described as an effort to educate students about the values of being a good citizen who is active and well informed (Bellamy & Goodlad, 2008; OECD, 2012; Sadovnik et al., 2017).

In the context of Indonesia, research literature on schooling purpose is very limited, but can be examined from the formal legislation within the national education system. The Indonesian National Education Act (2003), Article 3, Number 20/2003, stated that the Indonesian education system's objective is to address three main schooling purposes: "social (creating faithful, pious, and creative citizens), economic (creating knowledgeable and skilful citizens), and political (nurturing democratic, responsible, and noble character)".

The schooling objectives articulated in the National Education Act apply to all schools, but many private schools expand upon those specified objectives to include aspects that are often unique and valued by their particular institutions. This may include gaining financial benefit, spreading certain cultural or religious teachings, and preserving valued culture and skills. Therefore, within the discussion of schooling objectives, we should consider that most Indonesian schools aspire to achieve the three national schooling purposes mentioned, but with significant caveats. For example, some schools endeavour to sustain what they stipulate as their values and ideals, while others adjust their original purposes in response to the various pressures of

neoliberalism, often exerted by government through policy impacting organisational life. Given the purposes of education as outlined by the National Act (2003), I question how might schooling purposes be managed in terms of a school's responsiveness to flux in their environment?

Organisational change and adaptation

Given the investigative intent of this study and the lack of research on how Indonesian schools respond to fluctuating environments in terms of their organisational design, an exploration of research undertaken on non-educational organisations is helpful. This cannot be directly applied to schools, but it does offer insight as to the kinds of questions that might be asked of schools experiencing environmental flux in relation to this work.

A dominant assumption within organisational studies is a view that change is an ever-present necessity for organisational development (Boonstra, 2013; Daft, 2010; Ner et al., 2012). Furthermore, change in organisations is an ever-present reality and can be undertaken in various ways because organisations are composed of structures, resources, cultures, markets and stakeholders, each of which are inter-related and intertwined in their development (Collins, 2002; Dunphy, 2007; Parrish, 2010). Organisational sustainability and development is dependent upon appropriate changes being made to these or some of these components to meet with external or internal environmental flux (Boonstra, 2013; Daft, 2010; Ner et al., 2012).

Organisations, regardless of their size, state or culture, are situated within conditions that influence and shape their organisational behaviours (March & Simon, 1993; Shafritz et al., 2016; Zahra et al., 2006). These conditions may also determine the choice of strategies or even the purposes of an organisation (Daft, 2010; V. K. (Veekay) Narayanan, 1993; V. K. Narayanan et al., 2009; Wiklund, 1999). Most studies on organisational development concur that organisational contexts have a significant effect on organisational performance and sustainability (Ambrosini et al., 2009; Eisenhardt & Martin, 2000; Helfat & Peteraf, 2003, 2015; Zollo & Winter, 2002).

Organisations require capacity for adaptation, adjustment and change. In this regard, some studies stress the importance of leadership (Hamel, 2000; Seah & Hsieh, 2015; Skordoulis & Dawson, 2007; Tourish & Hargie, 2004; Yukl, 2013) in leading the change. Other studies focus on the importance of organisational culture to create or initiate change among other components (Boonstra, 2013; D'Aveni, 1999; Schein, 2003). Other studies in the realm of organisational change highlight the need for leaders to deeply understand their context and identify the factors which enable or hamper any change initiative (Block, 2017; Cooper, 1997; Mohr Julie, 2005; Nonaka & Reinmoeller, 2000; Pfeffer, 1982; Reed & Hughes, 1992).

Beyond these approaches, the importance of organisational design as a key ingredient to responsive change when needed has been well theorised (Burns, 1994; Chia, 2002; Waldersee et al., 2003). Significant organisational redesign is an arduous process and draws heavily on human and financial resources (Collins, 2002; Mintzberg & Waters, 1985; Waldersee et al., 2003). Thus, appropriate organisational design is a substantial consideration in terms of ensuring the long term sustainability of the organisation (Griffin et al., 2016; Heckmann et al., 2016; Král & Králová, 2016). Therefore, organisational design lies at the heart of this inquiry.

Daft (2007) proposed a comprehensive definition of organisational design that describes it as a formal, guided process by which management must achieve an appropriate combination of differentiation and integration of the organisation's

operations in response to the level of uncertainty in its external environment. Through the design process, organisations act to improve their capacity and performance in order to optimise service delivery (Cooperrider & Godwin, 2011; Daft, 2010).

Furthermore, Daft (2010) highlighted two important dimensions of organisational change agendas that should always be taken into consideration: the structural dimension and the contextual dimension. The structural dimension is an organisational structure in terms of its internal systems and characteristics, analysing patterns in the organisation to provide basic information. Structural dimensions include: formalisation (written documentation and guidelines around organisational behaviour and activities), specialisation (whereby certain employees are responsible for certain tasks, defining the division of labour), hierarchy of authority (span of control which describes levels of power within organisations), centralisation or decentralisation (authority to make decisions), professionalism (formal education and training of employees), and personnel ratio (the ratio between the number of people in each department compared to the total number of employees) (Daft, 2010; Mintzberg & Waters, 1985; Randolph & Dess, 1984).

On the other hand, the contextual dimension is "a set of overlapping elements that underlie an organisation's structure and work process" (Daft, 2007, 2010). Contextual dimensions shape and influence organisational structure. These include: organisational size and available technology (e.g., tools, techniques, and actions used to transform inputs into outputs), the environment (elements external to the organisation that may affect the organisation's performance: the changing marketplace, associated legislation, socio-political conditions, stakeholders, competitors), goals and strategies, and organisational culture Daft, 2007, 2010).

Most organisational theorists argue that organisational design evolves in response to changes in the contextual dimension, particularly the organisational environment (Cooperrider & Godwin, 2011; Daft, 2010; Griffin et al., 2016). One of the most well-known organisational theories, formulated by Weber and Taylor, highlights the bureaucratic and mechanistic design of organisations (Mintzberg & Waters, 1985; Morgan, 1989; Shetty & Carlisle, 1972). Other organisation theories outline a model of organisational design that resembles living organisms adjusting to the changing environment (Daft, 2010; Randolph & Dess, 1984; Szilagyi, 1990).

Mechanistic design is characterised by the use of closed systems and formal structures, while organic organisation is based on open systems with flexible structures. Similarly, in terms of tasks, organic organisation has fewer structured tasks in comparison to mechanistic organisations. Scholars have argued that mechanistic organisations tend to base tasks on habitual operations, while organic organisations prefer to develop problem solving systems that are based on the uncertainty of the external environment (Morgan, 1989; V. K. (Veekay) Narayanan, 1993; Robbins, 1998). Thus, the dichotomy of organisational design lies between mechanistic and organic design. However, it is important to consider that some organisations may, in fact, employ both strategies.

Investigating elements of organisational adaptation in design

Internal core capability for the betterment of the organisation is a significant contributor to organisational sustainability (Augier & Teece, 2009; Eisenhardt & Martin, 2000; Sune & Gibb, 2015; D. J. Teece, 2016). This is known as 'dynamic capability' (i.e., the capability to be dynamic as a core feature of an organisation) (D. J. Teece, 2009, 2012; D. J. Teece et al., 1997). Although prior studies have proposed

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variations on this concept, it was Teece who introduced the term 'dynamic capability'. Initially, dynamic capability was understood as the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments (Eisenhardt & Martin, 2000; Helfat et al., 2009; D. Teece & Pisano, 1998). The concept signifies the ability of an organisation to correct, integrate, and redevelop its internal and external skills and resources in response to environmental change or organisational needs (D. J. Teece, 2009; Zahra & Nielsen, 2002; Zollo & Winter, 2002).

Research on dynamic capability is quite extensive. Some scholars elaborated the theoretical aspects, including proposing different understandings of dynamic capability (Eisenhardt & Martin, 2000; D. J. Teece, 2009; C. L. Wang & Ahmed, 2007), elements of dynamic capability (Eisenhardt & Martin, 2000; C.-H. Wang et al., 2016; C. L. Wang & Ahmed, 2007; Wohlgemuth & Wenzel, 2016), and connecting dynamic capability with other organisational concepts (Lin et al., 2016; Tallott & Hilliard, 2016; van Reijsen et al., 2015). However, most research on dynamic capability has been conducted in the private sector business environment. This begs the question; can we find something similar that is applicable to the organisational work in school contexts? How can we best understand dynamic capability and its components in relation to schools?

Apart from the discussion on the theoretical aspects of dynamic capability, other scholars focused their efforts into answering questions concerned with the practicality of the concept, centring their studies on examining the role of dynamic capability in shaping organisational development and sustainability (Breznik & Lahovnik, 2014; Chen et al., 2015; Jiang et al., 2015; Ljungquist, 2014; Sune & Gibb, 2015). Other scholars identified different aspects that should be included to fully understand dynamic capability, such as substantive capacity and organisational learning, while others proposed some exceptions and exclusions, such as the indirect effect of dynamic capability upon organisational competitive advantage (Ambrosini et al., 2009; Eisenhardt & Martin, 2000; Helfat et al., 2009; Zahra et al., 2006; Zollo & Winter, 2002). In this regard, would the concept of dynamic capability be applicable to understanding schools' responses toward ever-changing policy or community demographics? Is it possible to frame schools' responses toward the dynamic capability frameworks?

Zahra et al (2006) noted that other scholars positioned a different focus on understanding dynamic capability, arguing that the different understanding occurred because of the idiosyncratic nature of dynamic capability which is unique and difficult to replicate (Giniuniene & Jurksiene, 2015; Tallott & Hilliard, 2016; D. J. Teece et al., 1997; Wohlgemuth & Wenzel, 2016). However, most studies base their understanding of dynamic capability on two key concepts (Giniuniene & Jurksiene, 2015; Wohlgemuth & Wenzel, 2016): the definition proposed by Teece et al. (1997) and that of Eisenhardt and Martin (2000). The core component of dynamic capability, as proposed by Teece and colleagues (1997), is ability to integrate, build, and reconfigure organisational competencies. Eisenhardt and Martin (2000) understand dynamic capability as a specific strategic process such as product development, alliancing, and strategic decision making (Eisenhardt & Martin, 2000; Giniuniene & Jurksiene, 2015; Wohlgemuth & Wenzel, 2016). Each of these approaches suggests a focus on what types of organisational design in schools are most responsive to their stipulated purposes of schooling and the ways the components of schools are adjusted as the context shifts.

With regard to the above, it is important to consider the definition of dynamic capability proposed by Giudici and Reinmoeller (2012). They described dynamic

capability as "the capacity of an organisation to purposefully create, extend, and modify its resource base" (Helfat et al., 2007 cited in Giudici and Reinmoeller, 2012, p. 4). This definition synthesised two main definitions in the literature; Teece et al. and Eisenhardt and Martin. It incorporated important elements that have been noted by Teece et al., namely, capacity to create, extend, and modify, also asserting that dynamic capability is deliberately created through specific strategic processes (Eisenhardt & Martin) which exclude incidental problem solving (Helfat et al., 2009; Tallott & Hilliard, 2016; Wohlgemuth & Wenzel, 2016). In regard to the above elaboration, do the components of dynamic capability have applicability and practical application in school contexts? Would this framework be beneficial for schools and how does a school modify its resource base?

Another aspect of dynamic capability that has been discussed by both Teece et al. and Eisenhardt and Martin is the formulation of dynamic capability. All agreed that the formulation of dynamic capability is created through systemic and routinised processes, involving two important organisational elements; strategic and operational. However, they have different perspectives on the degree to which routines should be applied in the process of formulation. Wohlgemuth and Wenzel (2016) stated that the formulation of dynamic capability according to Teece et al. requires routinisation at both strategic and operational levels. In contrast, Eisenhardt and Martin proposed less strategic than operational level routines (Wohlgemuth & Wenzel, 2016).

Dynamic capability and substantive capability

One of the most important contributions in the literature around dynamic capability is the work of Zahra et al. (2006). Their study noted that some prior studies confused the issue. They claimed that one of the reasons for this confusion is correlating dynamic capability with organisational performance and competitive advantage. However, there are also some studies that suggest dynamic capabilities have significant correlation with, and make significant contributions to, organisational performance. This assumption has created confusion because other studies have proven that high dynamic capability does not always have a causal relationship to competitive advantage (Zahra et al., 2006). Moreover, the Zahra et al. (2006) study provided an extensive review of the literature concerning dynamic capability concepts and their relationship to other organisational elements, including organisational learning, organisational environment, and organisational performance.

Another important contribution of the Zahra et al. (2006) study is the clear elaboration of the difference between dynamic capability and substantive capability. After exposing and mapping various studies of dynamic capability, Zahra and colleagues arrived at the following understanding: "… dynamic capabilities as the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by the firm's principal decision-maker(s)…" (Zahra et al., 2006. p. 924). Meanwhile, substantive capability is understood as:

> … an 'ordinary' (substantive) capability as the organisation's ability to produce a desired output (tangible or intangible), and a dynamic capability as the higher-order ability to manipulate their substantive capabilities. The distinctions we add are: (1) to tie the definition not necessarily to financial performance but to the ability to reconfigure as desired; and (2) to make explicit the role of decision-makers in enacting and directing such capabilities … (Zahra et al, 2006. p. 924).

The above explanation of substantive capability may present as a key conceptual contribution to better address the misunderstanding where substantive capability was confused for dynamic capability. Moreover, the study also mentioned gaps in the literature including that most studies were conducted on established ventures, whereas limited studies examined newly established organisations (Zahra et al., 2006). It is important to acknowledge that in a recent publication, Teece defined a concept similar to substantive capability as 'ordinary capability' (D. J. Teece, 2019). However, this study chose to use the term 'substantive capability' because the above-mentioned capability is important and critical to an organisation. Therefore, labelling it as 'ordinary capability' indicates lack of significance of the idea. In addition, in relation to the import of this study, no studies thus far have investigated the notion and manifestations of dynamic capability in schools.

Elements of dynamic capability

In more recent elaborations of the concept, Teece (2007, 2009, 2014, 2019), who is aware that the nature of dynamic capability is idiosyncratic, proposed three main components of dynamic capability: sensing capability, seizing capability, and transforming capability. Sensing capability is understood as the capability of assessing and identifying internal and external opportunities. It can be seen through the routines of scanning and exploration. Seizing capability is associated with the capability of embracing opportunities and orchestrating them within suitable contexts. Transforming capability enables an organisation to undertake continuous renewal. It helps the organisation to manage and reconfigure assets and resources as well as maintain responsiveness for sustainability.

Apart from the three elements of dynamic capability proposed by Teece as described above, Hou (2008) proposed other elements integral to dynamic capability. He identified that dynamic capability has four core elements namely: sensing capability, relationship capability, absorptive capability, and adaptive capability (H.-J. Chang et al., 2013; Hou, 2008). One of the focuses of developing sensing capability is to create high customer value (H.-J. Chang et al., 2013; Slater & Narver, 1995). A good sensing capability can be achieved through continuous effort to collect customer needs data and identify potential competitors (H.-J. Chang et al., 2013; Slater & Narver, 1995)). Pavlou (2006) added that sensing capability can enhance "resource development capability through confirmation, propagation and market information leverage actions" (Pavlou 2004 cited in Chang et al., 2013, p. 54).

Relationship capability is the ability and capability to use and enhance available resources to ensure stakeholders are sustainably invested in the goals of the enterprise or organisation (Blyler & Coff, 2003). Further, Blyler and Coff (2003) stated that stakeholders are a critical element of any enterprise because the organisational environment is always uncertain, thereby acknowledging that stakeholders in the organisational chain are also ephemeral (Eisenhardt & Martin, 2000). In this regard, maintaining this relationship capability is crucial (Luo, 2000, 2002). Maintaining relationship capability is mainly achieved through acquisition of resources, knowledge, and techniques used to obtain, integrate, and re-arrange the resources in alignment with organisational environments (Adler & Kwon, 2002; Blyler & Coff, 2003; Money et al., 1998).

In the early stage, absorptive capability involves the process of analysing knowledge that has been obtained through knowledge acquisition (scanning and exploring). Absorptive capability includes exploration and leverage of knowledge,

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assimilation of new knowledge with the current knowledge and practices, and transformation of the knowledge to boost organisational performance (George, 2002; Zahra & Nielsen, 2002; Zott, 2003).

To some extent, through adaptive capability, resources will be aligned in accordance with organisational occurrences or environmental changes. Adaptive capability mainly pertains to analysing organisational processes, asset utilisation, and development pathways. It can also configure new resources for the organisation, or reconfigure available resources, as well as acquire or relinquish organisational resources. Apart from synergising organisational resources as a system, adaptive capability also considers the process of individual's adaptation through knowledge conversion and reconfiguration as an important contributor to the betterment of the organisation which may also contribute to an organisation's sustainability (Adner & Helfat, 2003)(Helfat & Peteraf, 2003)(Luo, 2000).

Jiao, Wei, and Cui (2010) argued that dynamic capability has four important elements, namely environmental sensing capabilities (Lawson & Samson, 2001; Prahalad & Hamel, 1990), change and renewal capability (Helfat & Peteraf, 2003; Zollo & Winter, 2002), technological flexibility capabilities (Collis, 1994; Iansiti & Clark, 1994), and organisational flexibilities capability (Chandler, 1990; Nelson, 1982; Zollo & Winter, 1999). Further, their study summarised that the above capabilities will help a firm or organisation identify and respond to changes efficiently and effectively. Similarly, the capabilities will allow an organisation to innovate, and transform and possess, flexible technology systems and organisational structure.

Figure 1: Illustration of dynamic capability components proposed by key theorists

Teece (2007, 2009, 2014, 2019)	*Hou (2008)*	Jiao, Wei, and Cui (2010)		CODE
sensing capability	environmental sensing capability	*sensing* capability	*relationship capability*	**ERSC**
		absorptive capability		
seizing capability	*change* and renewal capability	*adaptive capability*		**SARC**
transforming capability	technological flexibility capability			**TORC**
	organisational flexibility capability			

Legend: Environment Relationship Sensing Capability (ERSC); Seizing Absorptive Relationship Capability (SARC); Transforming Organisational Relationship Capability (TORC)

Figure 1 above summarises different components of dynamic capabilities that have been proposed by various theorists. The components have been aligned with the interview questions in order to answer the research questions of the study (see Appendix 1). It should be noted that the explanation and the explication of the concepts are similar to Teece's conceptual work. In this regard, this study chooses to base its analysis on Teece's (2007; 2016; 2017) concept of dynamic capability.

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Practical proof of dynamic capability

Some studies on dynamic capability have supported its significant value to organisational performance and survival. For example, a study by Singh, Singh Oberoi, & Singh Ahuja (2013) examined the relationship of dynamic capability to strategic flexibility in large and medium scale organisation in India. The study provided four important contributions to the understanding of dynamic capability: First, the study identified and examined some important dimensions of dynamic capability and strategic capability to maximise organisational performance; second, the ability of an organisation to compete and survive is not only determined by its ability to use the existing resources, rather, the organisation needs to adjust and adapt their ability to reshape and develop their organisational capability in response to the changing environment; third, the findings of this study provide a useful insight for organisational practitioners to adopt and implement the results in order to respond more effectively to organisational circumstances; and, fourth, the study facilitates opportunity to develop the concept of dynamic capability to foster strategic flexibility (C.-C. Chang & Kuo, 2013; H.-J. Chang et al., 2013; Rodenbach & Brettel, 2012; Singh et al., 2013).

Jiao, Wei, and Cui (2010) presented different aspects of dynamic capability. They examined the relationships between entrepreneurial orientation, dynamic capability, and elements of organisational learning. The study found that entrepreneurial orientation (the characteristics of innovation, autonomy, proactivity, risk taking, and competition initiative) of a firm may contribute significantly to the enhancement of dynamic capability (Danneels, 2008; Helfat et al., 2009; Helfat & Peteraf, 2015; V. K. Narayanan et al., 2009). Furthermore, the study discovered that the role of organisational learning components also generates and fosters the existence of dynamic capability of the organisation. The process incorporates continuous effort of key organisational actors to seek, gain, retain, reproduce, and share necessary knowledge from networks and stakeholders (Den Hertog et al., 2010; C. L. Wang & Ahmed, 2007).

Dynamic capability as a key component of effective organisations

The above review of organisation studies, particularly with regard to organisational change and organisational development, have signified some important aspects of organisational sustainability: *first*, organisations are highly influenced by organisational contexts or occurrences; *second*, one method of coping with organisational occurrences is organisational adaptation; *third*, the chance of achieving sustainability is higher when the organisation understands itself well through the design process; and, *fourth*, some organisational core elements, such as dynamic capability, could be considered positive contributors to the effectiveness of organisational sustainability and development. Thus, research on understanding the nature of these core components and their role in the formulation of organisational design in unstable environments can be potentially valuable. Further studies on dynamic capability within different contexts and settings, such as schools, can provide important theoretical improvements for the benefit of academics and organisational practitioners.

Gaps and tensions in the organisational literature

Despite the plethora of extensive studies on organisational change and adaptation, there are some scholarly gaps that can be identified: *first*, limited studies

have practically examined organisational core components such as dynamic capability; *second*, most studies have involved large or multinational firms and newly established firms are underrepresented in the literature; third, limited research has been done on educational institutions, particularly schools, in relation to dynamic capability; and, fourth, such a study has not been conducted in Indonesia where the educational context has been volatile in recent times.

It is important to acknowledge that a research that is undertaken in the educational setting, particularly in Indonesian schools, is entirely different from the situation from which the dynamic capability perspective originated, and most of the research has been conducted (the corporate setting). Apart from the differences in management aspects between schools and corporates, the vision and mission (or purpose in the school context) are another major aspect that distinguish the two contexts. Corporates are more profit oriented, while schools are more public/community service oriented. Albeit, some literature argued that schools are becoming more like corporates.

Some of the findings that distinguish this research and the previous research is that this research has uncover the scarcity of dymanic capability study in the area of education, particularly schools/Indonesian schools. The underlying assumption is that school organisational contexts were believed as less volatile than corporate situations. However, the neoliberalisation has created different situation for the schools nowadays. Schools are becoming more corporate-like organisations. In this sense, this study has also signified the suitability of dynamic capability framework to be used by schools/Indonesian schools as a framework to deal with the unstable conditions. In addition, this study acknowledges the importance of "substantive capability" as the co-important concept that should be considered in applying dynamic capability framework.

Another important aspect is cultural differences. Dynamic capability originated from, and is based on, Western culture. Western culture is viewed as more individualistic and less bureaucratic (Rosenmann, 2016; Xu, 2018). In contrast, Indonesian-Javanese culture is perceived as more communal, considerate to others' feelings, and bureaucratic in nature (Irawanto et al., 2011). These cultural differences affect how people perceive authority and power relations (Irawanto et al., 2011; Mu'adi & Sofwani, 2018). Westerners tend to act and express more freely (Rosenmann, 2016; Xu, 2018), while Indonesian-Javanese people tend to be more compliant (Mu'adi & Sofwani, 2018). Both cultural backgrounds, to some extent, reflected and affected organisational behaviour of the respective cultures (Irawanto et al., 2011; Mu'adi & Sofwani, 2018).

Therefore, due to the differences and tensions in the setting and culture, it is important to conduct a further (field) research that is more exploratory in nature. It should be aimed to explore, elucidate, and establish some foundational and fundamental assumptions and information from participants about the adaptation process of Indonesian schools during unstable public policy times.

The significant contribution of this study is twofold. First is its contribution to the existing literature, in the sense that it seeks to identify and highlight the main characteristics of dynamic capability of organisation that can be orchestrated within highly changeable contexts. Second is the practical aspect of the study. The study outlines a model of dynamic capability within organisation for unstable organisational contexts, particularly to Indonesian contexts.

AUTHOR CONTRIBUTION STATEMENT
This study is solely written by the author. However, the two colleague-like supervisors (Dr. Michael Bell and Dr. Andrew Bills) have been very helpful in constructing the argument as well as providing some suggestions during the process. Therefore, the two people mentioned above could be considered as contributors in constructing this article.

CONCLUSION
This study has highlighted key research literature insights pertaining to the study of organisations and organisational change. It has also acknowledged the dominant concepts used by scholars to understand and perceive organisational adaptation. Most of the literature suggested that organisations should adapt to change in order to develop and achieve sustainability. I contend that this also applies to schools. More importantly, the review of the literature highlighted the adaptation framework of dynamic capability that may be beneficial following research-informed analysis and adaptation as an effective framework to deal with environmental flux in Indonesia. The framework suggested that, in order to be sustainable in a volatile situation, organisations should maintain three important capabilities: sensing, seizing, and transforming. Moreover, from my analysis of the organisational literature, I contend that more research in this area is needed and may prove to be highly valuable, particularly in the Indonesian context, because of the paucity of research undertaken in this area. In addition, research on dynamic capability in educational settings, namely schools for the purposes of this study, is particularly limited and warrants deliberate and rigorous research.

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