

Dynamic Capabilities and Hospital Performance: Study of Perception of NU Hospital Directors in East Java

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Abstract

There is a lot of empirical evidence regarding the effect of financial resources, entrepreneurial orientation, and information technology on dynamic capabilities and firm performance. So it is necessary to reconcile these findings. The analytical tool used in this research is (SmartPLS) version 3.0. Population in this study are individuals who work, have leadership-level positions or are directors of NU hospitals in East Java. The number of NU hospitals in the East Java region is 22 hospitals. The sample size obtained is a minimum of 57 individuals. The results of this study are financial resources are empirically proven to have a direct effect on dynamic capabilities, and financial resources also have an indirect influence on hospital performance through dynamic capabilities, entrepreneurial orientation is empirically proven to have a direct effect on dynamic capabilities, and entrepreneurial orientation on hospital performance. Through dynamic capabilities, financial resources have not been empirically proven to have a direct effect on dynamic capabilities, dynamic capabilities do not mediate the relationship between financial resources and hospital performance, and dynamic capabilities have a direct effect on hospital performance.

Keywords: *dynamic capabilities; entrepreneurial orientation; financial resources; hospital performance; information technology*

JEL Classification: M40; M41

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INTRODUCTION

The hospital is one of the agencies that provide services to the community in the form of providing goods and/or services without prioritizing seeking profit and in carrying out its activities based on the principles of efficiency and productivity. Law of the Republic of Indonesia Number 1 of 2004 on the State Treasury, opening a new corridor for the implementation of the base performance in a hospital environment. With Article 68 and Article 69 of the law, the agency whose main task and function is to provide services to the community can apply a pattern of financial management that is flexible by highlighting

productivity, efficiency, and effectiveness in order to maximize service to the community. (Rahmadini, 2015) that the Hospital has the authority to manage finance that provides flexibility in the form of the ability to implement a business that healthy to improve services to the community that are managed autonomy with the principles of efficiency and productivity. An innovative response from the company facing a challenging environment changing rapidly by adapting the resources within the enterprise is the definition of dynamic capability. In an era that is all advanced and sophisticated, of course, competition in all sectors will be more dynamic; therefore, companies must also have financial resources, including money and/or credit, to invest in physical assets or activities needed for dynamic capability development (McKelvie & Davidsson, 2009).

(Peterson, 2012) states that companies must also have the financial resources to invest in new technologies and innovations. An important role of the company is the management of financial resources because of the need to use the company's resources more efficiently. Financial strategy is a goal, pattern or alternative designed to improve and optimize financial management to achieve corporate results (Salazar et al., 2012). In an era that is all advanced and sophisticated, of course, competition in all sectors will be more dynamic; therefore, companies must also have financial resources, including money and/or credit, to invest in physical assets or activities needed for dynamic capability development (McKelvie & Davidsson, 2009). This is in line with (Teece, 2016) So; dynamic Capabilities are the company's innovative response to a challenging environment change rapidly by adjusting the resources within the company. In line with the research of (Wang & Ahmed, 2007) empirically proves that environmental uncertainty is significantly positively correlated with financial flexibility. With this statement, financial resources have a correlation with dynamic capabilities. Thus, we can formulate the first hypothesis, namely that there is a positive relationship between financial resources and dynamic capability.

According to (Hartati et al., 2013), the availability of equitable, quality and oriented health services for patient satisfaction is a demand that must be met by the homesick. Entrepreneurial orientation is one of the factors that support the performance of a business (Zhang, 2012), (Limakrisna, N., A. Sudarso, 2015) Entrepreneurial orientation refers to a strategy of company orientation to acquire styles, practices, and methods of decision making. In his view, (Miller, 1983) states that entrepreneurial orientation can be determined based on three dimensions, namely proactive, innovative and risk-seeking. The theory of Dynamic Capabilities (Dosi & Teece, 1994) also refers to dynamic capabilities as a source of competitive advantage, emphasizing two aspects. First, the term dynamic refers to the shift in the character of the environment, the specific strategic response, and the time it takes to be accepted by the market to accelerate innovation. Second, the ability emphasizes the key role of strategic management in appropriately adapting, integrating, and reconfiguring the organization's internal and external skills, resources, and functional competencies to environmental changes. This is in line with research Research by (Wang & Ahmed, 2007), which states that there is an effect of the components of Dynamic Capabilities (Adaptive Capabilities, Absorptive Capabilities and Innovative Capabilities) on entrepreneurial



orientation. Thus, we can formulate the second hypothesis, namely that there is a positive relationship between entrepreneurial orientation and dynamic capability.

Besides financial resources and entrepreneurial orientation, information technology resources have an important role to play in developing competitive advantage. The dynamic and volatile environment drives the creation of opportunities to stay at the forefront of the market, which results in the dynamic development of resources and capabilities to maintain a competitive advantage. Due to competition and continuous technological change, today, many industries operate in a dynamic environment (Cui & Jiao, 2011). Some of the most common types of industries that operate in dynamic environments include pharmaceuticals, biotechnology, medical devices, computer and information systems, electronics, and healthcare providers (Deeds, D.L., DeCarolus, D. and Coombs, 2000). When a company has an adequate level of IT capability, the company takes more competitive actions, takes a superior market position, and realizes better company performance. According to (O'Brien, 2003), it has a very important role because it can support business processes and operations, decision making, and strategies to increase competitive advantage. The Competitive Dynamic Theory approach has been used in the field of information systems primarily to explain how a company's IT resources and capabilities contribute to a company's superior performance in this dynamic competition. In line with the research of (Khalil, S., & Belitski, 2020), this finding has clear knowledge for managers by broadening the understanding of domain management and IT governance and by uncovering the fact that dynamic capabilities are becoming digital upgrades and that investment in digital skills is key to productivity and growth. Company. Thus, we can formulate the third hypothesis, namely the existence of a positive relationship between information technology and dynamic capabilities.

In addition to the company's capabilities, what needs to be considered is the company's dynamic capability to achieve superior performance. (Teece, D., Pisano, G., & Shuen, 1997) define dynamic capabilities as the company's ability to integrate, build, and reconfigure internal and external competencies to cope with a rapidly changing environment. Based on several studies, it turns out that dynamic capabilities can have a direct effect on company performance. According to (Dosi & Teece, 1994), the company's competitive advantage stems from dynamic capabilities embedded in high day-to-day performance within the company, embedded in the company's processes, and conditioned by its development process. According to (Teece, 2007), dynamic capabilities enable a company's business to be created, spread out, and protected by intangible assets that support superior long-term company performance. Based on the research results, it turns out that dynamic capabilities can have a direct effect on company performance. The work achieved by an agency in carrying out its duties within a certain period of time, both related to input, output, outcome, benefit, and impact with responsibility, can facilitate the direction of structuring government companies (Baban Sobandi, 2006).

In line with the research of Drnevich & Kriauciunas, 2011 in (Jiangnan, 2020), Empirical results show that dynamic capabilities can positively affect company performance, which has been proven by many previous researchers. Thus, we can formulate the fourth hypothesis, namely that there is a positive relationship between Dynamic Capability and company performance.

The company's performance improvement is supported by the implementation of effective financial management practices and an entrepreneurial orientation that creates

value for oneself and the environment, as well as the support of superior information technology. Contingency theory views that the company's success in implementing the strategy depends on the company's environment and conditions. Resource-Based Theory (RBV) views resource capabilities as having distinctive and valuable advantages that can be controlled by the company to achieve optimal performance. As time continues to evolve, the hospital environment undergoes rapid and frequent changes as well as high complexity and uncertainty. Dynamic Capabilities Theory views the company's ability to create, reshape, and assimilate knowledge and skills; permanent stay ahead in an ever-changing competitive environment with fast. Several research gaps have prompted this research to be carried out, namely various previous studies that have examined the relationship between dynamic capabilities and organizational performance, but in general, organizational performance is measured by one or more measurements. In this study, the measurement of organizational performance is more comprehensive, namely using both financial and non-financial measures. Financial measures are measured based on the growth of income, profits and assets, while non-financial measures are measured using the Islamic maid approach.

In (FeCheng Ma, Farhan Khan, 2021) support dynamic capabilities and enable companies to perform better during the financial crisis. In line with the research conducted by (Rabbil , MZ, Yasmine, NS, and Comm, 2017), dynamic capabilities have a positive effect on the expansion of new markets and have shown a positive effect on entrepreneurial orientation. (Khin, Sabai Ho & Theresa, 2019) in (Khin, S., & Ho, 2018) found that encouraging companies to take the opportunities of the emergence of digital technology and digitalization trends in the industry by committing to embrace new digital technologies and improve their digital capabilities to become innovation leaders and also to improve company performance. Thus, there is a positive relationship between financial resources, entrepreneurial orientation and information technology on hospital performance mediated by dynamic capabilities. This study presents a more integrated research model so that organizational performance is more accurate in predicting changes in organizational performance in answering research problems.

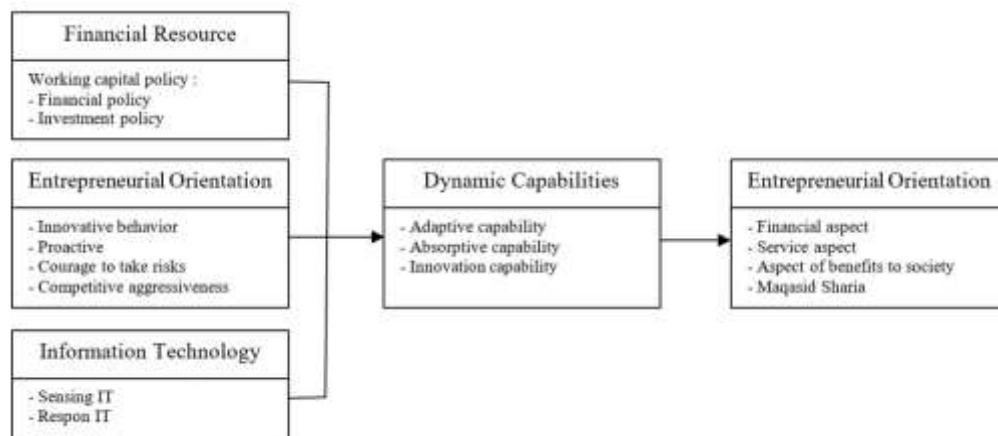


Figure 1. Research Conceptual Framework

RESEARCH METHOD

This study was designed as an explanatory research model, namely to explain how the influence of financial resources, entrepreneurial orientation, and information technology on dynamic capabilities and company performance. The analytical tool used to test the hypothesis is the Smart Partial Least Square (SmartPLS) version 3.0 software. The population in this study are individuals who work and have leadership-level positions or are directors of NU hospitals in East Java. The number of NU hospitals in the East Java region is 22 hospitals. The total population is six individual directors of each hospital, so the total population is $6 \times 22 = 132$ individuals. The formula used to measure the sample is the Slovin formula. From these calculations, the sample size is obtained, which is a minimum of 57 individuals. This quantitative research uses primary data. Data collection techniques by using questionnaires. The database method is used to collect data from various sources such as journals, previous research, and other written data sources related to research.

Variable Measurement

Financial Resources

Financial resources are defined as the availability of financial resources to invest in physical assets or activities required for the development of dynamic capabilities. Indicators of measuring financial resources (Salazar et al., 2012)(McKelvie & Davidsson, 2009) using policy analysis and working capital management include:

Working capital policies have been carried out through financing policies and current asset investment policies. The working capital management policy analysis consists of:

- a. Financial policy
 1. Available financial resources for ongoing reconfiguration of resources
 2. Financial resources affect the ability to compete
- b. Investment policy
 1. Financial resources available for investment in new innovations
 2. Sufficient financial capital, to invest in physical assets.

Entrepreneurship Orientation

Entrepreneurship orientation is behaviour in finding new markets, serving customers, beating competitors in taking advantage of business opportunities and daring to do risky businesses. Measurement of entrepreneurial orientation refers to research from(Lumpkin & Dess, 1996);(Keh et al., 2007), (Covin & Wales, 2012) and (Boling et al., 2016), measured by the following three indicators:

- a. Innovative Behavior
- b. Proactive
- c. Courage in taking risks.

Information Technology

Information technology in this study is proxied by IT capability, which according to (McKeen, J. & Smith, 2008), (Feldman & Pentland, 2003), and (Methot, 2004), has the following dimensions:

- a. Sensing IT is the hospital's ability to manage IT resources to provide business value.

- b. IT response is the ability of the hospital's IT infrastructure to enable rapid development and support of various system components.

Dynamic capabilities

The concept of dynamic capabilities includes not only organizational skills but also key capabilities, which are also known as key component factors which facilitate the development of competitive advantage (Delgado, M., Ardila, H., & Ibarra, 2012). (Wang & Ahmed, 2007) and several other researchers have identified three main components of dynamic capability, namely adaptive capability, absorptive capability, and innovative capability.

- a. Adaptive Ability
- b. Absorptive Ability
- c. Innovation Ability

Hospital Performance

Performance in the organization is a reflection of the success or failure of an organization to achieve the goals that have been set. Firm performance has been evaluated in research based on financial and non-financial measures (Kaplan & Norton, 1992), (Gaspersz, 2003)). The hospital as a service institution has a different establishment goal from companies in general, which is more emphasis on aspects of service to the community (public/service oriented). The indicators for measuring hospital performance in this study used performance indicators according to the Indonesian Ministry of Health, which consisted of financial aspects, service aspects, and benefits for the community. In addition, hospital performance is also measured based on Maqasid Syariah. (Sulistiadi & Rahayu, 2016).

- a. Hospital performance based on the Regulation of the Director General of Treasury Number Per-34/PB/2014:
 - Financial aspect
 - Service Aspect
 - Aspects of benefit to the community
- b. Maqosid Sharia
 - Islamic Hospital maqasid measurement indicators , (Sulistiadi & Rahayu, 2016)
 - 1. Hifzu religion is preserved
 - 2. Hifzun nafs maintenance of life
 - 3. Hifzul aql is the maintenance of mind
 - 4. Hifzun nasb maintenance of offspring
 - 5. Hifzun sorry for maintaining property

Data Analysis Technique

The analysis technique uses Partial Least Square (PLS), PLS is an equation model of Structural Equation Modeling with an approach based on variance or component-based structural equation modeling. To test the hypothesis using Smart Partial Least Square



(SmartPLS) software version 3.0. PLS-SEM analysis consists of two sub-models, namely the measurement model or outer model and the structural model or inner model.

RESULTS AND DISCUSSION

The results of descriptive statistical tests in this study are presented in Table 1, which will display information about descriptive statistics for each variable.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SDK	58	16.00	25.00	20.6724	2.16340
OK	58	33.00	50.00	39.4310	4.20573
TI	58	22.00	35.00	28.3276	3.02845
KP	58	49.00	74.00	58.8621	6.30914
PP	58	79.00	128.00	100.5517	10.65269
MQS	58	49.00	80.00	68.0517	7.45377
Valid N (listwise)	58				

Source: primary data processed, 2022

The results of the hypothesis testing of the research model of the influence of financial resources, entrepreneurial orientation and information technology on dynamic capabilities and hospital performance using Smart PLS can be explained as follows:

Table 2. Result of t statistic test and p value

Effect	Path Coefficient	T Statistics	P Value
Financial resources → Dynamic capabilities	0,273	2,551	0,011**
Entrepreneurial orientation → Dynamic capabilities	0,664	6,489	0,000**
Teknologi informasi → Dynamic capabilities	0,048	0,489	0,625
Dynamic capabilities → Hospital performance	0,868	33,597	0,000**
Financial resources → Dynamic capabilities → Hospital performance	0,237	2,438	0,015**
Entrepreneurial orientation → Dynamic capabilities → Hospital performance	0,576	6,889	0,000**
Teknologi informasi → Dynamic capabilities → Hospital performance	0,041	0,487	0,627

Source: primary data processed, 2022

The test results show that the relationship between financial resources and dynamic capabilities shows a path coefficient value of 0.273 with a t value of 2.551. This value is greater than the t table (1.960), and the p-value of 0.011 is smaller than 5% ($P < 0.05$). These results mean that financial resources have a significant effect on dynamic capabilities. This means that the hypothesis is accepted. This indicates that if there is an increase in Financial Resources towards Dynamic Capabilities, the performance of the NU Hospital will also increase. Financial strategy is a goal, pattern or alternative designed to improve and optimize financial management to achieve corporate results (Salazar et al., 2012). In an era that is all advanced and sophisticated, of course, competition in all sectors will be more dynamic; therefore, companies must also have financial resources, including money and/or credit, to

invest in physical assets or activities needed for dynamic capability development (McKelvie & Davidsson, 2009). This is in line with (Teece, D., Pisano, G., & Shuen, 1997) So, dynamic Capabilities are the company's innovative response to facing a challenging environment change rapidly by adjusting the resources within the firm. Due to the Dynamic Capabilities also play an important role in the early and ongoing development of dynamic capabilities and provide an accurate understanding of the company's capabilities existing, which could inform further developments, in line with (Fainshmidt, S., Wenger, L., Pezeshkan, A., & Mallon, 2018) show that dynamic capabilities provide a competitive advantage for firms in a dynamic environment by achieving a combination of differentiation and low cost. So, in a low or high dynamic external environment, given the cost issue, the company will not maintain a strong dynamic capability. (Wang A.-Q. & Tang W.-P., 2017) empirically prove that environmental uncertainty is significantly positively correlated with financial flexibility.

The test results show that the relationship between the entrepreneurial orientation variable and dynamic capability shows a path coefficient value of 0.664 with a t-value of 6.489. This value is greater than the t table (1.960), and the p-value of 0.000 is smaller than 5% ($P < 0.05$). This result means that entrepreneurial orientation has a significant effect on dynamic capabilities. This means that the hypothesis is accepted. This indicates that if there is an increase in the Entrepreneurial Orientation towards Dynamic Capabilities, the performance at the NU Hospital will also increase. This is in line with the research of (Wang & Ahmed, 2007) ,which states that there is an influence of the Dynamic Capabilities component (Adaptive Capabilities, Absorptive Capabilities and Innovative Capabilities) on entrepreneurial orientation when the company is able to strengthen one of the capabilities needed in achieving strategic goals, and when the company's capabilities and strategy development can run together effectively, the company's Dynamic Capabilities will lead to better performance. Thus, this research is considered to be able to strengthen previous research by showing a significant and positive influence of entrepreneurial orientation on dynamic capabilities.

The test results show that the relationship between information technology variables and dynamic capabilities shows a path coefficient value of 0.048 with a t-value of 0.489. This value is smaller than the t table (1.960), and the p-value of 0.625 is greater than 5% ($P > 0.05$). These results mean that information technology does not have a significant effect on dynamic capabilities. This means that the hypothesis is not accepted. This indicates that if there is an increase in Information Technology, it will not affect the Dynamic Capability of the NU Hospital. Although in the paradigm developed by (Teece, D., Pisano, G., & Shuen, 1997) which means dynamic capabilities are the company's innovative response to facing a challenging environment change rapidly by adjusting the resources within the company (sensing). A focused firm may require different combinations of IT governance mechanisms depending on the industry, the characteristics of the firm, the availability of internal and external resources it manages and the level of absorption capacity of the firm (Cohen, W.M., dan Levinthal, 1990). Using the approach adopted by (Teece, D., Pisano, G., & Shuen, 1997), an IT governance framework view is necessary for companies to better understand and take advantage of the dynamic digital environment in which companies operate. For example, IT



governance mechanisms are useful in integrating, studying, and reconfiguring internal and external resources in a rapidly evolving digital environment. So in this study, the ability of East Java NU hospital governance in IT management is very low; even though IT innovation in the company is quite adequate, then it has no effect on dynamic capabilities.

Contrary to the research of (Khalil, S., & Belitski, 2020), This finding has clear knowledge for managers by broadening the understanding of domain management and IT governance and by uncovering the fact that dynamic capabilities are becoming digital upgrades and that investment in digital skills is key to productivity and company growth.

The test results show that the dynamic capability variable relationship with hospital performance shows a positive path coefficient value of 0.868 with a t value of 33,597. This value is greater than the t table (1.960), and the p-value of 0.000 is smaller than 5% ($P < 0.05$). This result means that dynamic capability has a positive and significant effect on hospital performance. This means that the hypothesis is accepted. This indicates that if there is an increase in the Dynamic Capability of the performance at the NU Hospital, it will also increase. According to (Teece, 2007), dynamic capabilities enable a company's business to be created, spread out, and protected by intangible assets that support superior long-term company performance. The work achieved by an agency in carrying out its duties within a certain period of time, both related to input, output, outcome, benefit, and impact with responsibility, can facilitate the direction of structuring government companies (Baban Sobandi, 2006). The results of the work achieved by the agency with full responsibility will achieve effective and efficient performance improvements, and companies can improve their performance by developing their capabilities, especially in a volatile environment. In line with the research of (Drnevich, P. L., & Kriauciunas, 2011) in (Jiangnan, 2020), Empirical results show that dynamic capabilities can positively affect company performance, which has been proven by many previous researchers. (FeCheng Ma, Farhan Khan, 2021) note that dynamic capabilities contribute positively to firm performance. It also illustrates the significant contribution of dynamic capabilities to enterprises at different levels. A company with fewer dynamic capabilities faces more challenges in managing knowledge, and delays in knowledge processing can have an impact on performance.

The test results show that the relationship between financial resources and hospital performance through dynamic capabilities shows the path coefficient value of 0.237 with a t-value of 2.438. This value is greater than the t table (1.960), and the p-value of 0.015 is smaller than 5% ($P < 0.05$). This result means that dynamic capability mediates the effect of financial resources on hospital performance. This means that the hypothesis is accepted. (Teece, D., Pisano, G., & Shuen, 1997) This means Dynamic Capability is the company's innovative response to facing a challenging environment change rapidly by adjusting the resources within the firm. The innovation created destroys the market balance to then achieve a new balance with the advantages of the innovation. However, capital is one of the obstacles to the development of entrepreneurship in Indonesia, which assumes that capital is only in the form of finance, and if there is no capital, they do not dare to start a business, even though capital can be in the form of skills, knowledge, network which in the end brings financial benefits. Existing research has made it an important part of defining the dynamic capabilities that companies must adapt to the original framework structure or resource allocation. It is the goal of companies to order financial flexibility to cope with changing external markets while changing external markets also make it difficult for companies to

increase their value by relying on their existing capital structure and combination of resources. On a regular basis, firms will maintain relatively low financial flexibility when the dynamic nature of external markets is low. At this time, fewer organizational structures need to be adapted, as a result of which the advantages of maintaining a certain level of dynamic capability are limited. However, dynamic capabilities also entail costs associated with devoting resources to changing activities (Zollo, 2002). In such events, firms typically incur transaction and coordination costs when changing their resource base (Karim, 2006), with the result that profits tend to suffer more than the corresponding costs. In highly dynamic market conditions where volatile factors lead to complications, a company's financial flexibility is often at its fullest. Considering that dynamic capabilities run along a dependent path, matching inertia issues and other factors can make dynamic capabilities difficult to adhere to. In addition, the high cost of dealing with problems caused by maintaining strong dynamic capabilities can negatively impact the company's performance to some extent (Teece, 2016).

This study is in line with (Jiangnan, 2020). The results of the regression analysis test show that financial flexibility has an interval effect on company performance. Dynamic capabilities play a role in mediating financial flexibility and company performance, which means financial flexibility can affect company performance through dynamic capabilities. This study adds weight to the theories of financial flexibility and dynamic capabilities and helps companies adapt more effectively in increasingly complex economic situations. in (FeCheng Ma, Farhan Khan, 2021) support dynamic capabilities and enable companies to perform better during the financial crisis.

The test results show that the relationship between the entrepreneurial orientation variable and hospital performance through dynamic capabilities shows a path coefficient value of 0.576 with a t-value of 6.889. This value is greater than the t table (1.960), and the p-value of 0.000 is smaller than 5% ($P < 0.05$). These results mean that entrepreneurial orientation has an indirect effect on hospital performance through dynamic capabilities. This means that the hypothesis is accepted. (Lumpkin & Dess, 1996) suggested that entrepreneurial orientation refers to processes, practices, and decision-making that lead to new inputs and have three entrepreneurial dimensions, namely always being innovative, acting proactively and taking risks. Companies that develop and invest in a planned and explicit manner in aspects of entrepreneurial orientation, both individually and collectively, have greater power in achieving sustainable innovation results as an engine of company performance. Company performance is one of the factors that can affect business success. In addition to the company's ability in entrepreneurial orientation, what needs to be considered is the company's dynamic capability to achieve superior performance. (Teece, D., Pisano, G., & Shuen, 1997). Becoming a Dynamic Capability is the company's innovative response to facing a challenging environment change rapidly by adjusting the resources within the firm. (Keh et al., 2007), where in his research it is stated that entrepreneurial orientation is positively and significantly correlated with company performance. Therefore, a high entrepreneurial orientation through a dynamic capability approach combined with adequate management skills will cause the company to be



successful in its business in dynamic conditions. This is in line with research conducted by (Rabbil, MZ, Yasmine, NS, and Comm, 2017), dynamic capabilities have a positive effect on the expansion of new markets and have shown a positive effect of entrepreneurial orientation on ability reconfiguration in different contexts; dynamic capabilities mediate the relationship between entrepreneurial orientation and company performance. And (Torkkeli, L., Nummela, N., & Saarenketo, 2018) found that the founders of small companies thrive internationally because they are often active entrepreneurs who have a global mindset that gives them an international vision and are proactive and committed to seeking international opportunities.

Information technology variables and hospital performance through dynamic capabilities show a path coefficient value of 0.041 with a t-value of 0.487. This value is smaller than the t table (1.960), and the p-value of 0.627 is greater than 5% ($P > 0.05$). This result means that dynamic capability does not mediate the effect of information technology on hospital performance. This means that the hypothesis is not accepted. This indicates that if there is an increase in Information Technology, it does not affect the performance of the hospital, which is moderated by the Dynamic Capability of the NU Hospital. Building on previous studies in the IT management and governance literature (Teece, D., Pisano, G., & Shuen, 1997), we argue that integrating IT governance into the Dynamic framework capabilities will enable companies to be more flexible and agile when using digital technologies, as well as when adapting, creating, and implementing products and services (Cohen, W.M., dan Levinthal, 1990). Previous research has focused on the relationship between each of the three IT governance mechanisms and firm performance (Maes et al., 2017), but very few have identified how these mechanisms interact with each other and with the external environment to facilitate firm performance. This is contrary to the opinion of (Chi et al., 2010), which state that one of the benefits of information technology is to develop company performance. (Baban Sobandi, 2006), who examined the effect of Information Technology development on company performance, also produced significant and positive results. (Khin, S., & Ho, 2018) also state that the use of Information Technology has an effect on company performance. However, this can be accepted because from the collection of questionnaires and with the object of the official addressed in this research at the NU Hospital in East Java, it turns out that the use of new information technology is in an early or intermediate stage. In general, the use of IT by NU hospital agencies is relatively less than optimal and has not shown a good direction for the formation of e-Government. Some of the salient weaknesses include the lack of responsiveness of services provided through the NU hospital website, not yet supported by an effective management system and work process and not yet well-established strategies and inadequate budget allocated for IT development on information systems at NU hospitals.

The results of this study are in line with research by novita in (Khalil, S., & Belitski, 2020), which concludes that there is no effect between the use of information technology and the individual performance of internal accountants at several banks in Pekanbaru. (Hasibuan, 2010) in (Khin, S., & Ho, 2018) also got the same result that there was no influence on the use of information technology in AKIP Pekanbaru City. The results of this study are also in line with research by (Azwir Nasir, 2011) The results show that the use of information technology has no effect on organizational performance.

CONCLUSION

The results of testing the causal relationship between the role of financial resources, entrepreneurial orientation and information technology on the performance of NU and NU-affiliated hospitals in East Java through dynamic capabilities are as follows, Financial resources are empirically proven to have a direct effect on dynamic capabilities, and financial resources also have an indirect effect on hospital performance through dynamic capabilities, Entrepreneurial orientation is empirically proven to have a direct effect on dynamic capabilities, and entrepreneurial orientation also affects hospital performance through dynamic capabilities, Empirically, information technology is not proven to have a direct effect on dynamic capabilities, and dynamic capabilities do not mediate the effect of information technology on hospital performance, and Dynamic capabilities have a direct effect on hospital performance. For future research, the development of further research on the relationship between information technology and dynamic capabilities and hospital performance can be used in-depth, for example, by examining in detail the aspects of digitization and adoption of information technology for hospitals. Implementation of IT tools or equipment that has the potential to help hospital managers, doctors, and staff understand the impact of technology implementation on treatment processes and capabilities.

AUTHORSHIP CONTRIBUTION STATEMENT

All authors contributed to this article by compiling content, analyzing data, and making conclusions.

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