

The Effect of Transformational Leadership, Dynamic Capability and Psychological Empowerment on Organizational Performance of the Army Hospital Mediated by Competitive Advantage and Moderated by Organizational Culture

Yanuarni Wulandari Baji Pamai¹, Willy Arafah², & Kusnadi³

(1). Faculty of Economics and Business, Trisakti University, Jakarta, Jl. Kiai Tapa No. 1, Grogol, West Jakarta, 11440

(2). Faculty of Economics and Business, Trisakti University, Jakarta, Jl. Kiai Tapa No. 1, Grogol, West Jakarta, 11440

(3). Kusnadi

(3). Faculty of Economics and Business, Trisakti University, Jakarta, Jl. Kiai Tapa No. 1, Grogol, West Jakarta, 11440

doi.org/10.51505/IJEBMR.2025.91119 URL: <https://doi.org/10.51505/IJEBMR.2025.91119>

Received: Oct 27, 2025

Accepted: Nov 03, 2025

Online Published: Nov 26, 2025

Abstract

The main objective of this study is to analyze The Effect Of Transformational Leadership, Dynamic Capability And Psychological Empowerment On Organizational Performance Of The Army Hospital Mediated By Competitive Advantage And Moderated By Organizational Culture. The population in this study consists of structural officers working in fourteen Indonesian Army Level II hospitals. The sample size is 242 respondents from these hospitals. The data were analyzed using Structural Equation Modeling (SEM) with SPSS version 22.0 and Smart PLS version 3. Transformational Leadership and Dynamic Capability do not have a direct positive effect on Organizational Performance. Psychological Empowerment has a positive effect on Organizational Performance. Transformational Leadership, Dynamic Capability, and Psychological Empowerment all positively influence Competitive Advantage. Competitive Advantage positively impacts Organizational Performance. Moreover, Competitive Advantage mediates the positive effects of Transformational Leadership, Dynamic Capability, and Psychological Empowerment on Organizational Performance. However, Organizational Culture does not moderate the positive influence of Competitive Advantage on Organizational Performance. This study emphasizes the critical role of transformational leadership in stimulating creativity and fostering two-way communication to enhance motivation and individual performance. Although dynamic capability does not directly impact organizational performance, it remains essential to develop this capability through routine training to support organizational improvements. The results also highlight the need to improve inter-team cooperation and balance attention between work processes and outcomes. A strong and relevant organizational culture should be reinforced through simple communication and role modeling by leaders so that organizational values are reflected in employee behavior. The study is limited to a

sample of 242 structural officers from fourteen Level II Indonesian Army hospitals, which may limit the generalizability of the findings to broader contexts. The research focuses on the influence of transformational leadership, dynamic capability, and psychological empowerment on organizational performance, with competitive advantage as an intervening variable and organizational culture as a moderator. Additionally, data were collected through questionnaires dependent on respondent perceptions, so the possibility of subjective bias cannot be entirely ruled out.

This study contributes by opening opportunities for further development to integrate strategic management theory and practice within military healthcare organizations.

Keywords: Transformational Leadership, Dynamic Capability, Psychological Empowerment, Competitive Advantage, Organizational Performance

1. Introduction

Health is a basic human right and a key pillar in national development. A healthy society will play an active role in social and economic life, making the provision of adequate healthcare services a shared responsibility between the government and the community (Pahira & Rinaldy, 2023). Hospitals, whether government-owned, private, or military, play a strategic role in ensuring the availability of quality healthcare services. In the context of military hospitals, such as the Indonesian Army Hospital, this role extends beyond serving soldiers and their families to supporting the operational readiness of national defense and responding to crises such as disasters or pandemics (Ministry of Defense, 2023).

The service standards of the Indonesian Army hospitals are regulated through regulations such as Minister of Defense Regulation No. 9 of 2023, which classifies hospitals into four levels according to service capacity and readiness to deal with emergency medical situations. Level II Hospitals, the focus of this study, play a crucial role as regional referral hospitals with responsibility for handling operational conditions and local crises. Therefore, managing organizational performance *in* these hospitals is crucial.

Organizational performance is a measure of an organization's effectiveness and efficiency in achieving its goals, including productivity, innovation, service quality, and financial sustainability (Roes, 2023; Collins Willis et al., 2022). In the hospital context, performance indicators include patient satisfaction, response time, service effectiveness, and emergency preparedness (Sodikin & Muhandi, 2023). Achieving optimal performance requires an adaptive and innovative managerial approach, particularly in a military organization with a hierarchical and bureaucratic structure.

One approach proven effective in improving organizational performance is *Transformational Leadership*. This leadership style is characterized by the leader's ability to inspire and motivate organizational members to transcend personal interests to achieve shared goals, encourage innovation, and improve adaptation to change (Bass & Riggio, 2006). Transformational

leadership has been shown to play a significant role in driving innovation and improving performance in the healthcare sector (Avolio et al., 2004; García et al., 2012). However, its implementation in military organizations often faces challenges due to rigid and bureaucratic organizational cultures.

Besides leadership, *dynamic capability* is also a key factor in improving hospital performance. Teece et al. (1997) define dynamic capability as an organization's capacity to rapidly build, integrate, and configure internal resources to respond to external changes. In the hospital context, this capability is crucial for responding to the dynamics of medical technology, regulations, and patient needs (Eisenhardt & Martin, 2000). Unfortunately, many hospitals still rely on inflexible systems, making them slow to adapt (Fainshmidt et al., 2019; Lopez et al., 2017).

Another factor that influences organizational performance is *psychological empowerment*. According to Spreitzer (1995), psychological empowerment creates a sense of control, competence, and meaning in work for employees, which ultimately impacts motivation and productivity. Several studies have shown that *psychological empowerment* significantly improves organizational performance, including in the healthcare sector (Ahmad, 2022; Park, 2020; Garcia-Juan et al., 2018).

However, the influence of the three factors above on organizational performance is not always direct. In the context of intense healthcare competition, *competitive advantage* plays a crucial mediating role. Competitive advantage enables hospitals to compete sustainably through superior, innovative, and efficient services (Porter, 1985; Barney, 1991). Indonesian Army Hospitals are required to have a competitive advantage not only to gain patient trust but also to support national defense readiness.

Furthermore, the influence of organizational culture on the relationship between competitive advantage and performance cannot be ignored. Organizational culture determines how shared values and norms influence work behavior and decision-making (Marvin Bowers, 1982). Research by Shazad et al. (2012) suggests that a culture that supports innovation can strengthen the impact of competitive advantage on organizational performance.

Many previous studies have been conducted in the private or civilian sectors, such as banking (Alrowwad et al., 2020), higher education (Nguyen & Ngo, 2021), and manufacturing (Putra & Prabowo, 2022). Research examining the integration of *Transformational Leadership*, *Dynamic Capability*, *Psychological Empowerment*, and *Competitive Advantage* in the context of military hospitals is still very limited. Yet, military hospitals have unique characteristics and a dual mission: healthcare and military operational support. Therefore, there is an important *research gap* that needs to be filled.

This study offers a new approach by combining these four variables into a more comprehensive model and adding *organizational culture* as a moderating variable. By examining the context of military hospitals as distinct from civilian organizations, this study not only contributes

theoretically but also provides practical benefits for policymakers within the Indonesian Army. Therefore, this study is highly relevant to understanding how leadership, organizational adaptation, psychological empowerment, and competitive advantage can synergistically influence *organizational performance* in Indonesian military hospitals.

2. Literature review

2.1. Transformational Leadership

Transformational leadership is a leadership style that emphasizes the leader's ability to inspire and motivate subordinates to achieve higher-than-expected goals. This concept was first introduced by Burns (1978) and developed by Bass (1999), with a focus on changing organizational culture, increasing innovation, and creating a positive, growth-oriented work environment. Transformational leaders not only establish a strong vision but are also able to build deep emotional connections with their followers, based on trust and respect. Robbins and Coulter (2017) explain that transformational leaders encourage their followers to set aside personal interests for the sake of organizational goals through a personal, intellectual, and inspirational approach. Suwanto (2019) also adds that this leadership style can foster self-confidence, loyalty, and strong morale in employees.

The four main dimensions of transformational leadership as outlined by Jufrizen (2020) include: idealized influence, inspiring motivation, intellectual stimulation, and individualized consideration. Leaders act as role models, provide high motivation, encourage creativity, and pay attention to the specific needs of each individual in the organization. Furthermore, Rivai (2015) explains that true transformational leaders have effective influence, power, and authority to influence others and make strategic decisions. The basic principles put forward by Yukl in Armstrong (2017) also emphasize the importance of developing a challenging vision with employees, strengthening commitment to strategy, and translating the vision into concrete actions. In other words, transformational leadership functions not only as a managerial tool but also as a strategic approach in shaping the behavior, culture, and performance of the organization as a whole.

2.2. Dynamic Capability

Dynamic capability is an organization's ability to continuously learn, adapt, and innovate in the face of rapid and complex environmental changes. This concept was developed by Teece (2007) and is based on the view that sustainable competitive advantage depends on an organization's ability to reshape its resources and capabilities in response to external dynamics such as market, technological, and policy changes. According to Zahra et al. (2007), dynamic capability encompasses the ability to recognize opportunities and threats, reconfigure assets, and improve operations to maintain the company's strategic position.

As a theoretical foundation, *the Organizational Learning Theory* proposed by Argyris and Schön (1978) explains that learning within an organization is the foundation for the development of dynamic capabilities. Organizations that effectively manage knowledge and experience will be

better prepared to face change. Margaret and Gianmario (2020) also emphasize that dynamic capability is a systematic process of directing and transforming a company's resources to maintain excellence amidst changing circumstances.

Teece (2020) identified three main factors influencing dynamic capabilities: organizational learning, innovation, and agility. Organizations with strong learning, innovation, and agility are better able to respond to change quickly and effectively. The benefits of dynamic capabilities include creating sustainable competitive advantage, increasing adaptability to market dynamics, and encouraging the development of new capabilities necessary for survival and growth.

Thus, dynamic capability has become a key element in modern business strategy, requiring organizations to not only survive but also continue to thrive through innovation and proactive adaptability.

2.3. Organizational Performance

Organizational performance is an important concept that measures the extent to which an organization successfully achieves its strategic objectives. Venkatraman (1986) developed a model that emphasizes the relationship between information technology (IT) strategy and organizational performance. In this model, effective IT implementation must be aligned with business strategy to achieve optimal results. Two key dimensions of IT strategy are positioning, which shows how IT is implemented within organizational functions, and embedding, which describes the integration of IT into overall organizational processes. Furthermore, Hofer (1983) highlighted the importance of alignment between organizational strategy and the external environment as key to maintaining competitive advantage and achieving high performance. Similarly, Spanos and Lioukas (2001) developed a dynamic capabilities framework that links an organization's ability to learn and adapt to environmental changes as factors that enhance long-term organizational performance.

According to Dessler (2019), organizational performance can be measured through various indicators such as profitability, growth, market share, and customer satisfaction. Robbins & Judge (2016) added that organizational performance is the collective result of individual and group behavior that can be measured through productivity, employee satisfaction, and customer satisfaction (Kasmir, 2019). Armstrong (2017) explains that performance measurement includes the effectiveness and efficiency of processes in achieving organizational goals. Armstrong also outlines eight main objectives of performance management, ranging from improving individual and team performance, building a performance culture, to developing learning and development programs tailored to organizational needs.

Factors influencing organizational performance include leadership, organizational culture, human resource management, technological innovation, organizational structure, and external factors such as industry competition and economic conditions. Northouse (2019) emphasized the role of effective leadership in motivating employees and adapting organizations to dynamic environments. Schein (2018) stated that a strong and aligned organizational culture can enhance

team motivation and synergy. Dessler (2019) emphasized the importance of proper human resource management to harness workforce potential. Christensen (2010) linked technological innovation to increased operational efficiency, while Mintzberg (1979) considered a strategically appropriate organizational structure crucial for communication and decision-making. Porter (1980) added that an organization's ability to adapt its strategy to the external environment is crucial for successfully maintaining a competitive advantage.

2.4. Competitive Advantage

Competitive advantage is an organization's ability to create and sustain superior customer value compared to competitors. Michael E. Porter (1980) developed the theory of competitive advantage through a Five Forces framework that analyzes industry structure and its impact on an industry's attractiveness and profitability. Understanding competitive forces, such as the threat of competitors, substitute products, and the bargaining power of suppliers and buyers, helps an organization determine its strategic position. Almarri and Gardiner (2014) state that sustainable competitive advantage is achieved when resources are deployed to create superior customer value, which then results in superior performance.

According to Masaaki Ma (2000), customer focus is a crucial aspect in building competitive advantage, supported by the concept of market orientation proposed by Narver and Slater (1990). Amirullah (2015) adds that competitive advantage emerges when a company's value-creation strategy is different and superior to that of its competitors. According to Hill and Jones (in Amirullah, 2015), the main components of competitive advantage include superior efficiency, superior quality, superior innovation, and superior customer responsiveness. These four components form the foundation for a company to maintain its competitive advantage in the market.

Strategies to win the competition also include steps such as always excelling in promotion and image, providing better quality products, building service collaborations, creating new unique advantages, and implementing appropriate business strategies (Danang Sunyoto, 2015). Wijaya and Tarigan (2015) added that market orientation, organizational learning, and accounting information systems are factors that can strengthen a company's competitive advantage.

2.5. Psychological Empowerment

Psychological empowerment refers to the process of giving individuals or groups power and control over their work, thereby enhancing motivation and organizational performance. Spreitzer (1995) defines psychological empowerment as providing autonomy, influence, and a deep sense of competence in the tasks being performed, comprising four main dimensions: meaning, competence, self-determination, and impact. These four dimensions enhance individual motivation, job satisfaction, and performance, ultimately positively impacting organizational performance.

Laschinger et al. (2004) linked psychological empowerment to increased job satisfaction, which in turn reduces turnover and absenteeism, and improves work quality. Employees who feel

empowered feel valued and are more committed to their work, creating a positive work environment. Furthermore, empowerment also impacts team performance, with Zhang and Bartol (2010) showing that empowered teams tend to be more creative, innovative, and proactive in addressing organizational challenges.

According to Zimmerman (2000), psychological empowerment increases an individual's self-efficacy or confidence in carrying out their work. Thus, empowerment strengthens team collaboration, innovation, and productivity, contributing to overall organizational effectiveness. Therefore, psychological empowerment is an important strategy in human resource management to improve company performance.

2.6. Organizational Culture

Organizational culture is a system of values, beliefs, norms, and practices that shape the behavior patterns and work methods of organizational members in carrying out daily activities and achieving common goals. Robbins and Judge (2017) explain that organizational culture is a set of beliefs that guide behavior in organizational life, including communication, attitudes, work habits, and interactions between organizational members. This culture provides a sense of identity and unwritten rules that distinguish one organization from another. Hofstede and Geert (1990) add that organizational culture is a collective mindset that distinguishes one group member from another and influences their mental attitudes.

According to Marvin Bowers (1982), corporate culture can be defined as "the way we do things around here," which establishes loyalty, rules of the game, and guidelines for employees in carrying out their work. Northouse (2017) and Schein (1992) emphasize that organizational culture contains basic assumptions reflected in employee thought patterns and behaviors, making it easier for them to understand what to do and why it is important. Denison (1990) views organizational culture as the values and principles that underlie organizational effectiveness, with important aspects such as employee engagement, consistent communication, adaptability to change, and a clear organizational mission.

Deal and Kennedy (2000) assert that organizational culture encompasses the values, philosophies, and expectations reflected in member behavior, while Needle (2004) expands this definition to include written and unwritten rules, symbols, norms, and systems within an organization. Linnenluecke and Griffiths (2010) highlight the role of culture in organizational sustainability, particularly as a barrier or driver of change related to economic, social, and environmental aspects. Schein (2010) asserts that organizational culture is not only a guideline for behavior, but also a context that influences the relationships between variables within an organization.

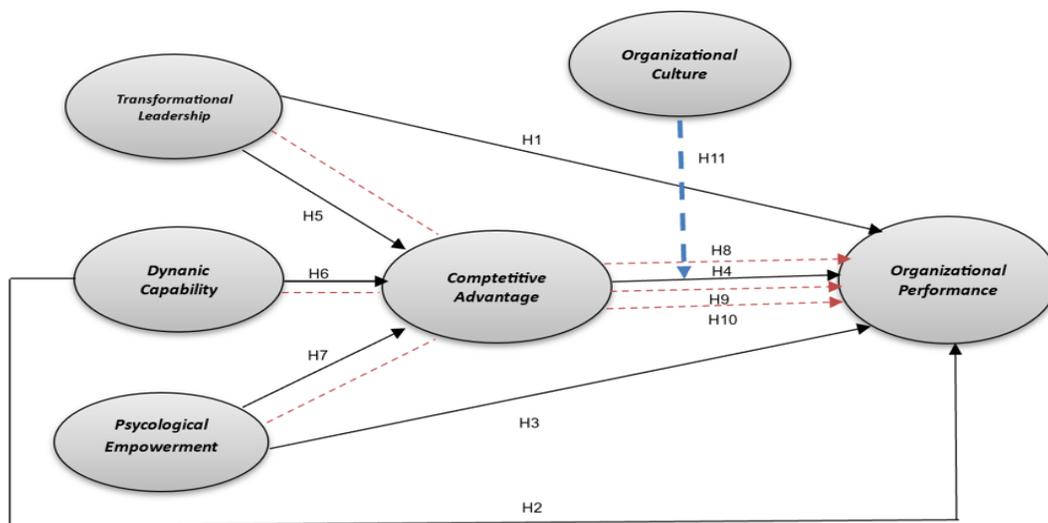
In the context of management and strategy, organizational culture acts as a moderating variable that determines whether competitive advantage can be translated into optimal organizational performance. Donaldson (2001) refers to contingency theory, which states that the effectiveness of strategy is highly dependent on the conditions of organizational culture. Studies by Shahzad et

al. (2012) and Denison and Mishra (1995) strengthen the argument that a strong organizational culture—characterized by engagement, consistency, adaptability, and a clear mission—can strengthen the influence of competitive advantage on organizational performance through the climate of innovation and synergy built within the organization.

Specifically, in a military hospital environment with a bureaucratic and hierarchical structure, an organizational culture that emphasizes the values of professionalism, collaboration, and service can be a catalyst for maximizing the influence of transformational leadership and dynamic capabilities on performance. Therefore, organizational culture is not only a context, but also a crucial element that strengthens the relationship between competitive advantage and organizational performance (Schein, 2010; Shahzad et al., 2012; Denison and Mishra, 1995).

3. Framework

A conceptual framework is the foundation of thought that underlies research or scientific writing. It explains how relevant theories, concepts, and facts are connected to answer research questions or achieve research objectives. The following is a conceptual framework used in research:



4. Research methodology

This study uses an associative quantitative design with a hypothesis testing approach that examines the relationship between variables. The main focus is to analyze the influence of Transformational Leadership (X1), Dynamic Capability (X2), Competitive Advantage (Z1) as intervening variables, Psychological Empowerment (Z2), Organizational Culture (M) as moderating variables, on Organizational Performance (Y) as the dependent variable. The study refers to previous studies by Bass & Riggio (2006), Teece et al. (1997), Barney (1991), as well as contemporary research such as García-Juan et al. (2018), Fainshmidt et al. (2019), and Aisyah (2020), with a focus on the rarely studied organizational context of military hospitals.

The unit of analysis for this study was individuals, namely military officials, doctors, and non-doctors who held structural positions in fourteen Level II Indonesian Army Hospitals, with a total of 242 respondents. Data were collected cross-sectionally at one point in time using a questionnaire as the main instrument, with a total sampling method that made the entire population the research sample (Sugiyono, 2019).

The research variables were operationalized conceptually with clear definitions to avoid ambiguity. Transformational Leadership was measured through four dimensions (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration) according to Bass & Avolio (1994), while Dynamic Capability was measured based on three dimensions: sensing, seizing, and reconfiguring (Teece et al., 1997). Competitive Advantage used the dimensions of cost advantage, differentiation, and focus strategy (Porter, 1985). Other variables such as Psychological Empowerment, Organizational Culture, and Organizational Performance were also measured through relevant dimensions and indicators, using a 1-5 Likert scale to obtain valid quantitative data.

The data collection technique used a closed questionnaire distributed through Google Forms, with an indicator-based instrument for variables measured reliably and validly (Hair et al., 2021). Data analysis used Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach through the SmartPLS 3.0 application. This method was chosen because it does not require the assumption of a normal distribution and can process relatively small samples while providing an in-depth understanding of the causal relationships between latent variables (Abdullah, 2015; Imam Ghozali, 2016). Model evaluation was carried out through testing the validity and reliability of the measurement model (outer model) as well as the predictive power and suitability of the structural model (inner model) with the R-Square value criterion that indicates the strength of the relationship between variables (Latan & Ghozali, 2017).

5. Research Results and Discussion

5.1. Analysis of Research Results

The processing results for testing the research hypothesis are shown in the Hypothesis Testing table which consists of 11 hypothesis tests.

Hypothesis Testing Table

Hypothesis		Coefficient	Statistics	P-value	Decision
H ₁	There is a positive and significant influence of <i>Transformational Leadership</i> on <i>Organizational Performance</i>	0.034	0.412	0.340	Hypothesis not supported
H ₂	There is a positive and significant influence of <i>Dynamic Capability</i> on <i>Organizational Performance</i>	-0.093	0.984	0.167	Hypothesis not supported
H ₃	There is a positive and significant influence of <i>Psychological Empowerment</i> on <i>Organizational Performance</i>	0.556	6,226	0.000*	Hypothesis supported
H ₄	There is a positive and significant influence of <i>Competitive Advantage</i> on <i>Organizational Performance</i>	0.374	3,265	0.0005**	Hypothesis supported
H ₅	There is a positive and significant influence of <i>Transformational Leadership</i> on <i>Competitive Advantage</i>	0.165	2,117	0.017*	Hypothesis supported
H ₆	There is a positive and significant influence of <i>Dynamic Capability</i> on <i>Competitive Advantage</i>	0.280	3,010	0.001*	Hypothesis supported
H ₇	There is a positive and significant influence of <i>Psychological Empowerment</i> on <i>Competitive Advantage</i>	0.503	7,894	0.000*	Hypothesis supported
H ₈	There is a positive and significant influence of <i>Transformational Leadership</i> on <i>Organizational Performance</i> which is mediated by <i>Competitive Advantage</i> .	0.062	1,594	0.056*	Hypothesis supported

Hypothesis		Coefficient	Statistics	P-value	Decision
H ₉	There is a positive and significant influence of <i>Dynamic Capability</i> on <i>Organizational Performance</i> which is mediated by <i>Competitive Advantage</i> .	0.105	2,143	0.016*	Hypothesis supported
H ₁₀	There is a positive and significant influence of <i>Psychological Empowerment</i> on <i>Organizational Performance</i> which is mediated by <i>Competitive Advantage</i> .	0.188	3,277	0.0005**	Hypothesis supported
H ₁₁	There is a positive and significant influence of <i>Competitive Advantage</i> on <i>Organizational Performance</i> which is moderated by <i>Organizational Culture</i> .	-0.006	0.132	0.447	Hypothesis not supported

Source: SmartPLS 3 Data Processing Results (2025)

Based on the results of testing the eleven proposed hypotheses, it was found that not all hypotheses were empirically proven. In hypothesis 1, Transformational Leadership was not proven to have a positive influence on Organizational Performance because the p-value was 0.340 (> 0.05), so this hypothesis was not supported by the data. Hypothesis 2 was also not proven, where Dynamic Capability actually showed a negative relationship to Organizational Performance with a coefficient of -0.093 and the direction of the relationship was not in accordance with the initial assumption. In contrast to hypothesis 3, Psychological Empowerment was proven to have a significant positive effect on Organizational Performance (p-value 0.000 < 0.05), confirming the importance of psychological empowerment in improving organizational performance.

Furthermore, hypothesis 4 states that Competitive Advantage has a positive effect on Organizational Performance, and this is proven by a coefficient value of 0.374 and a p-value of 0.0005 (<0.05). Hypothesis 5 is also supported by data, where Transformational Leadership has a positive impact on Competitive Advantage (p-value 0.017 <0.05). A similar thing happens in hypothesis 6, which shows that Dynamic Capability has a positive effect on Competitive Advantage with a p-value of 0.000. Similarly, hypothesis 7 is proven to be statistically strong, where Psychological Empowerment significantly increases Competitive Advantage (p-value 0.000), making it an important factor in creating organizational competitive advantage.

Hypothesis 8 testing shows that Competitive Advantage is able to mediate the influence of Transformational Leadership on Organizational Performance, with a p-value of 0.056 which is still acceptable at a significance level of 10%, so this hypothesis is considered moderately proven. Meanwhile, hypothesis 9 which tests the mediating role of Competitive Advantage on the relationship between Dynamic Capability and Organizational Performance shows significant results with a p-value of 0.016, confirming that the mediation is effective. Similarly, hypothesis 10 is proven with a p-value of 0.0005, indicating that the positive influence of Psychological Empowerment on Organizational Performance is strengthened through Competitive Advantage.

However, in hypothesis 11, the test results indicate that Competitive Advantage does not have a positive influence on Organizational Performance moderated by Organizational Culture. The very small coefficient (0.005) with the opposite direction of the hypothesis, as well as the insignificance of the results, makes this hypothesis unproven. Overall, most of the hypotheses in this study are supported by the data, especially those involving Psychological Empowerment and Competitive Advantage, while Transformational Leadership and Dynamic Capability show more complex influences and require further study in an organizational context.

5.2. Discussion of Research Results

5.2.1. The Influence of Transformational Leadership on the Organizational Performance of the Indonesian Army Hospital

The results of testing Hypothesis 1 indicate that *Transformational Leadership* has not been proven to have a significant positive effect on *Organizational Performance* at the Indonesian Army Hospital, as indicated by the estimated coefficient value of 0.034 and a p-value of 0.240. This indicates that although transformational leadership is known to encourage motivation and innovation, in the context of military hospitals with bureaucratic structures and strict SOPs, the direct effect of this leadership style is limited. This result is in line with the findings of Fahlevi (2022) who showed the inevitability of the effect of Transformational Leadership in private hospitals in Indonesia. However, this finding differs from foreign research by Bass & Riggio (2006), García et al. (2012), and Avolio et al. (2004), which stated that Transformational Leadership can improve organizational performance, especially in the context of flexible and dynamic organizations.

This difference can be explained by the characteristics of military organizations that tend to be hierarchical and adhere to procedures, so the role of transformational leadership is more effective if not imposed as a direct influence. In the context of the Indonesian Army Hospital, medical personnel who are accustomed to working independently tend to rely more on SOPs than on motivation from leaders. The implication is that Transformational Leadership is more appropriate if integrated indirectly through intermediary variables such as *Dynamic Capability*, *Psychological Empowerment*, or *Competitive Advantage*, as explained by Teece et al. (1997) and Barney (1991). Therefore, it is important for hospital leaders to understand that the effectiveness of transformational leadership is highly contextual and is more optimal when used as a trigger for long-term cultural change and motivation.

5.2.2. The Influence of Dynamic Capability on the Organizational Performance of the Indonesian Army Hospital

Dynamic Capability, as an organization's ability to respond to environmental changes, did not show a significant direct influence on *the Organizational Performance* of the Indonesian Army Hospital, as indicated by the estimated coefficient value of -0.093 and p-value of 0.167. Although theories by Teece et al. (1997), Eisenhardt & Martin (2000), and Fainshmidt et al. (2019) emphasize the importance of this adaptive capability to drive organizational performance, the results of this study add a new perspective that in the context of military hospitals, dynamic capability has not been able to be directly converted into performance improvements.

These findings align with those of Muslim (2019) and Soeparto (2021), who found that hospitals in Indonesia still face obstacles in optimally developing dynamic capability. Bureaucratic structures, technological limitations, and a lack of organizational flexibility are key obstacles. In the military context, these obstacles are further exacerbated by a rigid command structure. Therefore, dynamic capability in military hospitals serves more as a foundation that must be cultivated through other strategies, such as strengthening *competitive advantage*, to have a tangible impact on organizational performance. The implication of these findings is that hospital leaders need to understand that dynamic capability is not a quick fix, but rather requires synergy with innovation- and efficiency-based strategies to achieve optimal performance results.

5.2.3. The Influence of Psychological Empowerment on the Organizational Performance of the Indonesian Army Hospital

The analysis results show that *Psychological Empowerment* has a significant positive effect on *the Organizational Performance* of the Indonesian Army Hospital, as indicated by the estimated coefficient of 0.556 and p-value of 0.0005. Psychological Empowerment refers to a condition in which individuals feel they have control, competence, and meaning in their work (Spreitzer, 1995). When medical personnel and managerial staff feel psychologically empowered, their work motivation, initiative, and commitment to the organization increase significantly.

This research aligns with Ahmad (2022), Garcia-Juan et al. (2018), and Park (2020), which show that psychological empowerment increases organizational effectiveness and reduces burnout. While other perspectives, such as Muslim (2019), suggest that bureaucracy can hinder the positive effects of empowerment, the context of the Indonesian Army Hospital demonstrates that staff still feel autonomous in carrying out their duties according to their expertise, thus ensuring effective psychological empowerment. The practical implication of these findings is the importance for hospital management to create policies that encourage a sense of ownership, involvement in decision-making, and competency-building training. Thus, empowerment can be a strategic lever for creating a more resilient, innovative, and competitive organization.

5.2.4. The Influence of Competitive Advantage on the Organizational Performance of the Indonesian Army Hospital

The findings from Hypothesis 7 indicate that *Competitive Advantage* has a significant positive effect on *Organizational Performance*, as seen from the estimated coefficient value of 0.374

with a p-value of 0.0005. This means that competitive advantage in the form of quality service, operational efficiency, and responsiveness to patient needs are important keys in driving organizational performance. This finding supports the Resource-Based View (RBV) theory proposed by Barney (1991), which states that strategic resources can create advantages that have a direct impact on performance.

This research is also supported by Chen et al. (2009), Nevo and Wade (2010), and Wu et al. (2016), who assert that organizations with competitive advantages are better able to maintain high performance in the long term. Although Priem & Butler (2001) criticized that not all advantages can be converted into performance due to external factors, the context of the Indonesian Army Hospital actually shows that military support and clear SOPs provide space for competitive advantages to be effective. The implication is that hospital leaders must continue to encourage service innovation, technology investment, and human resource development as key strategies for building and maintaining competitive advantages.

5.2.5. The Influence of Transformational Leadership on the Competitive Advantage of Indonesian Army Hospitals

The results of the study indicate that *Transformational Leadership* has a significant positive effect on *Competitive Advantage*, with an estimated coefficient of 0.165 and a p-value of 0.017. This leadership style is considered capable of building an innovative culture, encouraging collective spirit, and moving the organization towards sustainable competitive advantage. This is reinforced by Bass and Avolio (1994), Judge and Piccolo (2004), and Wang et al. (2011) who stated that transformational leaders can encourage creativity and collaboration within the organization, two things that are crucial for creating service differentiation.

Support also comes from Garcia-Morales et al. (2012) and Mittal & Dhar (2015), who emphasize the role of transformational leadership in strengthening organizational innovation and learning. Although Rowold and Heinitz (2007) stated that this influence can be limited in bureaucratic organizations, in the context of military hospitals, transformational leadership remains relevant because it can inspire change even within rigid systems. Therefore, the leadership of Indonesian Army hospitals needs to develop transformational leadership by emphasizing vision, inspiration, and empowerment. This will help hospitals build sustainable competitive advantage, both through improving service quality and organizational efficiency.

5.2.6. The Influence of Dynamic Capability on the Competitive Advantage of Indonesian Army Hospitals

The results of the study indicate that Dynamic Capability has a significant positive effect on Competitive Advantage at the Indonesian Army Hospital. This indicates that the greater the hospital's ability to adapt, integrate, and configure resources, the greater its opportunity to create a competitive advantage. This finding aligns with Ambrosini and Bowman (2009), Wang and Ahmed (2007), and Zhou and Wu (2010), who stated that dynamic capabilities are key to responding to change and creating organizational value. Meanwhile, the differences in the results with Soeparto's (2021) findings indicate that an organized and disciplined military structure

supports the optimal utilization of Dynamic Capability. Overall, dynamic capabilities serve as a strategic foundation for building military hospital competitiveness through regulatory adaptation, technology integration, and interagency collaboration.

5.2.7. The Influence of Psychological Empowerment on the Competitive Advantage of Indonesian Army Hospitals

The following findings indicate that psychological empowerment also has a significant impact on competitive advantage. Employees who feel empowered—through a sense of meaning, competence, and control—tend to contribute more to building competitive advantage. This finding is consistent with research by Safari et al. (2019), Herrera (2015), and Ugwu et al. (2014). They assert that psychological empowerment creates a productive, innovative, and proactive work climate. Although Lee and Koh (2001) stated that in hierarchical organizations its impact may be limited, the military context at the Indonesian Army Hospital still allows for empowerment through performance recognition and professional autonomy. The strategic implication is that hospitals need to promote empowerment as a source of service differentiation and increased long-term competitiveness.

5.2.8. The Influence of Transformational Leadership on Organizational Performance Mediated by Competitive Advantage

This study also shows that transformational leadership has an indirect impact on organizational performance, through competitive advantage as a mediator. These results suggest that leadership that inspires, encourages innovation, and builds a shared vision can strengthen competitive advantage, which in turn improves performance. This is consistent with the theory of Bass and Avolio (1994) and research by Wang et al. (2011) and Garcia-Morales et al. (2012). In the context of military hospitals, transformational leadership plays a dual role: establishing a progressive work culture while simultaneously stimulating strategic value creation. Therefore, leaders of Indonesian Army hospitals must focus their leadership style not only on internal motivation but also on building sustainable competitive advantage.

5.2.9. The Influence of Dynamic Capability on Organizational Performance Mediated by Competitive Advantage

Further findings suggest that competitive advantage mediates the influence of dynamic capability on organizational performance. The ability to manage change, integrate resources, and respond to external dynamics will be more effective when focused on strengthening competitiveness. These findings align with the thinking of Wang and Ahmed (2007), Nevo and Wade (2010), and O'Reilly and Tushman (2013). The Indonesian Army Hospital, supported by a military structure and high discipline, was able to convert dynamic capability into superior performance through value creation, service innovation, and system efficiency. Therefore, the development of dynamic capability must be directed to support a concrete competitive strategy.

5.2.10 The Influence of Psychological Empowerment on Organizational Performance Mediated by Competitive Advantage

Competitive advantage has also been shown to mediate the influence of psychological empowerment on organizational performance. Employees who feel a sense of control and meaning in their work tend to be more innovative, improve services, and strengthen the hospital's competitive position. These results are supported by Joo (2020), Ekowati et al. (2021), and Marfuatun et al. (2021). Although several studies, such as Randolph & Kemery (2011), emphasize that bureaucratic structures can hinder empowerment, the military hospital context actually supports structured employee involvement in innovation and decision-making processes. This means that effective psychological empowerment can be a strategic resource that impacts overall organizational performance.

5.2.11 The Effect of Competitive Advantage on Organizational Performance Moderated by Organizational Culture

Unlike the previous variables, Organizational Culture was not proven to moderate the relationship between Competitive Advantage and Organizational Performance. These results indicate that the organizational culture at the Indonesian Army Hospital, which tends to be hierarchical and bureaucratic, does not influence the strength of the relationship between competitive advantage and organizational performance. This result is in line with the findings of Monogina & Rachmawati (2023), but differs from Denison & Mishra (1995). The limited flexibility of military culture makes competitive advantage a dominant factor that directly impacts performance without the need for reinforcement from organizational culture. The implication is that the development of performance improvement strategies must place more emphasis on structural, technological, and operational aspects rather than relying on internal cultural modifications.

6. Conclusion

The results of this study indicate that the direct effect of Transformational Leadership on Organizational Performance at the Indonesian Army Hospital is insignificant. This is due to the characteristics of military organizations that tend to be bureaucratic and based on SOPs, making the role of transformational leadership less effective when applied directly. However, this leadership has been proven to contribute indirectly to improved performance through competitive advantage as a mediator, which strengthens the strategic value of a leadership style based on inspiration and innovation. In other words, Transformational Leadership remains important, but its effectiveness is more pronounced when combined with efforts to build competitive advantage.

On the other hand, dynamic capability also does not directly impact organizational performance. This suggests that while organizations possess the ability to adapt and respond to change, in the context of military hospitals, this cannot directly improve performance without a competitive advantage strategy. However, when mediated by competitive advantage, dynamic capability can make a significant contribution to performance. This emphasizes that dynamic capabilities need

to be directed and managed as the foundation of a competitive advantage strategy, not as an end in itself.

Meanwhile, psychological empowerment has a significant direct impact on organizational performance. Healthcare workers who feel a sense of meaning and control in their work tend to be more productive and innovative. Empowerment also contributes to the creation of competitive advantage, which ultimately strengthens organizational performance indirectly. This means that psychological empowerment plays a dual role, both directly and as a catalyst for competitive strategy.

This study also confirms that Competitive Advantage is a key variable that directly influences organizational performance. Competitive advantage in the form of quality service, operational efficiency, and responsiveness to patients has been shown to drive performance improvements. Furthermore, competitive advantage also serves as a mediating pathway that more effectively connects Transformational Leadership, Dynamic Capability, and Psychological Empowerment with Organizational Performance.

However, different results were found in the Organizational Culture moderation test, which showed no significant effect in strengthening the relationship between competitive advantage and organizational performance. The rigid and hierarchical organizational culture of military hospitals actually makes competitive advantage have a direct impact on performance, without needing to be moderated by organizational culture. This implies that in the context of Indonesian Army hospitals, structural and strategic approaches play a more important role than cultural approaches in driving performance.

Overall, this study confirms that improving military hospital performance is most effective through building competitive advantage supported by psychological empowerment, targeted dynamic capabilities, and inspiring transformational leadership. Therefore, hospital leaders need to develop organizational development strategies that focus not only on structure and procedures but also on improving human resource quality and sustainable innovation.

Acknowledgments

The author extends profound gratitude to the reviewers and the editorial team of the Yanuarni Wulandari Baji Pamai journal for their invaluable feedback and unwavering support. Their insightful contributions throughout the publication process were instrumental in significantly enhancing this manuscript

References

- Abdullah, M. (2015). *Structural Equation Modeling: Theory and Application*. Jakarta: PT Gramedia.
- Ahmad, F. (2022). Psychological empowerment and organizational performance: Evidence from the healthcare sector.
- Almarri, K., & Gardiner, P. (2014). Achieving sustainable competitive advantage through the resource-based view. *International Journal of Business and Management*.
- Alrowwad, A., et al. (2020). The impact of transformational leadership on organizational performance through competitive advantage. *Journal of Management Development*.
- Avolio, B.J., Waldman, D.A., & Yammarino, F.J. (2004). Transformational leadership in health care organizations. *Leadership Quarterly*, 15(2), 211–232.
- Armstrong, M. (2017). *Armstrong's handbook of human resource management practices*. Kogan Page.
- Armstrong, M. (2017). *Armstrong's handbook of performance management*. Kogan Page.
- Ahmad, R. (2022). *Psychological empowerment and organizational performance in healthcare institutions*. *Journal of Health Management*.
- Ambrosini, V., & Bowman, C. (2009). What are dynamic capabilities and are they a useful construct in strategic management? *International Journal of Management Reviews*, 11 (1), 29–49. <https://doi.org/10.1111/j.1468-2370.2008.00251.x>
- Avolio, B.J., Walumbwa, F.O., & Weber, T.J. (2004). Leadership: Current theories, research, and future directions. *Annual Review of Psychology*, 60 , 421–449. <https://doi.org/10.1146/annurev.psych.60.110707.163621>
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17 (1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Bass, B. M., & Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Sage Publications.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Psychology Press.
- Burcharth, A. L., Knudsen, M. P., & Søndergaard, H. A. (2014). Exploring the hidden impact of dynamic capabilities on innovation performance. *Journal of Innovation Management*, 2 (3), 66–90.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Bass, B. M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8(1), 9–32.
- Bass, B. M., & Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Sage Publications.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Mahwah, NJ: Lawrence Erlbaum Associates.
- Bashori, M. (2019). *Leadership in organizations*. Student Library.
- Burns, J. M. (1978). *Leadership*. Harper & Row.
- Christensen, C. (2010). *The innovator's dilemma*. Harvard Business Review Press.
- Chen, Y., Lin, M. J. J., & Chang, C. H. (2009). The positive effects of relationship learning and absorptive capacity on innovation performance and competitive advantage in industrial

- markets. *Industrial Marketing Management*, 38, 152–158. <https://doi.org/10.1016/j.indmarman.2008.12.003>
- Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6 (2), 204–223. <https://doi.org/10.1287/orsc.6.2.204>
- Dyer, J. H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, 23 (4), 660–679. <https://doi.org/10.5465/amr.1998.1255632>
- Dessler, G. (2019). *Human resource management* (15th ed.). Pearson Education.
- Denison, D. R. (1990). Corporate culture and organizational effectiveness.
- Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6(2), 204–223.
- Donaldson, L. (2001). The contingency theory of organizations.
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10-11), 1105–1121.
- Fainshmidt, S., et al. (2019). Dynamic capabilities and organizational performance: The mediating role of innovation. *Journal of Management Studies*, 56(6), 1147–1172.
- Garcia, M.C., et al. (2012). Leadership styles and organizational performance in health care institutions. *Journal of Nursing Management*.
- Garcia-Juan, B., et al. (2018). Psychological empowerment and organizational commitment in health services.
- Hair, J.F., Hult, G.T.M., Ringle, C., & Sarstedt, M. (2021). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). Sage.
- Hofstede, G., & Geert, H. (1990). *Culture and organizations: Software of the mind*.
- Imam Ghozali, I. (2016). *Partial least squares: Concepts, techniques and applications using the SmartPLS 3.0 program*. Semarang: Diponegoro University Publishing Agency.
- Jufrisen. (2020). *Human resource management*. Medan: CV. Widina Bhakti Persada.
- Jufrisen. (2021). *Fundamentals of Management*. Medan: CV. Widina Bhakti Persada.
- Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business Press.
- Ministry of Defense of the Republic of Indonesia. (2023). Regulation of the Minister of Defense No. 9 of 2023 concerning health service standards for level II hospitals.
- Mintzberg, H. (1979). *The structuring of organizations*. Prentice Hall.
- Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, 54(4), 20–35.
- Northouse, P. G. (2019). *Leadership: Theory and practice* (7th ed.). Sage Publications.
- Porter, M. E. (1980). *Competitive strategy*. Free Press.
- Robbins, S. P., & Coulter, M. (2017). *Management* (13th ed.). Pearson Education.
- Robbins, S. P., & Judge, T. A. (2016). *Organizational behavior* (16th ed.). Pearson.
- Sarjono, H., & Julianita, R. (2018). Variables in SEM and its applications. *Journal of Psychology*, 12(2), 102–110.
- Schein, E. H. (1992). *Organizational culture and leadership*. Jossey-Bass.
- Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). Wiley.

- Shahzad, F., Luqman, R.A., Khan, A.R., & Shabbir, L. (2012). Impact of organizational culture on organizational performance: An overview. *Interdisciplinary Journal of Contemporary Research in Business*, 3(9), 975–985.
- Sugiyono. (2019). *Quantitative, qualitative, and R&D research methods*. Bandung: Alfabeta.
- Teece, D.J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13), 1319–1350.
- Teece, DJ (2020). *Dynamic capabilities and strategic management: Organizing for innovation and growth*. Oxford University Press.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.
- Venkatraman, N. (1986). Strategic orientation of business enterprises: The construct, dimensionality, and measurement. *Management Science*.
- Yukl, G. (2010). *Leadership in organizations* (7th ed.). Pearson Education.
- Zahra, S.A., Sapienza, H.J., & Davidsson, P. (2007). Entrepreneurship and dynamic capabilities: A review, model and research agenda. *Journal of Management Studies*, 43(4), 917–955.
- Zhang, X., & Bartol, K. M. (2010). Linking empowering leadership and employee creativity: The influence of psychological empowerment, intrinsic motivation, and creative process engagement. *Academy of Management Journal*, 53(1), 107–128.
- Zimmerman, M. A. (2000). Empowerment theory: Psychological, organizational and community levels of analysis. In J. Rappaport & E. Seidman (Eds.), *Handbook of community psychology*.
- Abdullah, M. (2015). *Structural Equation Modeling: Theory and Application*. Jakarta: PT Gramedia.
- Ahmad, F. (2022). Psychological empowerment and organizational performance: Evidence from the healthcare sector.
- Almarri, K., & Gardiner, P. (2014). Achieving sustainable competitive advantage through the resource-based view. *International Journal of Business and Management*.
- Alrowwad, A., et al. (2020). The impact of transformational leadership on organizational performance through competitive advantage. *Journal of Management Development*.
- Avolio, B.J., Waldman, D.A., & Yammarino, F.J. (2004). Transformational leadership in health care organizations. *Leadership Quarterly*, 15(2), 211–232.
- Armstrong, M. (2017). *Armstrong's handbook of human resource management practices*. Kogan Page.
- Armstrong, M. (2017). *Armstrong's handbook of performance management*. Kogan Page.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Bass, B. M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8(1), 9–32.
- Bass, B. M., & Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Sage Publications.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Mahwah, NJ: Lawrence Erlbaum Associates.
- Bashori, M. (2019). *Leadership in organizations*. Student Library.

- Burns, J. M. (1978). *Leadership*. Harper & Row.
- Christensen, C. (2010). *The innovator's dilemma*. Harvard Business Review Press.
- Dessler, G. (2019). *Human resource management* (15th ed.). Pearson Education.
- Denison, D. R. (1990). Corporate culture and organizational effectiveness.
- Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6(2), 204–223.
- Donaldson, L. (2001). The contingency theory of organizations.
- Ekowati, VM, Handayani, DA, & Wahyuni, R. (2021). Psychological empowerment, job satisfaction, and employee performance. *Journal of Management and Entrepreneurship*, 23 (2), 154–163.
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10-11), 1105–1121.
- Fainshmidt, S., et al. (2019). Dynamic capabilities and organizational performance: The mediating role of innovation. *Journal of Management Studies*, 56(6), 1147–1172.
- Garcia, M.C., et al. (2012). Leadership styles and organizational performance in health care institutions. *Journal of Nursing Management*.
- Garcia-Juan, B., et al. (2018). Psychological empowerment and organizational commitment in health services.
- Garcia-Morales, V.J., Lloréns-Montes, F.J., & Verdú-Jover, A.J. (2012). The effects of transformational leadership on organizational performance through knowledge and innovation. *British Journal of Management*, 23 (3), 344–363. <https://doi.org/10.1111/j.1467-8551.2010.00718.x>
- Herrera, J. (2015). The impact of psychological empowerment on customer satisfaction. *Journal of Organizational Psychology*, 15 (1), 50–65.
- Hair, J.F., Hult, G.T.M., Ringle, C., & Sarstedt, M. (2021). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). Sage.
- Hofstede, G., & Geert, H. (1990). *Culture and organizations: Software of the mind*.
- Imam Ghozali, I. (2016). *Partial least squares: Concepts, techniques and applications using the SmartPLS 3.0 program*. Semarang: Diponegoro University Publishing Agency.
- Jufrisen. (2020). *Human resource management*. Medan: CV. Widina Bhakti Persada.
- Jufrisen. (2021). *Fundamentals of Management*. Medan: CV. Widina Bhakti Persada.
- Joo, B. K. (2020). Empowering public employees for performance: Evidence from Korea. *Public Personnel Management*, 49 (2), 237–254. <https://doi.org/10.1177/0091026019848008>
- Judge, T.A., & Piccolo, R.F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89 (5), 755–768. <https://doi.org/10.1037/0021-9010.89.5.755>
- Karamat, A. (2013). Impact of leadership on organizational performance. *Journal of Public Administration and Governance*, 3 (1), 57–62.
- Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business Press.
- Ministry of Defense of the Republic of Indonesia. (2023). Regulation of the Minister of Defense No. 9 of 2023 concerning health service standards for level II hospitals.

- Lee, M., & Koh, J. (2001). Is empowerment really a new concept? *The International Journal of Human Resource Management*, 12 (4), 684–695. <https://doi.org/10.1080/09585190122118>
- Marfuatun, S., Wijaya, E., & Andriyani, Y. (2021). The role of psychological empowerment on employee innovation. *International Journal of Business*, 26 (2), 142–153.
- Monogina, L., & Rachmawati, E. (2023). The moderating role of organizational culture in green competitive advantage. *Journal of Business Management*, 18 (1), 75–88.
- Mintzberg, H. (1979). *The structuring of organizations*. Prentice Hall.
- Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, 54(4), 20–35.
- Northouse, P. G. (2019). *Leadership: Theory and practice* (7th ed.). Sage Publications.
- Nevo, S., & Wade, M.R. (2010). The formation and value of IT-enabled resources: Antecedents and consequences. *MIS Quarterly*, 34 (1), 163–183. <https://doi.org/10.2307/20721418>
- O'Reilly, C. A., & Tushman, M. L. (2013). Organizational ambidexterity: Past, present, and future. *Academy of Management Perspectives*, 27 (4), 324–338. <https://doi.org/10.5465/amp.2013.0025>
- Ogbonna, E., & Harris, L. C. (2000). Leadership style, organizational culture, and performance. *The International Journal of Human Resource Management*, 11 (4), 766–788. <https://doi.org/10.1080/09585190050075114>
- Porter, M. E. (1985). *Competitive advantage: Creating and sustaining superior performance*. The Free Press.
- Robbins, S. P., & Coulter, M. (2017). *Management* (13th ed.). Pearson Education.
- Robbins, S. P., & Judge, T. A. (2016). *Organizational behavior* (16th ed.). Pearson.
- Sarjono, H., & Julianita, R. (2018). Variables in SEM and its applications. *Journal of Psychology*, 12(2), 102–110.
- Randolph, W. A., & Kemery, E. R. (2011). Managerial use of psychological empowerment. *Journal of Management Psychology*, 26 (1), 89–107. <https://doi.org/10.1108/02683941111099679>
- Rowold, J. (2011). Relationships among transformational, transactional, and passive leadership and performance in health care. *Journal of Leadership & Organizational Studies*, 18 (4), 507–521. <https://doi.org/10.1177/1548051811407643>
- Safari, M., Salehi, M., & Khaneghah, M. A. (2019). The effect of psychological empowerment on employees' performance. *Iranian Journal of Management Studies*, 12 (4), 675–698. <https://doi.org/10.22059/ijms.2019.275482.673760>
- Soeparto, A. (2021). Dynamics of organizational capabilities in health services. *Journal of Health Economics and Management*, 3 (2), 112–122.
- Schein, E. H. (1992). *Organizational culture and leadership*. Jossey-Bass.
- Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). Wiley.
- Shahzad, F., Luqman, R.A., Khan, A.R., & Shabbir, L. (2012). Impact of organizational culture on organizational performance: An overview. *Interdisciplinary Journal of Contemporary Research in Business*, 3(9), 975–985.
- Sugiyono. (2019). *Quantitative, qualitative, and R&D research methods*. Bandung: Alfabeta.
- Teece, D.J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13), 1319–1350.

- Teece, DJ (2020). *Dynamic capabilities and strategic management: Organizing for innovation and growth*. Oxford University Press.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.
- Ugwu, F.O., Onyishi, I.E., & Rodríguez-Sánchez, A.M. (2014). Linking organizational trust with employee engagement. *Journal of Personnel Psychology*, 13 (2), 76–86. <https://doi.org/10.1027/1866-5888/a000111>
- Venkatraman, N. (1986). Strategic orientation of business enterprises: The construct, dimensionality, and measurement. *Management Science*
- Wang, C.L., & Ahmed, P.K. (2007). Dynamic capabilities: A review and research agenda. *International Journal of Management Reviews*, 9 (1), 31–51. <https://doi.org/10.1111/j.1468-2370.2007.00201.x>
- Wang, G., Oh, I.-S., Courtright, S.H., & Colbert, A.E. (2011). Transformational leadership and performance across criteria and levels: A meta-analytic review of 25 years of research. *Journal of Applied Psychology*, 96 (5), 1127–1145. <https://doi.org/10.1037/a0024342>
- Yukl, G. (2010). *Leadership in organizations* (7th ed.). Pearson Education.
- Zahra, S.A., Sapienza, H.J., & Davidsson, P. (2007). Entrepreneurship and dynamic capabilities: A review, model and research agenda. *Journal of Management Studies*, 43(4), 917–955.
- Zhang, X., & Bartol, K. M. (2010). Linking empowering leadership and employee creativity: The influence of psychological empowerment, intrinsic motivation, and creative process engagement. *Academy of Management Journal*, 53(1), 107–128.
- Zimmerman, M. A. (2000). Empowerment theory: Psychological, organizational and community levels of analysis. In J. Rappaport & E. Seidman (Eds.), *Handbook of community psychology*.
- Zhou, K. Z., & Wu, F. (2010). Technological capability, strategic flexibility, and product innovation. *Strategic Management Journal*, 31 (5), 547–561. <https://doi.org/10.1002/smj.830>
- Zott, C. (2003). Dynamic capabilities and the emergence of intraindustry differential firm performance: Insights from a simulation study. *Strategic Management Journal*, 24 (2), 97–125. <https://doi.org/10.1002/smj.288>