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The Role of Middle Management in Building Sustainability Competitive Advantage Through Organization Capability in District Hospitals Banyuwangi: Cross Level Analysis Approach

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Abstract

In the competitive healthcare industry, organizations, including hospitals, strive for sustainable advantages. Key to this is organizational capability, managing resources, processes, and innovation toward strategic goals. This study analyzes how middle management involvement affects these capabilities. Conducted in Banyuwangi's hospitals, it employed a descriptive cross-sectional method, using literature, observation, and questionnaires. Data analysis via SEM PLS showed middle management involvement and autonomy positively influence organizational capabilities. Competency intensity mediates this relationship. Organizational capabilities also positively impact sustainable competitive advantage. Inertial organizations mediate capabilities towards this advantage. These findings highlight the critical role of middle management in enhancing organizational capabilities for sustainable competitiveness in the healthcare sector.

Keywords: Middle Management, Sustainability, Competitive Advantage, Organisasi Capability, cross-level analysis approach.

The impact of globalization and the development of information technology affects the development of the business world and competition between businesses both manufacturing and services, in this context services are hospitals. Competition in the hospital business is felt to be tighter and shifts the paradigm of service services from comparative advantage to competitive advantage. Porter (1985) in Awwad (2013) states that competitive advantage is the ability obtained through the characteristics and resources of a company to have higher performance than other companies in the same industry or market. The achievement of competitive advantage leads to the success or failure of the organization. An organization can maintain a competitive advantage over a period of time, because hospital competitors will soon emulate and insist on that advantage, so a hospital must strive for a sustainable competitive advantage.

Weng, et al (2011) stated that in most successful organizations, consistent growth is the main factor to achieve success, innovation is

the triggering factor. Innovations carried out include product, system, and service innovations, which must be customer-oriented with the aim of successfully competing in the long term. Noruzy et.al (2013) conveyed a company that is able to innovate in creating the latest products and services, so that the company's products are in demand by the market. This means, the company's competitiveness is rooted in the company's ability (hospital) which continues to be developed by internal resources which include the support of company leaders, financial strength, internal motivation to develop strengths, and innovations that continue to be created and have competitiveness in the market.

Goldstein, et al (2001) stated that organizations in all industries including hospitals develop strategies to respond to environmental factors and competitive challenges. Strategy according to David (2011) is a means along with long-term goals to be achieved. Strategy positioning will help a business organization in adapting to the ever-changing environment.

The middle manager position has a dual role, namely as a superior or subordinate at one time. These two roles make the middle manager have their own uniqueness. This uniqueness is reflected in the character of low power towards superiors as well as high power towards subordinates (Anicich &; Hirsh, 2017). Power is a dynamic variable, depending on how the environmental conditions are (Yukl, 2006). Power relates to a person's ability to influence others.

Based on the description above, it is necessary to research the role of middle management in building sustainability competitive advantage through organizational capability: cross level analysis approach at Se Hospital Banyuwangi Regency. Based on the background of the problem above, the formulation of the problem is whether involvement of middle management affects organizational capabilities. This study aims to examine and analyze the effect of involvement of middle management on organizational capabilities.

RESEARCH METHODS

This type of research is carried out by descriptive method. Descriptive research is a research method conducted to make a picture or describe a situation objectively (Notoatmojo, 2010). This study analyzes the role of middle management in building sustainability competitive advantage through organizational capability. This study was conducted with a cross-sectional approach. Cross-sectional research is a study to study the dynamics of correlation between risk factors and effects, by means of approach, observational, or data collection. Cross-sectional research only observed once and measurements were made on subject variables at the time of the study (Notoatmojo, 2010).

Location and Time of Research

This research was carried out after conducting a proposal seminar, after obtaining permission from the university. This research took place in hospitals throughout Banyuwangi Regency.

Population and Sample

Population is the whole (universum) of the object of study which can be humans, animals, plants, air, symptoms, values, events, life attitudes and so on (Siregar, 2013: 30). The population of this study is middle managers at the hospital level throughout Banyuwangi Regency, namely Middle Management (Head of field and Head of section) in a total of 13 hospitals in Banyuwangi. For questions at the individual level involve employees and heads of rooms. Sampling is a data collection procedure where only part of the population is taken and used to determine the desired characteristics and characteristics of a population.

Data Type

The type of data used in this study is quantified qualitative data. Where qualitative data in this study is in the form of statements

contained in questionnaires and quantitative data is data in the form of numbers, obtained from answer scores from statements contained in questionnaires given to respondents. The data obtained will be further analyzed in data analysis.

Primary Data

Primary data is a data source that directly provides data to data collectors (Sugiyono, 2017: 225). This primary data is in the form of answers to questions on questionnaires distributed to section heads, section heads, employees, room heads of hospitals throughout Banyuwangi Regency.

Secondary Data

Secondary data is a data source that does not provide information directly to the data collector. This secondary data can be the result of further processing of primary data presented in other forms or other people (Sugiyono, 2017: 225). Secondary data in this study includes archives available at Rumah Sakir throughout Banyuwangi Regency.

Variable Operational Definition

The variables to be researched and analyzed in this study are grouped into 4 types, namely:

a. Dependent variable (y) is a variable that is influenced by the existence of an independent variable (Sugiyono, 2017: 59). In this study the independent variable is denoted with y, namely Sustainability Competitive Advantage.

b. Independent variable (x) is a variable that affects or causes changes in the dependent variable (Sugiyono, 2017: 59). In this study the independent variable is notated with x, namely Involvement of Middle Management, Middle Management Autonomy.

c. The mediation variable is a variable that affects the relationship between the independent variable and the dependent variable, and becomes an indirect relationship and is not observed and measured (Sugiyono, 2017: 59), namely Organizational Capabilities.

d. Moderation variables are variables that affect (strengthen and weaken) the relationship between independent and dependent variables (Sugiyono, 2017: 59), namely Competition Intensity, Organization Inertia

Measurement Scale

The measurement scale is used as a reference to determine the short length of the interval in the measuring instrument. The measuring instrument that will be used in the measurement will produce quantitative data. This study used a Likert scale which was used to measure the attitudes, opinions and perceptions of a person or group about social events or symptoms (Siregar, 2013: 25). Researchers use the Likert scale because the Likert scale is one of the standardized measuring tools for use in research and is easy to understand for the general public. With the Likert scale, the variables measured are described into variable indicators and then used as a starting point for compiling instrument items in the form of questions.

For multiple-choice forms are scored as follows:

a. Strongly Agree (SS) = scored 5
b. Agree (S) = scored 4
c. Simply Agree (CS) = scored 3
d. Disagree (TS) = scored 2
e. Strongly Disagree (STS) = scored 1

Data Collection Methods

Data collection can be done in various settings, sources and ways. The data collection method in this study uses several methods, namely:

Questionnaire (list of questions)

Questionnaire is an information collection technique that allows analysts to study the attitudes, beliefs, behaviors and characteristics of some of the main people in an organization who can be affected by the proposed system or by the existing system (Siregar, 2013: 21).

Observation

The observations used in this study are non-participant observations, namely observations made by means of researchers not directly involved with the activities of the people observed; researchers are more independent observers (Sugiyono, 2017: 167). Given that the process of observation and memory are two

important things in observation, and the number of objects and respondents is not too much, in this study observations were made on the object of research directly, namely the Head of Section or Section Head of Hospitals throughout Banyuwamgi Regency.

Documentation

Documentation is a way to obtain secondary data that is used to support primary data.

Uji Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) or factor analysis is used to test the dimensions of a theoretical construct and is often called testing the validity of a theoretical construct (Ghozali, 2014). In general, before conducting structural model analysis, researchers must first measure the model (measurement model) to test the validity of the indicators forming the construct or latent variables using CFA. In this study, the CFA first-order model was used, where in the CFA first-order model indicators were implemented in items that directly measured the construct Testing using CFA, the indicator is said to be valid if the loading factor ≥ 0.70. In unestablished research, the loading factor ≥ 0.50 - 0.60 can still be tolerated (Ghozali, 2014)

Test Reliability Test

Reliability is a test that shows the extent of stability and consistency of the measurement tool used, so as to provide consistent results if the measurement is used repeatedly to measure the same symptoms. The generally accepted level of reliability if the CR (Construct Reliability) value > 0.70 while the reliability ≤ 0.70 is acceptable for exploratory research. In addition, to further strengthen the analysis results of the reliability test can be seen with the results of the average calculation of VE (Variance Extracted). Where when the VE value obtained > 0.5, it can be said to be reliable (Ghozali, 2014).

Analysis and Hypothesis Test Techniques

Testing the research hypothesis was carried out with a Structural Equation Model (SEM) approach based on Partial Least Square (PLS). PLS is a structural persaman (SEM) model based on components or variants? Structural Equation Model (SEM) is one field of statistical study that can test a series of relationships that are relatively difficult to measure simultaneously. According to Santoso (2014) SEM is a multivariate analysis technique which is a combination of factor analysis and regression analysis (correlation), which aims to examine the relationship between variables in a model, be it between indicators and their constructs, or relationships between constructs. According to Latan and Ghozali (2012), PLS is an alternative approach that shifts from a covariance-based SEM approach to a variant-based one. Covariance-based SEMs generally test causality or theory whereas PLS is more predictive model. However, there is a difference between SEM-based covariance based and component-based PLS is in the use of structural equation models to test theories or theory development for prediction purposes.

The analysis technique in this study uses PLS techniques which are carried out in two stages, namely:

1. The first stage is to conduct a measurement model test, which tests the validity and reliability of the construct of each indicator.
2. The second stage is to conduct a structural model test which aims to determine whether there is an influence between variables/correlations between constructs measured using the t test from PLS itself.

Structural (Inner) Model

The purpose of the structural model test is to see the correlation between the measured constructs which is the t test of the partial least square itself. Structural or inner model can be measured by looking at the R-Square value of the model which shows how much influence between variables in the model. Then the next step is the estimation of the path coefficient which is the estimated value for the path relationship in the structural model obtained by bootstrapping procedure with a value that is considered significant if the statistical t value is greater than 1.96 (significance level 5%) or greater than 1.65 (significance level 10%) for

each path relationship Reasons to Use Partial Least Square (PLS)

PLS is a powerful analysis method because it is not based on many assumptions (Wold, 1985). The data do not have to be normally multivariate distributed (indicators with theoretical scales, ordinals, intervals to ratios are used in the same model), and the sample does not have to be large. Besides being able to be used to confirm theories, PLS can also be used to explain whether there is a relationship between latent variables. Because it focuses more on data and with limited estimation procedures, model misspecifications have little effect on parameter estimation. PLS can analyze as well as constructs formed with reflexive indicators and formative indicators, and this is not possible to run in covariant based SEM because there will be unidentified models (Latan and Ghozali, 2014). Here are some reasons for using PLS in this study:

1. PLS algorithms are not limited to relationships between indicators and reflective latent constructs, but PLS algorithms are also used for formative relationships.
2. PLS can be used to estimate path models.
3. PLS can be used for very complex models consisting of many latent variables and manifests without experiencing problems in data estimation.

RESULTS

Inferential Analysis

The analysis in this study uses Structural Equation Modeling (SEM) techniques using the Partial Least Square (PLS) approach using the Smart PLS 3.2.8 software application. Evaluation of the Outer Measurement Model is evaluated using three criteria, namely convergent validity, discriminant validity and composite reliability.

Convergent Validity

Evaluation of a measurement model based on outer loading is considered valid if it has a loading factor value above 0.50 and or a t-statistic value above 1.96 which means that the model has convergent validity. The following are the results of convergent valididty testing of indicators of invoelment of middle management, middle management autonomy, capabilities, competence intensity, and inertia, in Table 1.

Table 1. Outer Loading Research Indicators

Variable	Indicator	Outer Loading	Information
Organizatin Capabilities (Y1)	Y1.1	0,619	Valid
	Y1.2	0,612	Valid
	Y1.3	0,845	Valid
	Y1.4	0,864	Valid
	Y1.5	0,732	Valid
	Y1.6	0,683	Valid
	Y1.7	0,771	Valid
	Y1.8	0,889	Valid
	Y1.9	0,765	Valid
	Y1.10	0,678	Valid
	Y1.11	0,845	Valid
	Y1.12	0,786	Valid
	Y1.13	0,744	Valid
	Y1.14	0,691	Valid
Sustainability Competitive Advantage (Y2)	Y2.1	0,678	Valid
	Y2.2	0,656	Valid
	Y2.3	0,887	Valid
	Y2.4	0,888	Valid
	Y2.5	0,798	Valid
	Y2.6	0,667	Valid
	Y2.7	0,782	Valid
	Y2.8	0,354	Valid
	Y2.9	0,736	Valid
	Y2.10	0,622	Valid
	Y2.11	0,812	Valid
Conpetension Intensity (M1)	M1.1	0,897	Valid
	M1.2	0,894	Valid
	M1.3	0,844	Valid
	M1,4	0,764	Valid
	M1.5	0,712	Valid
	M1.6	0,659	Valid
	M1.7	0,897	Valid
Sustainability Competitive Advange (M2)	M2.8	0,856	Valid
	M2.1	0,821	Valid
	M2.2	0,756	Valid
	M2.3	0,785	Valid
	M2.4	0,678	Valid
	M2.5	0,716	Valid
	M2.6	0,679	Valid
	M2.7	0,807	Valid
	M2.8	0,816	Valid
	X1.1	0,897	Valid

Involment of Middle Management (X1)	X1.2	0,894	Valid
Involment of Middle Management Autonomy (X2)	X2.1	0,897	Valid
	X2.2	0,894	Valid
	X2.3	0,894	Valid

Source: Primary data processed, 2023

Based on Table 1 shows that the innovation of middle management, middle management autonomy, capabilities, competence intensity, and inertia, it can be concluded that all indicators are valid, meaning that reflective indicators with latent variable scores have good correlation.

Discriminant Validity

Evaluation of measurement models based on cross loading is used to assess whether the construct has good discriminant validity. Discriminant validity is considered valid if the cross loading of each indicator on the variable concerned has the largest value compared to the cross loading of other latent variables. The cross-loading results of the four variables are presented in Table 2.

Table 2. Cross Loading Value

	Y1	Y2	M1	M2	X1	X2
Y1.1	0,619	0,687	0,433	0,46	0,492	0,492
Y1.2	0,612	0,447	0,414	0,46	0,439	0,439
Y1.3	0,845	0,466	0,439	0,434	0,469	0,469
Y1.4	0,864	0,48	0,444	0,473	0,597	0,597
Y1.5	0,732	0,413	0,402	0,452	0,596	0,596
Y1.6	0,683	0,353	0,46	0,43	0,521	0,521
Y1.7	0,771	0,336	0,46	0,431	0,439	0,439
Y1.8	0,889	0,509	0,434	0,508	0,466	0,466
Y1.9	0,765	0,49	0,473	0,472	0,469	0,469
Y1.10	0,678	0,587	0,452	0,464	0,401	0,401
Y1.11	0,845	0,469	0,43	0,459	0,433	0,433
Y1.12	0,786	0,597	0,43	0,726	0,36	0,36
Y1.13	0,744	0,596	0,431	0,469	0,428	0,428
Y1.14	0,691	0,597	0,508	0,323	0,433	0,433
Y2.1	0,473	0,678	0,798	0,252	0,414	0,414
Y2.2	0,452	0,656	0,667	0,544	0,439	0,439
Y2.3	0,43	0,887	0,46	0,47	0,444	0,444
Y2.4	0,431	0,888	0,46	0,447	0,402	0,402
Y2.5	0,508	0,798	0,434	0,477	0,544	0,46
Y2.6	0,472	0,667	0,473	0,386	0,323	0,46
Y2.7	0,464	0,782	0,452	0,432	0,252	0,434
Y2.8	0,459	0,354	0,43	0,505	0,544	0,473
Y2.9	0,726	0,736	0,431	0,378	0,47	0,452
Y2.10	0,687	0,622	0,508	0,252	0,447	0,43
Y2.11	0,447	0,812	0,472	0,544	0,477	0,431
M1.1	0,466	0,353	0,464	0,47	0,386	0,508
M1.2	0,48	0,336	0,459	0,447	0,432	0,472
M1.3	0,413	0,509	0,726	0,477	0,505	0,464
M1,4	0,323	0,49	0,764	0,386	0,378	0,459
M1.5	0,252	0,587	0,712	0,431	0,472	0,726

M1.6	0,544	0,323	0,659	0,508	0,464	0,354
M1.7	0,47	0,252	0,897	0,472	0,459	0,736
M2.8	0,447	0,544	0,856	0,464	0,726	0,622
M2.1	0,477	0,47	0,47	0,821	0,764	0,812
M2.2	0,386	0,447	0,447	0,756	0,712	0,353
M2.3	0,432	0,477	0,544	0,785	0,659	0,378
M2.4	0,505	0,386	0,47	0,678	0,897	0,353
M2.5	0,378	0,432	0,432	0,716	0,856	0,336
M2.6	0,353	0,505	0,505	0,679	0,447	0,509
M2.7	0,336	0,378	0,378	0,807	0,544	0,49
M2.8	0,509	0,432	0,353	0,816	0,47	0,432
X1.1	0,49	0,505	0,785	0,432	0,897	0,505
X1.2	0,587	0,378	0,678	0,505	0,894	0,378
X2.1	0,428	0,323	0,47	0,386	0,47	0,897
X2.2	0,375	0,252	0,447	0,432	0,447	0,894
X2.3	0,603	0,544	0,477	0,505	0,477	0,894

Source: Primary data processed, 2023

Table 2 shows that the cross-loading value obtained from each latent variable has a higher value compared to other latent variables. Then it can be concluded that the latent variable has fulfilled discriminant validity.

Discriminant validity in this study can also be seen from the value of the root square of average variance extracted (RSAVE) of each construct with a correlation between one construct and another. This can be seen from the value of the AVE square root in bold has a value greater than the correlation between constructs. The results of the discriminant validity test using RSAVE are presented in Table 3 below.

Table 3. Discriminant validity test results using RSAVE

	X3	**X2**	**Y1**	**Y2**	**M1**	**M2**	**X1**
X3							
X2	0,749						
Y1	0,577	0,745					
Y2	0,728	0,687	0,756				
M1	0,673	0,555	0,668	0,777			
M2	0,674	0,653	0,572	0,692	0,785		
X1	0,543	0,623	0,721	0,509	0,581	0,798	

Source: Primary data processed, 2023

Based on Table 3, it shows that the RSAVE value of each variable has a higher value compared to the correlation between variables. This can provide a conclusion that all variables in this study have met discriminant validity.

Composite Reliablity

The reliability of a construct can be measured by looking at the value of composite reability and Cronbach's alpha. Composite reliability and Cronbach's alpha values are good when they have a value of > 0.70. The following are the results of instrument reliability research presented in Table 4.

Table 4: Construct Reliability Test Results

	Cronbach's Alpha	**Composite Reliability**
X3	0,799	0,863
X2	0,727	0,829
Y1	0,848	0,888
Y2	0,886	0,913

M1	0,898	0,918
M2	0,921	0,956
X1	0,952	0,78

Source: Primary data processed, 2023

Table 4 shows that the composite reliability and cronbach's alpha values on all constructs have values greater than 0.70. Thus in this research model, each research construct meets good reliability.

Structural Model Evaluation (Inner Model)

Testing of the inner model or structural model is carried out to see the relationship between the construct, significance value and R-square of the research model.

The structural model is evaluated using Q-square predictive relevance to measure how well observational values are generated by the model and its parameter estimation. To calculate the Q-square predictive relevance value, the R-square value of customer satisfaction and electronic word of mouth is required, which are presented in Table 5

Table 5. R-Square

Construct	R Square
Competention Intensity (M1)	0,520
Organization of Inertia (M2)	0,540
Organization Capabilities (Y1)	0,535
Sustainability Competitive Advantage (Y2)	0,551

Source: Primary data processed, 2023 (Appendix 7)

Based on table 5 can be seen the R-square value of the variable Competention Intensity 0.520. This value can explain that 52 percent of the variability of the Competention Intensity construct is influenced by the variables of involment of middle management, middle management autonomy, and Organization Capabilities, while 48 percent of the variable Competention Intensity is influenced by other factors outside the model. The R-square value of the Inertial Organization variable is 0.540. This value can explain that 54 percent of the variability of the Inertial Organization construct is influenced by the variables Organization Capabilities and Sustainability Competitive Advantage, while 46 percent of the Inertia Organization variable is influenced by other factors outside the model.

The R-square value of the Organization Capabilities variable is 0.535. This value can explain that 53.5 percent of the variability of the organizational capabilities construct is influenced by the variables of involment of middle management, middle management autonomy, and competence intensity, while 46.5 percent of the variable of organizational capabilities is influenced by other factors outside the model. The R-square value of the Sustainability Competitive Advantage variable is 0.551. This value can explain that 55.1 percent of the variability of the Sustainability Competitive Advantage construct is influenced by the variables Organization Capabilities and Organization Inertia, while 44.9 percent of the Sustainability Competitive Advantage variable is influenced by other factors outside the model.

A model is considered to have a relevant predictive value if the Q-square value is greater than Based on Table 5, the predictive relevance (Q2) value is calculated as follows.

Q2 = 1 - (1 – R12) (1 – R22) (1 – R12) (1 – R22)

= 1 - (1 – 0, 5202) (1 – 0, 5402) (1 – 0, 5352) (1 – 0, 5512)

= 1- (1 – 0, 2704) (1 – 0, 2916) (1 – 0, 286225) (1 – 0, 303601)

= 1 – (0, 7296) (0, 7084) (0, 713775) (0, 696399)

= 1 – 0, 257

= 0, 743

The Q-Square (Q2) value obtained is 0.743. The value is greater than 0 (>0). This shows that

74.3 percent of the variation in organizational capabilities can be explained by the variables of involment of middle management, middle management autonomy, and competence intensity, while 25.7 percent is explained by other variables outside the model.

Hypothesis Testing

Hypothesis testing is carried out by testing two values, namely p-value smaller than alpha value of 5% (<0.05) and t-statistic value must have a value greater than 1.96 (<1.96). The results of the calculation of the significance of each relationship between variables are presented in Table 6.

Table 6. Variable Direct Effect Test

Direct Influence	Path Coefficient	T Statistics	P Values	Information
Involment of middle management_(X1) -> Organisasi capabilities_(Y1)	0.163	3.072	0.002	Significant
Middle management autonomy_(X2) -> Organization capabilities_(Y1)	0.205	3.112	0.002	Significant
Organization capabilities_(Y1)-> Sustainability competitive advantage_(Y2)	0.525	3.089	0.000	Significant

Source: Primary data processed, 2023

Based on table 6, it is known that the results of direct influence between variables are as follows:

1. The Effect of Involment of Middle Management on Organizational Capabilities

Based on the test results, a path coefficient value of 0.163 was obtained with a t-statistic value of 3.072 and a p-value of 0.002. This means that H1 is accepted and there is a positive and significant influence between the involment of middle management and organizational capabilities. The higher the Involment of middle management, the higher the organization's capabilities.

2. The effect of Middle management autonomy on organizational capabilities

Based on the test results, a path coefficient value of 0.205 was obtained with a t-statistic value of 3.112 and a p-value of 0.002. This means that H2 is accepted and there is a significant influence between Middle management autonomy and Organization capabilities.

3. The Effect of Organizational capabilities on Sustainability competitive advantage

Based on the test results, a path coefficient value of 0.525 was obtained with a t-statistic value of 3.08 and a p-value of 0.000. This means that H3 is accepted and there is a positive and significant influence between Organization capabilities and Sustainability competitive advantage. The higher the organization's capabilities, the higher the sustainability competitive

advantage. Testing the role of competention intensity mediation on the effect of involment of middle management and middle management autonomy on organizational capabilities and mediation of inertial organizations on the effect of organizational capabilities on sustainability competitive advantage were also tested. Testing the indirect influence of variables as follows.

Table 7. Variable Indirect Effect Test

Indirect influence	Path Coefficient	T Statistics	P Values	Information
Involment of middle management_(X1) -> Competention intensity_(M1)->Organisasicapabilities_(Y1)	0,073	2,942	0,002	Significant
Middle management autonomy_(X2) -> Competention intensity_(M1)->Organizationcapabilities_(Y1)	0,215	4,104	0,000	Significant
Organization capabilities_(Y1) -> Organizationinertia_(M2)->Sustainability competitive advantage_(Y2)	0,325	5,133	0,000	Significant

Table 7 shows the p-values for each variable which can be explained as follows.

The p-value to examine the role of competition intensity in mediating the involvement of middle management to organizational capabilities is 0.002 which is less than 0.05. The value of the t-statistic shows 2.942 which value is greater than 1.96. These data show that competition intensity is able to mediate the involvement of middle management to organizational capabilities.

The p-value to examine the role of competition intensity in mediating middle management autonomy for organizational capabilities is 0.000 which is lower than 0.05. The value of the t- statistic shows 4.104 which value is greater than 1.96. This data shows that competition intensity is able to mediate middle management autonomy for organizational capabilities.

The p-value to examine the role of inertial organizations in mediating organizational capabilities against sustainability competitive advantage is 0.000 which is lower than 0.05. The value of the t-statistic shows 5.133 whose value is greater than 1.96. This data shows that inertial organizations are able to mediate organizational capabilities towards sustainability and competitive advantage

DISCUSSION

The Effect of Involvement of Middle Management on Organizational Capabilities

Based on the test results, a path coefficient value of 0.163 was obtained with a t-statistic value of 3.072 and a p-value of 0.002. This means that H1 is accepted and there is a positive and significant influence between the involvement of middle management and organizational capabilities. The results of this study are supported by Sukoco, et al, (2021) which states that organizational capabilities to adapt to the changing environment become an intermediary for

the capabilities of Middle Management. Middle Management plays an important role in facilitating change in organizations. They have an important role in disseminating knowledge widely throughout the organization and work as mediators between day-to-day operations and strategy. Increasing productivity is directly related to the creative and especially innovative skills of middle managers (Ouakouak et al, (2014). Middle Management does not have to be an exceptional individual, but it must have a number of characteristics: comfortable with change, clarity of direction, rigor, and participatory management style, diligence and tact (Hermkens, 2021).

Thus, it can be concluded that with the importance of the role of middle management will support the capabilities of an organization, the higher the involvement of middle management, the higher the organization's capabilities.

Competition Intensity Reinforces the Influence of Involvement of Middle Management on Organizational Capabilities

Based on the results of the study, it was found that competition intensity was able to mediate the involvement of middle management to organizational capabilities indicated by a t-statistical value whose value was greater than 1.96, which showed 2.942.

In Asyhari at al's research, (2018) states that the quality of business strategy, seller behavior ethics, process innovation, entrepreneurial orientation perspective, and business environment adaptability are determinants of improving organizational performance. This is due to the mediating role of competition intensity on the positive relationship of the involment of middle management and organizational capabilities. The ability of involvement of middle management to create competitive advantage through differentiation, durability, imitability, and competitive cost strategies has proven to play a real role in realizing the

achievement of the desired organizational capabilities.

So it can be concluded that competition intensity is able to mediate the involvement of middle management to organizational capabilities.

The Effect of Middle Management Autonomy on Organizational Capabilities

Based on the test results, a path coefficient value of 0.205 was obtained with a t-statistic value of 3.112 and a p-value of 0.002. This means that H2 is accepted and there is a significant influence between Middle management autonomy and Organization capabilities.

Autonomy describes the independence and authority given to managers or teams in an organization to develop new thoughts or proposals and carry them to completion. Although middle autonomy management has been emphasized in the literature for some time, very little is known about its role in organizational politics. Elbanna's (2016) research states that a high level of autonomy combined with a low level of control will negate the effectiveness of strategic planning by increasing organizational tension.

It was concluded that if middle autonomy management is carried out with low control, it will increase tension. However, in essence there is a significant influence between the power of Middle management autonomy and Organization capabilities.

Competition Intensity Reinforces the Influence of Middle Management Autonomy on Organizational Capabilities

Based on the results of the study, the t-statistic value showed 4.104 and the value was greater than 1.96. This data shows that competition intensity is able to mediate middle management autonomy for organizational capabilities.

Competition intensity is defined as a situation where competition is fierce due to the large number of competitors in the market and lack of potential opportunities to grow. When competition is less fierce, companies can operate with their active systems (Cruz et al, 2022). Thus, it can be concluded that competition intensity is able to mediate middle management autonomy to organizational capabilities.

Organizational Capabilities Affect Sustainability Competitive Advantage

Based on the test results, a path coefficient value of 0.525 was obtained with a t-statistic value of 3.08 and a p-value of 0.000. This means that H3 is accepted and there is a positive and significant influence between Organization capabilities and Sustainability competitive advantage. The higher the organization's capabilities, the higher the sustainability competitive advantage. A company is said to have a sustainability competitive advantage when existing or potential competitors cannot replicate or will require large costs to imitate. When following a strategic resource-based view, company resources must valuable seize opportunities/or neutralize threats, these must be scarce, not perfectly replicable, and not be able to have the same changes for sustainable human resources (Kuncoro & Suriani, 2018). So it can be concluded that there is a positive and significant influence between Organization's capabilities and Sustainability competitive advantage. The higher the organization's capabilities, the higher the sustainability competitive advantage.

Inertial organization will reduce the influence of organizational capabilities on sustainability competitive advantage

Based on the t-statistic value that shows 5.133 and the value is greater than 1.96. This data shows that inertia organizations are able to mediate organizational capabilities towards sustainability and competitive advantage.

Inertia in an organization results in compacting the mode and direction of the organization's operations, thereby reducing its flexibility. The organization of Inertia has two components: resource rigidity and routine rigidity. Resource rigidity is the inability of a firm to change its resource investment patterns,

while routine rigidity is the lack of changes in organizational processes and procedures in using invested resources (Theofillus et al, 2022). However, it was found that inertial organizations are able to mediate organizational capabilities towards sustainability and competitive advantage.

CONCLUSION

Inertial organization will reduce the influence of organizational capabilities on sustainability competitive advantage. Based on the t-statistic value that shows 5.133 and the value is greater than 1.96. This data shows that inertia organizations are able to mediate organizational capabilities towards sustainability competitive advantage.

Inertia in an organization results in compacting the mode and direction of the organization's operations, thereby reducing its flexibility. The organization of Inertia has two components: resource rigidity and routine rigidity. Resource rigidity is the inability of a firm to change its resource investment patterns, while routine rigidity is the lack of changes in organizational processes and procedures in using invested resources (Theofillus et al, 2022). However, it was found that inertial organizations are able to mediate organizational capabilities towards sustainability competitive advantage.

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