

Organizational Transformation Toward Agility: Integration of Change, Capabilities, and MSME Adaptability

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ABSTRACT

This study aims to develop an integrative model that synergizes Change Management and Dynamic Capabilities to enhance the organizational agility and competitive advantage of Micro, Small, and Medium Enterprises (MSMEs) in West Nusa Tenggara (NTB), Indonesia. Facing constraints such as limited financing access, low digital adoption, and traditional operational models, MSMEs in NTB require adaptive strategies to survive in a dynamic environment. Using a quantitative approach and Structural Equation Modeling–Partial Least Squares (SEM-PLS), data were collected from 310 MSMEs in the weaving and handicraft sectors. The results confirm that Change Management significantly influences both Dynamic Capabilities and Organizational Agility, with Dynamic Capabilities also mediating this relationship. The study contributes to both theory and practice by integrating two strategic frameworks previously explored in isolation. The findings offer valuable insights for policymakers to design more targeted development programs that strengthen internal capabilities and foster agility among MSMEs. This model bridges the gap between theory and practical application, paving the way for more resilient and innovative MSME ecosystems in less developed regions.

Keywords : ***Change Management; Dynamic Capabilities; Organizational Agility; MSME Transformation; Business Adaptability***

ABSTRAK

Penelitian ini bertujuan untuk mengembangkan model integratif yang mensinergikan Manajemen Perubahan dan Kapabilitas Dinamis guna meningkatkan kelincahan organisasi dan keunggulan bersaing Usaha Mikro, Kecil, dan Menengah (UMKM) di Provinsi Nusa Tenggara Barat (NTB), Indonesia. Menghadapi berbagai kendala seperti keterbatasan akses pembiayaan, rendahnya adopsi digital, dan dominasi model operasional tradisional, UMKM di NTB membutuhkan strategi adaptif untuk bertahan dalam lingkungan yang dinamis. Dengan pendekatan kuantitatif dan teknik analisis Structural Equation Modeling–Partial Least Squares (SEM-PLS), data dikumpulkan dari 310 pelaku UMKM di sektor tenun dan kerajinan. Hasil penelitian menunjukkan bahwa Manajemen Perubahan berpengaruh signifikan terhadap Kapabilitas Dinamis dan Kelincahan Organisasi, dengan Kapabilitas Dinamis juga berperan sebagai mediator dalam hubungan tersebut. Studi ini memberikan kontribusi teoretis dan praktis dengan mengintegrasikan dua kerangka strategis yang sebelumnya banyak diteliti secara terpisah. Temuan ini memberikan wawasan penting bagi pembuat kebijakan dalam merancang program pengembangan yang lebih terarah, berfokus pada

penguatan kapabilitas internal dan pengembangan organisasi yang gesit. Model ini menjembatani kesenjangan antara teori dan praktik, serta membuka jalan bagi ekosistem UMKM yang lebih tangguh dan inovatif di wilayah kurang berkembang.

Kata Kunci	:	Manajemen Perubahan; Kapabilitas Dinamis; Kelincahan Organisasi; Transformasi UMKM; Adaptabilitas Bisnis
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INTRODUCTION

In the era of disruption and global economic uncertainty, Micro, Small, and Medium Enterprises (MSMEs) are increasingly facing significant challenges, including those in Indonesia. MSMEs are the backbone of Indonesia's economy, accounting for more than 99% of all businesses and contributing approximately 60% to the national GDP (World Bank, 2020). Despite their crucial role as economic drivers, MSMEs are grappling with structural obstacles that threaten their sustainability and growth, especially amid uncertainties arising from both global and domestic factors.

One of the primary challenges confronting Indonesian MSMEs is the limited availability of financial, infrastructural, and human capital. Suryanto & Tanuwijaya (2021) highlighted that over 70% of MSMEs in Indonesia experience difficulties accessing adequate financing. Furthermore, dependence on traditional technologies has hampered both business development and operational efficiency. According to (Purnomo et al., 2024). More than 50% of MSMEs in Indonesia have yet to adopt digital marketing tools, thereby limiting their market reach and weakening their global competitiveness.

A similar phenomenon can be observed in the province of West Nusa Tenggara (NTB), a region rich in natural resources, cultural heritage, and tourism potential. Despite these advantages, MSMEs in NTB continue to face deep-rooted structural problems that weaken their competitiveness and business sustainability. According to data from the Central Bureau of Statistics (BPS) NTB in 2020, around 70% of MSMEs in the region operate in the agriculture and handicraft sectors, with most still relying on conventional business models and minimal digital integration. As a result, their ability to access broader markets remains limited, and they struggle to compete with MSMEs from more digitally advanced regions such as Bali or Yogyakarta. In 2024, there were 149,962 MSMEs in NTB, consisting of 131,958 micro enterprises and 18,004 small enterprises. Although the number is substantial, the majority of MSMEs in NTB face constraints in development access, particularly in social protection and digital technology adoption. Only 4.84% (7,259 units) of MSMEs were registered as participants of the National Social Security (BPJS Ketenagakerjaan), comprising 6,827 micro enterprises and 432 small enterprises, indicating that around 95% of MSMEs remain without labor protection.

Moreover, many MSMEs in NTB struggle to access adequate financial resources. Most remain reliant on personal savings or informal loans, with limited access to formal financial institutions. Existing research suggests that the lack of structured financing options, coupled with limited financial literacy, significantly hinders the ability of NTB MSMEs to grow or respond to shifting market demands. This has further widened the development gap between NTB-based MSMEs and those in more developed provinces.

Additionally, a low adaptability to technological change and market transformation exacerbates the issue. Many MSMEs in NTB, particularly in the tourism and handicraft sectors, have yet to align with digital marketing trends and evolving consumer preferences that favor online shopping platforms. A study by Widiastuti & Sari (2021), revealed that only about 40% of MSMEs in NTB use social media and e-commerce for marketing, while the majority still depend on traditional methods such as selling in local markets or physical shops. Economic Research Institute for ASEAN and East Asia (ERIA) study indicates that the majority of MSMEs in West Nusa Tenggara still rely on traditional methods such as direct sales in local markets or physical stores, due to low

digital literacy, limited managerial capabilities, and a lack of understanding of broader market demands (Widiana & Hadiwidjaja, 2023).

In light of these challenges, organizational agility has become a key capability for boosting the competitiveness of MSMEs in NTB. Organizational agility enables businesses to quickly adapt to fast-evolving technological landscapes and volatile markets. As Teece (2018), explains companies that can navigate uncertainty and change are more likely to survive and thrive, even in highly turbulent environments. Thus, enhancing organizational agility is essential for NTB MSMEs to confront existing challenges and seize emerging opportunities.

Within this context, the application of Change Management theory and the Dynamic Capabilities framework becomes particularly relevant. Change Management, as proposed by Kotter, involves a structured approach to facilitating organizational transformation (Heikinheimo et al., 2025). On the other hand, Dynamic Capabilities, introduced, emphasize the firm's ability to integrate, develop, and reconfigure internal competencies in response to environmental changes (Cavusgil & Deligonul, 2025). Together, these theories offer a comprehensive strategic framework that can guide MSMEs in NTB in strengthening their resilience and agility in an unpredictable market.

Despite their potential, the simultaneous integration of Change Management and Dynamic Capabilities in MSME contexts—especially in regions like NTB—remains underexplored. Prior studies have primarily focused on large corporations with ample resources, while MSMEs, particularly in less developed areas, are often overlooked (Mulyono & Syamsuri, 2023). Based on regional survey data, approximately 62% of MSMEs in NTB recognize the need for change to cope with market dynamics, yet have not taken strategic steps to implement it due to limited resources, lack of access to information, and structural unpreparedness. This study seeks to bridge that gap by developing an integrative model that applies both frameworks to enhance the agility and competitiveness of MSMEs in NTB.

This study aims to develop a synergistic model integrating Change Management and Dynamic Capabilities to enhance the agility and competitive advantage of Micro, Small, and Medium Enterprises (MSMEs) in West Nusa Tenggara (NTB) amidst ongoing disruption and global economic uncertainty. Considering the resource limitations faced by MSMEs such as restricted access to financing, reliance on traditional technologies, and low adaptability to digital and market trends, this study is designed to offer a practical and scalable approach. Furthermore, it seeks to formulate strategies that enable MSMEs to leverage digital technologies and gain broader access to formal financial services, thereby enhancing their competitiveness against MSMEs in more advanced regions. By integrating these two theoretical frameworks, the study is expected to not only strengthen the resilience and agility of MSMEs in NTB but also open pathways for innovation and growth within an increasingly dynamic global market.

The novelty of this research lies in its integrative approach, combining Change Management and Dynamic Capabilities within a single strategic framework to enhance MSME competitiveness—an area that remains underexplored in previous studies. Earlier research often examined these concepts in isolation. For instance, Saeed et al. (2023) investigated how dynamic capabilities supported by Big Data Analytics could drive marketing ambidexterity and improve firm performance, yet the study did not integrate change management into its framework. Similarly, the study by Haider et al. (2024), focusing on the textile retail sector in Pakistan, emphasized the impact of dynamic capabilities on marketing ambidexterity and market performance, but lacked a thorough exploration of change management integration. Thus, this research provides both theoretical and practical contributions by addressing these gaps and offering strategic insights to help MSMEs respond to market dynamics more adaptively and systematically.

This study aims to develop an integrative model that synergizes Change Management theory and the Dynamic Capabilities framework to enhance organizational agility and competitive advantage of MSMEs in West Nusa Tenggara (NTB). The methodology employed is a quantitative approach using Structural Equation Modeling-Partial Least Squares (SEM-PLS) to examine the relationships between variables, with data collected through surveys distributed to MSME actors

in the weaving and handicraft sectors in NTB. The findings of this study are expected to serve as a foundation for policymakers and MSME support institutions in designing more targeted development programs, with a focus on building internal capabilities and fostering agile organizational development. Thus, this study contributes not only theoretically but also bridges the gap between theory and practice, while promoting the creation of a more resilient and competitive MSME ecosystem in NTB and beyond.

Organizational agility refers to an organization's ability to respond swiftly and flexibly to changes in the business environment. The concept of strategic agility, as proposed by Doz and Kosonen, encompasses three main dimensions: sensing, seizing, and transforming. *Sensing* refers to the organization's ability to detect changes and opportunities in the external environment. *Seizing* denotes the capacity to effectively capitalize on those opportunities, while *transforming* involves the ability to adapt and reshape the business model and internal processes to remain relevant and competitive. Further research by Reed (2020) operationalized Doz and Kosonen's strategic agility model by identifying 15 sub-factors that contribute to organizational performance in the face of environmental turbulence.

Strategic agility is defined as the organization's ability to adapt swiftly and flexibly to environmental turbulence through three core dimensions: strategic sensitivity, leadership unity, and resource flexibility (Prange, 2024). The dimension of strategic sensitivity includes environmental scanning, market foresight, competitive awareness, stakeholder intelligence, and strategic option generation. Leadership unity is demonstrated through a shared strategic vision, collaborative decision-making, speed in conflict resolution, leadership trust, and strategic alignment. Meanwhile, resource flexibility is reflected in dynamic resource allocation, organizational learning, talent mobility, agility of IT and digital infrastructure, and investment fluidity. These three dimensions collectively enable organizations to respond effectively to market changes, accelerate strategic decision-making, and allocate resources adaptively, thereby enhancing competitiveness and organizational resilience in the face of external uncertainty. Strategic agility offers a vital adaptive framework for MSMEs in West Nusa Tenggara (NTB) to navigate market shifts and economic disruptions. Through its three dimensions strategic sensitivity, leadership unity, and resource flexibility MSMEs can enhance competitiveness by recognizing local opportunities, fostering collaborative visions, and managing resources adaptively amid infrastructural and digital challenges.

In the context of MSMEs (Micro, Small, and Medium Enterprises), agility is not merely the ability to act quickly, but also includes sensitivity to opportunities and threats in an environment that frequently changes dynamically (Tallon et al., 2019). Agility is crucial in today's modern business ecosystem, where product life cycles are becoming shorter and consumer demands increasingly complex. Several indicators of organizational agility include structural flexibility, visionary leadership, and efficient cross-functional collaboration (Lu & Ramamurthy Sheldon, 2011). SMEs with high agility tend to be more capable of responding to change, adopting new technologies, and continuously creating competitive value.

Change management is a structured process aimed at guiding organizations from their current state to a desired future, involving key phases such as building urgency, forming guiding coalitions, crafting vision and strategy, and embedding change into culture (Kotter, 1996). This approach is especially vital for MSMEs undergoing strategic shifts in digitalization, business models, or customer service. Research by McKinsey & Company (2022) reveals that effective change management can boost revenue by up to 25%, while Deloitte (2021) highlights that integrating organizational agility, dynamic capabilities, and adaptability can enhance competitiveness and increase revenue by 30% within two years. Notably, MSMEs that adopted digital strategies and agility during the COVID-19 pandemic reported up to 40% higher customer loyalty than those that did not.

The success of change management depends on the organization's readiness, the ability to overcome resistance through leadership and conflict resolution, and clear communication to build understanding and support for the change (Bagrationi & Gordienko, 2024). In the MSME sector,

implementing change often faces challenges such as limited resources, low levels of technological literacy, and a strong reliance on the business owner as the primary decision-maker.

Dynamic capabilities represent a pivotal concept in contemporary strategic management theory. Teece defines dynamic capabilities as a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments (Cristofaro et al., 2025). The concept later evolved to include three core components: sensing (identifying opportunities and threats), seizing (capitalizing on opportunities), and transforming (reconfiguring resources) (Teece, 2018).

MSMEs that actively develop dynamic capabilities are more likely to achieve sustainable competitive advantage amidst market volatility. This includes the ability to engage in continuous innovation, respond to customer feedback in real-time, and form adaptive strategic partnerships. (Wang & Ahmed, 2007) found that dynamic capabilities also play a crucial role in linking organizational agility with innovation performance.

Business adaptability refers to the ability of MSMEs to adjust to changes in the business environment, including technological shifts, market dynamics, and regulatory changes. Irmadiani (2016), discovered that adaptability positively impacts MSME marketing performance, especially in the use of social media as a marketing tool. Adaptability is a key determinant of sustainability for MSMEs, particularly when confronting technological disruptions and economic uncertainty. It reflects how well an organization can modify its structure, processes, and strategies in response to environmental shifts (Pu et al., 2021).

In the MSME context, adaptability is often demonstrated through changes in business models, the adoption of digital technology, and the formulation of new strategies based on both local and global opportunities. Adaptive MSMEs are better positioned to manage risks and absorb external shocks such as pandemics, economic crises, and regulatory changes. Fatoki (2018), underscores that MSME adaptability is influenced by innovation capacity, entrepreneurial competence, and supportive local ecosystems, including regulations and access to financing. Therefore, enhancing adaptability is essential to strengthening MSME competitiveness at the national level.

The Influence of Change Management on Organizational Agility in MSMEs

Change management is a strategic approach critical to enhancing organizational agility, especially for MSMEs operating in dynamic business environments. A study by (Arsawan et al., 2022), demonstrated that effective change management can significantly improve an organization's ability to adapt, thereby strengthening its agility. Another study by Arifin & Purwanti (2023), highlighted that agile leadership and an innovation-supportive organizational culture positively contribute to organizational agility.

H1: *Change management positively influences the organizational agility of MSMEs.*

The Influence of Change Management on Dynamic Capabilities

Dynamic capabilities refer to an organization's ability to integrate, develop, and reconfigure both internal and external competencies in response to environmental changes. Teece et al., (1997), stated that effective change management can enhance dynamic capabilities by strengthening organizational learning and adaptation processes. Al Jabri et al., (2024) emphasized that structured change management significantly boosts dynamic capabilities, which in turn reinforces organizational agility. Change management plays a strategic role in supporting the development and enhancing the agility of Micro, Small, and Medium Enterprises (MSMEs) in West Nusa Tenggara (NTB), especially in facing dynamic market conditions, technological advancements, and evolving regulations. Planned change management tailored to local needs can serve as a strategic foundation for building organizational agility among MSMEs in NTB. With the adaptive capacity, innovation, and continuous improvement driven by change management, MSMEs can transform into more resilient, responsive, and competitive business entities in this era of disruption.

H2: *Change management positively influences dynamic capabilities.*

The Influence of Dynamic Capabilities on Organizational Agility in MSMEs

Dynamic capabilities are fundamental to enhancing organizational agility within MSMEs. Helfat et al.,(2007), highlighted that these capabilities enable firms to respond swiftly and effectively to market changes, a core aspect of organizational agility. Al Jabri et al.,(2024), also found that dynamic capabilities exert a significant positive impact on agility, particularly in the context of digital transformation.

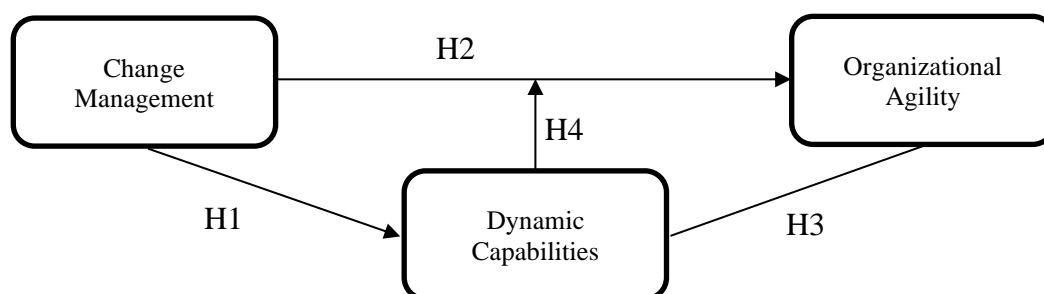
H3: *Dynamic capabilities positively influence organizational agility in MSMEs.*

The Mediating Role of Dynamic Capabilities in the Relationship Between Change Management and Organizational Agility

Dynamic capabilities act as a mediating mechanism between change management and organizational agility. Al Jabri et al.,(2024), revealed that effective change management enhances dynamic capabilities, which subsequently reinforce agility. This finding is supported by Arifin & Purwanti (2023), who also found that dynamic capabilities mediate the impact of change management on agility in MSMEs.

H4: *Dynamic capabilities mediate the relationship between change management and organizational agility in MSMEs.*

The conceptual framework in Figure 1 illustrates a conceptual research model that depicts the relationship between Change Management, Dynamic Capabilities, and Organizational Agility. This conceptual model aims to explore how the interaction between change management and dynamic capabilities can contribute to enhancing organizational agility, which is a crucial factor in facing the challenges of rapid environmental changes.



Sources: Processed Data, 2025

Figure 1. Conceptual Research Model

RESEARCH METHOD

This study employs a quantitative explanatory approach, aimed at testing causal relationships among variables based on previously established theoretical frameworks. This approach was chosen for its ability to explain the extent to which variables such as change management, dynamic capabilities, and organizational agility interact and influence the business adaptability of MSMEs (Creswell, 2013). The research design enables the testing of a theoretical model to determine both direct and indirect effects among the studied variables. It is structured as a cross-sectional study, providing a snapshot of the current conditions faced by MSME actors in West Nusa Tenggara (NTB), Indonesia.

The population in this research consists of actors from the micro, small, and medium enterprises (MSMEs) operating in the manufacturing and handicraft sectors across NTB Province.

These sectors were selected due to their significant contribution to the local economy and their vulnerability to market and technological dynamics. A purposive sampling technique is used, selecting respondents based on specific criteria: (1) actively operating MSMEs for at least the past three years, (2) employing at least three full-time staff, and (3) having implemented digitalization in marketing or operations. This method is suitable for research focusing on groups with distinctive characteristics (Etikan et al., 2016).

The minimum required sample size is calculated based on (Hair et al., 2020), which recommends a sample of at least 10 times the number of the largest indicator set in a construct for SEM-PLS analysis. With 24 total indicators, a minimum of 240 respondents is needed. However, to ensure higher validity, the target sample size is set at a minimum of 300 respondents.

Data are collected using a structured questionnaire with a five-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5). The questionnaire consists of four sections: (1) demographic information, (2) change management indicators, (3) dynamic capabilities indicators, and (4) organizational agility indicators. The instrument is developed based on validated indicators from previous studies (Doz & Kosonen, 2010; Kotter, 1996; Teece et al., 1997). A pilot test involving 30 MSME actors outside the main population area was conducted to test content validity and initial reliability.

Change Management (CM) is measured by six indicators, covering the urgency of change, change vision, communication, employee participation, structural reinforcement, and sustainability of change (Kotter, 2012). Dynamic Capabilities (DC) comprises nine indicators reflecting sensing, seizing, and transforming capabilities (Teece, 2018). Organizational Agility (OA) is measured by nine indicators based on strategic sensitivity, leadership unity, and resource flexibility dimensions (Doz & Kosonen, 2010).

Data analysis is conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach via SmartPLS 4.0 software. The analysis steps include: Measurement Model Evaluation (Outer Model): Convergent validity (Average Variance Extracted > 0.5), Discriminant validity (HTMT ratio < 0.90), Construct reliability (Cronbach's Alpha and Composite Reliability > 0.7).

Structural Model Evaluation (Inner Model): Path coefficient values and significance through bootstrapping, Coefficient of determination (R^2) to assess the contribution of independent variables to the dependent ones, Effect size (f^2) to measure the strength of influence among constructs, Predictive relevance (Q^2) as a model prediction indicator. Mediation Testing: The mediating role of dynamic capabilities is tested through indirect effect analysis and bootstrapping procedures (Hair et al., 2020).

Content validity is ensured through expert judgment involving three academics and MSME practitioners. Construct validity is assessed using factor loadings (>0.7) and AVE (>0.5). Reliability is confirmed through Cronbach's Alpha and Composite Reliability values, both exceeding the threshold of 0.70 (Hair et al., 2020).

RESULTS AND DISCUSSION

This study successfully collected data from 310 MSME actors in West Nusa Tenggara, consisting of various sectors such as handicrafts (38%), culinary (29%), fashion (21%), and agribusiness (12%). The majority of respondents were business owners (72%), aged between 30–45 years (64%), and had been running their businesses for more than five years (57%). Descriptive results indicate that, in general, respondents have a positive perception of the importance of change (mean = 4.03) and tend to show flexibility in resource management (mean = 3.91). However, adaptation to technology is still at a moderate level (mean = 3.45), indicating a gap in MSME digitalization.

All indicators in the model have a loading factor value > 0.70, indicating good convergent validity. The AVE values for each construct are as follows: Change Management (0.63), Dynamic Capabilities (0.68), and Organizational Agility (0.71). All constructs meet the reliability criteria

with Composite Reliability values > 0.80 and Cronbach's Alpha > 0.75 . Discriminant validity is also achieved with HTMT values < 0.85 . Direct hypothesis testing is displayed in Table 1.

Table 1. Direct Hypothesis Testing

Hypothesis	Relationship	Path Coefficient (β)	t-value	p-value	Result
H1	Change Management → Organizational Agility	0.412	7.602	0	Accepted
H2	Change Management → Dynamic Capabilities	0.537	9.814	0	Accepted
H3	Dynamic Capabilities → Organizational Agility	0.384	6.227	0	Accepted
H4	Dynamic Capabilities as a Mediator in the Relationship Between Change Management and Organizational Agility	0,206	4,318	0	Accepted

Sources: Processed Data, 2025

Table 1 presents the results of hypothesis testing examining the relationships between Change Management, Dynamic Capabilities, and Organizational Agility. All tested hypotheses show significant results and are accepted. Hypothesis H1 shows that Change Management positively affects Organizational Agility ($\beta = 0.412$, $t = 7.602$, $p = 0$). Hypothesis H2 confirms the positive effect of Change Management on Dynamic Capabilities ($\beta = 0.537$, $t = 9.814$, $p = 0$). Hypothesis H3 shows that Dynamic Capabilities positively affect Organizational Agility ($\beta = 0.384$, $t = 6.227$, $p = 0$), and Hypothesis H4 demonstrates the significant role of Dynamic Capabilities as a mediator between Change Management and Organizational Agility ($\beta = 0.206$, $t = 4.318$, $p = 0$). These results support the positive interaction between the variables in this study.

The mediation test was conducted to examine the role of Dynamic Capabilities in the relationship between Change Management and Organizational Agility. The bootstrapping results revealed a significant indirect effect ($\beta = 0.206$, $t = 4.318$, $p < 0.001$), indicating that Dynamic Capabilities partially mediate the relationship between Change Management and Organizational Agility, as the direct effect remains significant. Furthermore, the model yielded an R^2 value of 0.62 for the Organizational Agility variable and 0.52 for Dynamic Capabilities, indicating a strong explanatory power. Furthermore, all constructs showed Q^2 values greater than 0 (Q^2 for Agility = 0.35; Q^2 for Capabilities = 0.29), signifying that the model has good predictive relevance.

This finding reinforces Kotter's (2012) theory that change management is not merely an administrative process but a strategic driver that lays the foundation for organizational adaptability. MSMEs (Micro, Small, and Medium Enterprises) that are able to cultivate awareness of change, set a clear transformation vision, and encourage employee involvement tend to be more responsive to business environmental dynamics. In the context of NTB (West Nusa Tenggara), which lags in digital adoption, the urgency for a systematic approach to change management becomes more evident. These findings align with Arsawan et al. (2022), who found that organizational agility increases in tandem with successful change management implementation.

Dynamic capabilities have proven to serve as a bridge between change initiatives and organizational agility. This aligns with the framework proposed by Teece, which emphasizes the importance of sensing, seizing, and transforming opportunities for small organizations operating under high environmental pressure. Although many MSMEs in West Nusa Tenggara (NTB) have shown potential in recognizing market opportunities, they often struggle to translate these insights into strategic actions. Therefore, interventions such as targeted training and access to digital technologies that promote learning agility are critically important. This finding is further supported by Al Jabri et al. (2024), who stated that digital transformation can only be effective when accompanied by enhanced dynamic capabilities. With strong dynamic capabilities, MSMEs in NTB have a substantial opportunity to significantly expand their market reach, improve

operational efficiency by 30–40% (based on average findings from SME sector studies in the ASEAN region), and rapidly adapt to digital disruptions and unexpected economic crises. Ultimately, this will strengthen business sustainability and enhance the contribution of MSMEs to inclusive regional economic growth.

Moreover, the integration of Change Management and Dynamic Capabilities into a single agility development framework presents a more comprehensive approach for MSMEs. While these concepts have often been studied in isolation, this study contributes to the literature by showing that change efforts without internal capability building will not result in sustainable agility. This model addresses the dual challenges faced by MSMEs in NTB: low internal readiness and limited adaptation to external changes. Agility, in this sense, is not merely about speed but is the product of a strategically prepared and resilient transformation process.

Practically, these findings suggest that MSME actors must be guided to build internal transformation awareness grounded in long-term strategic vision. This awareness becomes the bedrock for agile responses to shifting business environments. MSMEs also need to strengthen their dynamic capabilities, including the ability to integrate, reconfigure, and adapt internal and external competencies rapidly and effectively. Furthermore, decision-making should involve all organizational levels to foster inclusive and adaptive processes that reflect real-world challenges. On the policy side, localized digital training programs tailored to actual business needs are essential to accelerate innovation adoption. For local governments and support institutions, this integrated approach provides a reference for designing intervention programs that focus on change facilitation and capability development to ensure comprehensive and sustainable transformation of MSMEs.

The effective socialization of change management to MSMEs in West Nusa Tenggara (NTB) can be carried out through several key strategies, including: (1) organizing practice-based training that integrates local case studies and change simulations; (2) direct mentoring by change agents who understand the local cultural and economic context; (3) utilizing digital media and e-learning platforms to reach MSME actors in remote areas; and (4) cross-sector collaboration with universities, MSME associations, and microfinance institutions to create a sustainable learning ecosystem. This approach not only enhances understanding of the importance of change management but also encourages the adoption of adaptive, data-driven strategies in responding to market and technological disruptions.

CONCLUSION

The conclusion of this study highlights that Change Management and Dynamic Capabilities play an important role in enhancing Organizational Agility among MSMEs. Change Management contributes to organizational readiness in facing change, while Dynamic Capabilities strengthen internal adaptive capacity. Both are integrated and form a strategic foundation for MSMEs to survive and grow amid an ever-changing environment. The resulting conceptual model is particularly relevant for implementation in regions such as NTB, which continue to face various limitations.

RECOMMENDATIONS

Based on the findings and limitations of this study, it is recommended that MSME development in West Nusa Tenggara (NTB) focus on enhancing adaptive readiness and digital technology integration through change management training and the strengthening of dynamic capabilities. To address the limitation of the cross-sectional approach, future research should adopt a longitudinal design to better capture the evolving strategies and behaviors of MSMEs over time. Moreover, expanding the study area to other provinces with different socio-economic characteristics will enhance the contextual relevance and external validity of the findings. It is also essential to integrate additional variables such as transformational leadership and institutional

support as mediating or moderating factors in the conceptual model, to provide a more comprehensive understanding of the determinants of MSME competitive advantage in the era of disruption.

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