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THE ROLE OF PRO INNOVATION OPPORTUNITY EXPLOITABILITY AS MEDIATING DYNAMIC CAPABILITIES AND COMPANY PERFORMANCE

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Abstract:
The phenomenon of a decrease in the percentage of palm oil export performance from its overall production from 2017 to 2019 from 77% to 72% is an important highlight in this study. In addition, the role of palm oil export performance in the trade balance of the non-oil and gas sector decreased from 2017 to 2019 from 13.3% (20,341 million USD) in 2017 to 10% (15,574 million USD) in 2019. Furthermore, export performance to countries the main destinations (India, Pakistan, Netherlands, USA etc.) showed a decline from 2017-2019, namely from 20,341 Million USD in 2017 to 15,574 Million USD in 2019 or decreased by about -23%. This study aims to explain how the existing dynamic capabilities become an opportunity to improve the company's performance through the mediating variable, namely Pro Innovation Opportunity Exploitability. The population used in this study is the entire palm oil industry that produces CPO (Crude Palm Oil) products and its derivatives in Indonesia which are registered in related associations and data from the Palm Oil Plantation Fund Management Agency (BPDPKS) of the Ministry of Finance of the Republic of Indonesia and obtained a research sample of 168. The statistical test tool used in this research is WarpPLS 7.0. The results show that Dynamic Capabilities affect the company's performance, then Dynamic Capabilities affect Pro-Innovation Opportunity Exploitability, and Pro-Innovation Opportunity Exploitability affects the Company's performance. This study also proved that Pro-Innovation Opportunity Exploitability mediates Dynamic Capabilities on Company Performance.
Keywords: Company Performance, Pro Innovation Opportunity Exploitability, Dynamic Capability

Introduction

Palm oil as a national commodity plays a very significant role in Indonesia's trade balance in the non-oil and gas sector; wherein 2019, the role of palm oil exports in the non-oil and gas sector was 10% based on BPS 2020 data; this can be seen following the data in Table 1:

Table 1. The Role of Palm Oil Export Performance in the Trade Balance (2017-2019) (Million US$)

Perdagangan	2017	2018	2019
Migas *(Import)*	24.316	29.869	21.885

Migas *(Export)*	15.744	17.172	12.505
Neraca Import	-8.572	-12.697	-9.381
Non-Migas *(Import)*	132.669	158.842	148.842
Non-Migas *(Export)*	153.084	162.841	154.992
Neraca Export	20.415	3.999	6.150
Trade Balance	11.843	-8.698	-3.230
Export Minyak Kelapa Sawit Negara Utama (Non-Migas)	20.341	17.899	15.574
Persentase Palm Oil di Export Non-Migas	13,3%	11,0%	10,0%

Source: BPS Data 2021

The main destinations for palm oil exports are currently following Table 2. as follows:

Table 2. Palm Oil Export Performance by Main Destination Countries, 2015-2019 ("000 000" USD)

Country of destination	2015	2016	2017	2018	2019
India	3.224,3	3.449,5	4.901,2	3.561,5	2.252,0
China	2.451,7	2.190,2	2.651,8	2.637,6	3.019,7
Pakistan	1.319,9	1.301,6	1.474,7	1.445,7	1.169,1
Dutch	735,9	742,3	936,6	711,6	480,2
United States of America	456,8	699,1	938,7	756,8	658,6
Spanish	573,4	695,9	930,0	718,7	572,0
Egypt	688,8	655,4	843,8	577,7	581,1
Bangladesh	674,7	576,2	827,0	846,7	705,2
Italy	709,3	553,7	708,2	544,8	410,2
Singapore	436,7	449,0	403,2	240,1	274,7
Other	5.155,5	4.653,5	5.725,7	5.857,6	5.451,6
Amount	16.427	15.966	20.341	17.899	15.574

Source: BPS Data 2021

The problems in this research are as follows:

1. That there was a decrease in the percentage of palm oil export performance from its overall production from 2017 to 2019 from 77% to 72% only.
2. That the role of palm oil export performance in the trade balance of the non-oil and gas sector decreased from 2017 to 2019, from 13.3% (20,341 million USD) in 2017 to 10% (15,574 million USD) in 2019.

3. Export performance to main destination countries (India, Pakistan, Netherlands, USA etc.) declined from 2017-2019, from 20,341 million USD in 2017 to 15,574 million USD in 2019, or decreased by around -23%.

Problems with the decline in palm oil export performance can be caused by 2 (two) factors, namely a.) Internal factors: 1.) Efficiency and effectiveness in the production line are not optimal, leading to high production costs. 2.) Process technology both in the upstream and downstream sectors that have not been updated, 3.) The complexity of the supply chain, from the procurement of materials to the arrival of products to consumers. 4.) Policies governing industry governance. 5.) Indonesia's conducive geopolitical system greatly influences the growth of the palm oil industry. 6.) Management of palm oil plantations and their industries that need to be considered include: Maintaining a balance between business and society, meaning that the development of the oil palm industry must be able to improve the lives of people around the plantation or the palm oil industry, increase regional economic growth, increase village development so that the community more prosperous, reducing the level of poverty in the area, increasing the level of education of the local community with CSR/Corporate Social Responsibility programs so that the development of the palm oil business also improves the welfare of the community. Furthermore, maintaining the balance of the Environment and Humans, in terms of the development of oil palm plantations and their industries, must have environmentally friendly sustainability patterns, such as maintaining the exploitation of peatlands without proper governance, excessive deforestation for oil palm plantations, which damage environmental ecosystems, and can reduce the effect of greenhouse gases in the upstream to a downstream process; furthermore, the products produced can be beneficial to human health.

Meanwhile, b.) External factors are factors originating from outside Indonesia, such as: 1.) Competition of other vegetable oils in the global competition sector (Rapeseed Oil, Soybean, Sunflower, Tanola, etc.) originating in European countries, America and Russia. 2.) There are trade barriers aimed at the Indonesian government, such as accusations of anti-subsidy and anti-dumping aimed at Indonesian palm-based biodiesel oil. 3.) The imposition of very high import tariffs by export destination countries to reduce the rate of palm oil exports entering the destination country. 4.) Negative accusations against Indonesian palm oil, where oil palm plantations are very expansive compared to other vegetable oils, which are suspected of damaging primary forest ecosystems. Furthermore, fertilizers and palm oil pollution are higher than other vegetable oils, so that the level of environmental pollution is very high. Another thing is that the world's palm oil plantations are wider than the world's vegetable oil. Furthermore, allegations about oil palm plantations are so wasteful of water that it causes the land to become barren and dry. Also, palm oil is not healthy, so that it can interfere with human health.

Based on the problem of declining export performance as described previously, this research takes an approach from the Resource Advantage Theory of Competition (Hunt Shelby, 2020), where the theory of competitive resource advantage is how to manage superior resources so that they can compete in very dynamic market dynamics. In this theory, one of them is how dynamic capabilities (Dynamic Capability) encourage an increase in company performance. Therefore, it is very relevant to the object of research which is experiencing a decline in the

company's performance in the field of palm oil exports; the next reason the palm oil industry is experiencing very tight competition with other vegetable oil industries, on the one hand, domestic challenges also greatly affect it.

The dynamic capabilities of each company are expected to be able to take advantage of the value of existing resources within the company to exploit existing opportunities by carrying out the pro-innovation concept, which is an innovation that can break through current problems to improve company performance. These innovations can be applied in product development, technology, and supply chain systems where from raw materials to products to final consumers can be received on time. Furthermore, production efficiency and effectiveness are needed to have the superior value that can compete in the market.

Several studies related to how dynamic capabilities can affect company performance directly or indirectly, such as: The role of dynamic capabilities in mediating the dynamic influence of the environment and managerial capabilities on company performance in small and medium-sized companies (Permana, Laksamana et al. 2020), new product development and sustainable performance a role of dynamic capabilities and intra-national environmental forces (Liu, Ndubisi et al. 2020), dynamic capabilities and performance of SMEs as a moderating influence of market orientation (Hernández-Linares, Kellermanns et al. 2020), the relationship between dynamic capabilities and firm performance which is influenced by exploitation and exploration capabilities (Zhan and Chen 2010), agility in managing dynamic capabilities to overcome the dilemma of innovators (O'Reilly and Tushman 2008), dynamic environment on company performance (Chan, Yee et al. 2016, Corral de Zubielqui and Jones 2020), technological change (Chan, Yee et al. 2016), Dynamic Capability and Diversification (Sik Cho 2013) and Dynamic Capability for company innovation (Bayighomog Likoum, Shamout et al. 2018).

Dynamic capability is a strategy for managing existing resources to improve company performance. The better the dynamic capability of a company, the better the company's performance, but studies show inclusive findings; this is a research gap to confirm the influence of dynamic capabilities on company performance. The study shows that the positive impact of the dynamic capability strength will be positively correlated with organizational performance (Peng, Zhang et al., 2019); the study concludes that the company's dynamic capability has a positive and significant relationship with company performance, and the dynamic capability strength has a negative correlation with organizational tension. Significantly (Peng, Zhang et al. 2019), the effect of dynamic capabilities on the performance of small and medium-sized enterprises is moderated by market orientation (Hernández-Linares, Kellermanns et al. 2020); this study shows a positive relationship rather than dynamic capabilities on firm performance mediated by innovation (Saenchaiyathon and Liengjindathaworn 2019). Other research shows that dynamic capabilities have no direct effect on organizational performance (Takahashi, Bulgacov et al. 2017), dynamic capabilities improve store performance, and that knowledge resources and learning mechanisms positively affect dynamic capabilities (Chien and Tsai 2012). However, another study shows that there is no significant effect of dynamic capability on company performance (Mustikaningsih, Cahyandito et al. 2019), from the dynamic capability variable dimension.

Furthermore, the research problem is how dynamic capabilities in managing resources that have value can be utilized to improve company performance. This study's formulation of the problem is based on previous research gaps related to how dynamic capabilities can affect company performance. The formulation of this problem further explains how the existing dynamic capabilities become an opportunity to improve the company's performance through the mediating variable, namely the Pro Innovation Opportunity Exploitability.

Literature Review

The study results of Peng et al. (2019) found that dynamic capabilities, divided into exploitation and exploration capabilities, have a non-linear and significant effect on company performance. While the results of the study of Hernadez et al. (2020) found that from the four dimensions of dynamic capabilities, namely sensing, learning, integrating, and coordinating, where the dimensions of learning (Learning) & Integrating (Integrating) are getting better, it affects the company's performance significantly. Companies must apply learning science and raise new information related to the development of new technologies for the development of new products must be transferred to the human resources who work at the company. Furthermore, when a thorough integration of the team of workers from each division has the same perspective on their work targets, this will improve the company's performance. The results of the study by Shih & Ching (2012) show that the better the company's dynamic capabilities, the more the company's performance will improve. Furthermore, when a company uses digital technology in its processes and marketing as a form of dynamic capability, it further improves its performance (Wang 2020). Based on the descriptions above, the hypotheses to be expressed are as follows:

H1. Increasing dynamic capabilities will improve company performance.

Companies that do activities with no mastery in exploring the resources they have properly and appropriately, or, in other words, the exploration power is normal and tends to be weak, and then the company can be eliminated from the market. A dynamic and rapidly changing environment requires corporate organizations to adapt more quickly in managing their resources effectively and efficiently. Therefore, in addition to companies that are getting better at managing their dynamic capabilities, it will encourage the company's competitiveness and ultimately improve company performance; dynamic capabilities will also encourage the company to have more strategies to be able to exploit existing opportunities with pro-innovation within the company itself. Chen, Wang et al. 2015, Nguyen, Yu et al. 2015, Karch, Nicholson-Crotty et al. 2016, Kraśnicka, Głód et al. 2017, Kuckertz, Kollmann et al. 2017, Lee, Woo et al. 2017, Yoshikuni and Albertin 2017, Oleksiuk 2018, Vecchio, Secundo et al. 2019, Vézina, Ben Selma et al. 2019, Oduro 2020).

The research results from Nguyen (2015) show that science as part of the capability capability has a positive and significant influence on the developed Brand Innovation. Chen et al.'s (2015) research show that the capability to utilize information technology will further enhance the product innovation capability mediated by corporate entrepreneurship. Oduro's research (2020) that there are limited scientific resources is not an obstacle to open company innovation, but obstacles in carrying out company strategies will have a negative influence on

company innovation. In Oleksiuk's research (2018) that innovation in the public sector requires a pro-innovation employee attitude, this empirical research focuses on the pro-innovation attitude of employees in government organizational units (knowledge of being elected related to innovation, innovative nature, readiness to act in certain local aspects), and on the barriers and catalysts of the innovation process itself, the results show that Spanish and Polish respondents show positive attitudes towards innovation and innovative processes more often than negative or neutral attitudes on the issues at hand. In the interpretation of this research, it also applies when dynamic capabilities are carried out better, it will encourage the capability to exploit opportunities with pro-innovation from the company's human resources for the better (Oleksiuk 2018). Based on the descriptions above, the hypotheses to be expressed are as follows:

H2. Increasing dynamic capabilities will increase the Pro Innovation Opportunity Exploitability.

The better Pro Innovation Opportunity Exploitability will further encourage increased company performance both in the financial and non-financial sectors (Cater and Pucko 2005, Lam 2012, Wang 2019, Xie, Huo et al. 2019, Hiong, Ferdinand et al. 2020, Maldonado - Guzman and Garza-Reyes 2020). Several studies also prove that the company's innovation capability positively influences company performance. Research Maldonado Et. For example, Al (2020) shows that eco-innovation practices positively influence both sustainable and business performance in the automotive and spare parts industry. Where Eco-Innovation is the development or implementation of (new) products, services, processes, or management systems that can produce various environmental benefits (Maldonado-Guzmán and Garza-Reyes 2020). More lag Xie et al. (2019) revealed that when process and green product innovation improve, it will encourage the company's performance to be significantly better. Based on the descriptions above, the hypotheses to be expressed are as follows:

H3. The increasing Pro Innovation Opportunity Exploitability will improve the company's performance.

Increasing the company's dynamic capabilities will further increase the exploitation of the company's pro-innovation opportunities (Nguyen et al., 2015, Darawong, 2018, Nguyen 2018, Wang et al., 2019, Zhou & Cao, 2019, Oduro 2020). The results of research from Nguyen (2015) show that science as part of the capability capability has a positive and significant influence on the developed brand innovation. Chen et al. (2015) research show that the capability to utilize information technology will further enhance the product innovation capability mediated by corporate entrepreneurship. This also supports that the increasing dimensions of the company's organizational strategic capabilities will also encourage increased exploitation of pro-innovation opportunities to answer existing business opportunities. Increased research and development capabilities will also encourage increased exploitation of pro-innovation opportunities for companies and increasing organizational management

capabilities in improving human resource capabilities will encourage increased innovation power.

Increasing Pro Innovation Opportunity Exploitability that are getting better will certainly encourage increased company performance (Zhan & Chen 2010, Lam 2012, Kuckertz et al. 2017, Wendra et al. 2019, Xie et al. 2019, Wang 2019, Sahi et al. 2020, Hiong et al. 2020, Maldonado-Guzman & Garza-Reyes 2020). Research Maldonado Et. Al (2020) shows that eco-innovation practices positively influence both sustainable and business performance in the automotive and spare parts industry. Xie et al. (2019) revealed that when process and green product innovation improve, it will encourage the company's performance to be significantly better. Based on the description above, this study reveals how the indirect effect of dynamic capabilities on company performance is mediated by exploiting the company's pro-innovation opportunities with the following hypothesis:

H4. Increasing dynamic capabilities mediated by Pro Innovation Opportunity Exploitability will improve company performance.

Methods

Based on the research research design, this research is a type of causal research. This research is planned for Indonesia's entire Palm Oil Industry, including the Oil Palm Plantation Industry and its downstream industry, which sells domestic and export products. The population of this research is the entire palm oil industry that produces CPO (Crude Palm Oil) products and its derivatives in Indonesia which are registered in related associations and data from the Palm Oil Plantation Fund Management Agency (BPDPKS) of the Ministry of Finance of the Republic of Indonesia in 2019-2020, namely 289 companies. 5% research error, so the number of samples (n) is 168 companies. The sampling technique used is probability sampling, which is where all members of the population have the same opportunity to be sampled (Sugiyono 2020). The type is by Proportion Stratified Random Sampling, which is a method of sampling from a different population in a certain way so that each population has the same opportunity so that the number of samples is 168 respondents. The data analysis method used in this research is descriptive statistical analysis and inferential statistical analysis, namely Warlp Partial Least Square (Warp PLS 7.0).

Results and Discussion

A validity test is a statistical test conducted to test how valid the question instrument is to measure the variables studied. The test criteria on the instrument are said to be valid if the value of r 0.3 (Sugiyono, 2013). The reliability test is concerned with consistency in a certain time interval. Instruments with reliability will be able to measure repeatedly but still produce the same data (consistent). Testing the reliability of the question items used is the Alpha Cronbach method with an acceptable cut of point with a value of 0.6 (Sekaran, 2013). Based on the results of the validity and reliability test of the instrument, it shows that all research variables are valid because the correlation coefficient value of all items or statement items is greater than 0.3 and all research variables have Cronbach Alpha values greater than 0.6, meaning that it can be concluded that all statement items can be trusted for their reliability.

Therefore, it can be concluded that all statement items are valid and reliable and can be used to measure each indicator and its dimensions in further analysis of the research model.

Table 3. Validity and Reliability Test

Variable	Dimensions	Item	Correlation Coeff.	Description	Cronbach's Alpha	Description
Dynamic Capabilities	Corporate Strategy Capability	X1.1	0,629	Valid	0,784	Reliable
		X1.2	0,648	Valid		
		X1.3	0,515	Valid		
		X1.4	0,537	Valid		
	Research and Development Capability	X2.1	0,535	Valid		
		X2.2	0,543	Valid		
		X2.3	0,665	Valid		
		X2.4	0,526	Valid		
	Organizational Management Capability	X3.1	0,614	Valid		
		X3.2	0,490	Valid		
		X3.3	0,467	Valid		
Exploitation Pro Innovation Opportunities	Business Model	X1.1	0,618	Valid	0,684	Reliable
		Z1.2	0,541	Valid		
	business prospect configuration	Z2.1	0,550	Valid		
		Z2.2	0,734	Valid		
		Z2.3	0,649	Valid		
	Business Co-Creation Platform	Z3.1	0,466	Valid		
		Z3.2	0,562	Valid		
Company's Performance		Y1	0,766	Valid	0,916	Reliable
		Y2	0,909	Valid		
		Y3	0,873	Valid		
		Y4	0.846	Valid		
		Y5	0,931	Valid		

Source: Data Processed 2021

The model in this study is said to be fit if the model is supported by empirical data and meets the criteria for the goodness of fitness of the structural model. In WarpPls version 7.0 provides a measure of goodness from the following 5 criteria as shown in table 5.19, namely APC (Average path coefficient), ARS (Average R-Square), AARS (Average adjusted R-Squared), AVIF (Average block VIF), AFVIF (Average full collinearity).

Table 4. Goodness-of-fit-Model

Model fit and quality indices

Average path coefficient (APC)=0.419, P<0.001
Average R-squared (ARS)=0.379, P<0.001
Average adjusted R-squared (AARS)=0.373, P<0.001
Average block VIF (AVIF)=2.099, acceptable if <= 5, ideally <= 3.3
Average full collinearity VIF (AFVIF)=1.787, acceptable if <= 5, ideally <= 3.3

Source: Data Processed 2021

From the test results with the WarpPls 7.0 software in Table 4, the evaluation shows the APC value for the research model is 0.419, and the significance of P < 0.001, and the value of ARS 0.379, with a significance level of P < 0.001, and the value of AARS 0.373, with a significance level of P <0.001. Furthermore, the results of primary data processing also show that the AVIF value of the 2.099 models is ideal because it is smaller than 3.3, so it can be concluded that there is no multicollinearity in this model. Therefore, it can be concluded that the research model is a very good fit model because it meets the criteria for the goodness of fit structural model. The results of testing the direct influence of dynamic capability variables on company performance can be proven by the estimated path coefficient value of 0.29 with a positive direction, meaning this relationship shows a unidirectional relationship where when the company's dynamic capabilities increase, the company's performance will increase. This positive relationship is also significant, with a significance value of P < 0.01, which is smaller than the value of alpha (α) = 0.05. The results of hypothesis testing (H1) show that dynamic capabilities have a positive and significant effect on company performance, meaning that the more dynamic the company's capabilities are, the more direct and significant an increase in company performance will occur. Thus, the hypothesis in this study follows the reality that occurs in the research object, and it can be concluded that H1 is acceptable.

The study results indicate that increasing the company's dynamic capabilities further increases the company's performance in the first dimension of dynamic capability, namely in terms of strategic organizational capabilities, where almost all respondents agree with an average value of 4.29 that by increasing the strategic organization of oil palm companies, they will be able to win the global competition. Respondents agreed that companies should continue to carry out their strategies such as capturing wide vegetable business opportunities in European countries or American countries, not focusing only on Asian countries, although, in fact, there are many threats that palm oil companies get from negative campaigns by vegetable oil business actors in these countries. Of course, when Indonesian palm oil companies can take

advantage of this and this threat can be managed into a new business opportunity in a similar vegetable industry, so almost 85% of respondents consisting of managers, directors, and middle management of corporate organizations see that the company's organizational strategy can be developed to see the positive side of every vegetable oil business opportunity globally. On the other hand, improving the company's organizational strategy must be strengthened by the entrepreneurial spirit of the leader or owner of the company's organization itself, so that it can synchronize and align the company's vision with employees. It is very interesting when company leaders can explain to employees related to the company's vision in the future, such as conveying the company's expansion plans to other countries, so it is necessary to conduct socialization and preparation of human resources towards that direction to capture vegetable oil business opportunities there, either directly or indirectly. It will encourage employee morale and ultimately improve the company's performance.

The second dimension in the dynamic capability of this company is how the company's ability to be able to conduct research and development on palm oil products that are more valuable than other vegetable oils globally. Respondents overall agree with a score of 4.26 for this statement, or about 86% of 173 respondents, meaning they strongly agree that the company must conduct a management review of the company's strengths and weaknesses periodically in management meetings at lower management levels (such as daily supervisor and operator meetings), middle management (meetings of managers from all departmental lines), and also top management meetings (meetings of Heads of Business units) this needs to be done to get input from all levels related to internal problems such as defective products due to the quality of the oil produced does not match, consumer complaints, especially from palm oil exporting countries, production technology that is no longer reliable and obsolete, and environmental issues are also discussed in every meeting. It needs to be done so that the company as a whole can see the company's internal constraints or weaknesses. Every input from all members of the company's organization becomes an input for the company to address the company's weaknesses, but on the other hand, the company must honestly be able to explain the company's advantages and the company's performance that has been achieved periodically. In addition, it needs to be done to encourage employee morale to work more.

Furthermore, in this dimension, respondents also agree that palm oil companies should not focus on already mature market products, which people are familiar with. Things that consumers commonly use, but on how to produce and develop products that have more value, and that has been successful in our country such as palm oil that has been processed into biodiesel oil which is a substitute oil for diesel oil, bio-avtur oil as a substitute for avtur oil, and in the future palm-based gasoline oil is commonly called HVO (Hydrogenation Vegetable Oil). Many types of palm oil can be developed again. The development of this new product is, of course, produced following consumer desires or needs, so it is necessary to conduct global market research to answer this need. In the end, there are times when every new product development certainly requires the addition of new technology and upgrading of new technology to produce a perfect process to produce the new product.

The last dimension that is very important according to the respondents who can improve the dynamic capabilities of the company and ultimately increase the company's performance is the company's organizational management capability, which is almost 90% with a value of 4.29

respondents agree that the better able to manage company organizational management will improve company performance. Companies must be flexible when getting input from internal customers, namely from line departments within each company organization and most importantly, also very flexible in receiving input from feedback from customers on the products they receive, meaning that they do not maintain that the palm oil products produced are already the best, so that there is always room for development. The management of the company's organization must also be very routine and scheduled to interact directly with company employees to find out the condition of workers so that the company can respond to any existing work problems. The most important thing that is also strongly supported by the respondents is that the increased interaction with the community around the company also greatly affects the company's performance. For this reason, companies must be able to prepare social and environmental programs in the form of educational support such as scholarship programs, environmental conservation programs, health and so on, as evidence of the company's concern for the surrounding community. Furthermore, the most important thing is to interact with consumers directly through the provision of scientific discussion forums internationally by inviting consumers to become a place to promote Indonesian palm oil, and also how to promote in the global community of leaders to campaign for palm oil.

On the other hand, there are indeed respondents, or almost 12% are neutral, and 1% disagree, with the above, because according to them, there are still many companies in improving their capabilities not in a good way so that it actually reduces the performance of the company itself. As for some examples that they think are a problem, how is corporate governance when opening new land for oil palm plantations in a way that is not environmentally friendly, so that it is in the spotlight of foreign media and becomes a threat to the palm oil industry, for that we need a management of the palm oil industry from upstream to downstream which is more sustainable and environmentally friendly. It supports the research of Zhan & Chen, 2010 which says that when a company has better strategic capabilities, the exploration capability of internal resources will be stronger in improving company performance in dynamic environmental conditions. Furthermore, Zhan & Chen said that the capability to exploit better resources would directly improve the company's performance (Zhan & Chen, 2010). Furthermore, the results of this study also strengthen support for the strength of dynamic capabilities to be positively correlated with organizational performance (Michael Yao-Ping Peng, Zhaohua Zhang, Hsin-Yi Yen 3, and Shu-Mi Yang, 2019; Shih-Yi Chien, Ching-Han Tsai, 2012). Research also proves that research that states that dynamic capabilities do not have a significant effect on company performance (Mustikaningsih et al., 2019) are refuted by the results of this study, especially in the palm oil industry, it is very necessary to increase the company's dynamic capabilities internally and externally. To encourage increased company performance.

The results of testing the direct influence of dynamic capability variables on the Pro Innovation Opportunity Exploitability can be proven by the estimated path coefficient value of 0.70 with a positive direction, meaning this relationship shows a unidirectional relationship where when the dynamic capabilities of the company increase, the exploitation of pro-innovation opportunities will increase. Furthermore, this positive relationship is also significant, with a significance value of $P < 0.01$, which is smaller than the value of alpha (α) = 0.05. Therefore, hypothesis testing (H2) results show that dynamic capabilities have a

positive and significant effect on exploiting the company's pro-innovation opportunities, meaning that as the company's capabilities increase, there is a direct and significant increase in the exploitation of the company's pro-innovation opportunities. Thus, the hypothesis in this study follows the reality that occurs in the research object, and it can be concluded that H2 is acceptable.

The results show that increasing the company's dynamic capabilities will further increase the exploitation of the company's innovation opportunities. This study shows that 82%, or with a value of 4,13, agree with all dimensions and indicators of exploiting pro-innovation opportunities, where the correlation factor between dynamic capability variables and exploiting pro-innovation opportunities is 0.7 with a significance level of < 0.01, which is lower than 0.05. It shows that the company respondents agree that when the dimensions of the company's organizational strategic capabilities are increased, there will be an increase in the dimensions of exploiting pro-innovation opportunities, namely the dimensions of building new business models. Furthermore, it shows that when companies get new business opportunities or global business threats in the vegetable oil industry and can manage them into a business opportunity for palm oil companies, this will encourage the company's creativity to design a new company business model, namely a new and innovative business plan that different from similar vegetable companies. The results of this study also show that the increasing dimensions of the company's dynamic capabilities further encourage the increase in the configuration dimensions of the company's business prospects, namely how palm oil companies can re-evaluate the business to answer existing vegetable oil business opportunities, even respondents also agree to reconfigure the business with the aim of to answer consumer needs for previous consumer dissatisfaction in foreign countries. Furthermore, respondents also agreed that increasing the company's strategic capabilities will encourage cooperation with consumers by building a business cooperation platform as the third dimension of exploiting sustainable pro-innovation opportunities to answer consumer needs in countries such as Europe and America. In the form of process technology cooperation, such as semi-finished products from Indonesia that can be reprocessed or packaged according to the local needs of the destination country, the aim is to provide benefits between the seller and the buyer.

Respondents also agreed that when the dimensions of dynamic capabilities for research and development capabilities increase, the exploitation of pro-innovation opportunities will increase, including the business model dimensions, the configuration of business prospects and the building of a joint business platform. This study reveals that when the company's organization can analyze the weaknesses and strengths of the company currently, the palm oil industry will be able to build a new business model that is more innovative, and different from the current business model because it is considered not to meet market needs. Respondents also agree that the impact of increased research and product development, such as how to produce palm oil products that are distinctive and different from other vegetable oil products, will directly increase the company's ability to re-evaluate existing businesses and reconfigure business configurations to meet consumer needs. Furthermore, increasing research and development capabilities ultimately requires companies to build business platforms together with consumers, because sometimes the palm oil industry requires support for sophisticated process technology that can be obtained from other countries. The research and development

results of these products in response to consumer needs can also be the basis for cooperation with consumers when the product requires further processing in accordance with local needs where the consumer country is located.

The ability of the company's organizational management as the last dimension of dynamic capability in this study also shows that the more this capability increases, it will encourage an increase in all dimensions of exploiting pro-innovation opportunities. It is shown when the company is increasingly able to socialize the company's vision to all lines of the company's departments, the company's organization will be able to harmoniously build a new business model of the company, be able to reconfigure the business after evaluating and rearranging the business based on the weaknesses obtained during the re-evaluation process. The company's vision is to answer consumer needs to be aligned in the work operation units of employees and departments. The results of this study support previous research which says that increasing the company's dynamic capabilities will increase the company's ability to explore and exploit opportunities (Nguyen et al., 2015; Darawong, 2018; Nguyen, 2018; Wang et al., 2019; Zhou & Cao, 2019; Oduro, 2020). Every dynamic company, in the face of dynamic environmental changes, must also, of course, be able to take advantage of or exploit all opportunities that exist by utilizing its internal resources with a pro-innovation model (Lee, Woo, & Joshi, 2017). Furthermore, the influence of strategic capabilities can positively improve brand innovation performance (Nguyen et al., 2015).

The results of testing the direct influence of the Pro Innovation Opportunity Exploitability variable on the company's performance can be proven by the estimated path coefficient value of 0.27 with a positive direction, meaning this relationship shows a unidirectional relationship where when the pro-innovation opportunity exploitation increases, the company's performance will increase. Furthermore, this positive relationship is also significant, with a significant value of $P < 0.01$, which is smaller than the alpha value (α) = 0.05. Therefore, the results of hypothesis testing (H3) show that the exploitation of pro-innovation opportunities has a positive and significant effect on company performance, meaning that the more pro-innovation opportunities are exploited, the direct and real increase in company performance will occur. Thus, the hypothesis in this study follows the reality that occurs in the research object, and it can be concluded that H3 is acceptable.

The study results show that the increased exploitation of pro-innovation opportunities will further improve the company's performance. The relationship between the two variables is positive, with a value of 0.27 at the significance level below 0.01. which means that the more pro-innovation opportunities are exploited, the direction will increase the company's performance significantly. The business model developed by the company is a new business design in the palm oil industry that is very specific to meeting consumer needs; this will improve the company's performance. This business model will also increase efficiency in managing company assets and increase the company's vegetable oil market share from the palm oil sector, and in the end, will increase the total sales performance of the palm oil industry itself.

In addition to building new business models, other ways to improve company performance are expressed in the configuration dimension of business prospects. In this dimension, when the company socializes its vision in detail to members of the company's organization, it will certainly increase work efficiency and effectiveness, encouraging

increased performance as described previously. Re-evaluating the current business by comparing its previous performance needs to be done to adjust the market conditions that have developed, then the results of the evaluation are the basis for developing further business strategies, so that directly or indirectly this will affect the company's better performance. Furthermore, by building a creative business platform together with consumers with an approach based on consumer needs in the palm oil industry, it will be possible to produce more efficient and effective products, and the manufacturing process will be more environmentally friendly. This product will certainly be of interest to the European and American markets or other countries in Asia, which so far have doubts about the reliability of vegetable oil products sourced from palm oil. Involving consumers in the palm oil supply chain also provides direct evidence to them that the oil is managed with environmentally friendly principles, so that sales volume will increase and boost the company's export performance.

It supports previous research which revealed that exploiting pro-innovation opportunities led to increased company performance (Zhan & Chen, 2010; Lam, 2012; Kuckertz et al., 2017; Wendra et al., 2019; Xie et al., 2019; Wang (2019); Sahi et al., 2020; Hiong et al., 2020; Maldonado-Guzmán & Garza-Reyes, 2020). In addition, research by Xie et al., (2019) revealed that when process and green product innovation improve, it will encourage the company's performance to be significantly better. It is in line with when innovation in the process of producing environmentally friendly palm oil will certainly improve the company's performance. So this study further strengthens research that says the better exploitation of pro-innovation opportunities will further encourage increased company performance both in the financial and non-financial sectors (Cater & Pucko, 2005; Hiong et al., 2020; Lam, 2012; Maldonado- Guzmán & Garza-Reyes, 2020; Wang, 2019; Xie et al., 2019).

The indirect effect of dynamic capability (DC) on company performance (CP) through Pro Innovation Opportunity Exploitability (PIOE) is positive and significant, which can be seen from the coefficient value from DC to PIOE of 0.7 with P-value <0.01 and coefficient value of PIOE to CP 0.27 with a P-Value < 0.01, i.e., the two P-Value values of the relationship do not exceed the alpha value (α) = 0.05. It is also supported based on the processing of WarpPls 7.0; the coefficient on the mediation effect also shows a value of 0.189 and a P-value of an indirect relationship of P-Value < 0.01. Therefore, it proves that increasing dynamic capabilities mediated by exploiting pro-innovation opportunities will improve company performance. This result also proves that improving the company's performance can be done by increasing the company's dynamic capabilities directly and can also be done by increasing the exploitation of the company's pro-innovation opportunities because partial mediation is complementary (complementary mediation), namely direct and indirect effects both show significant results and have a positive impact. In the same direction, so that in this case, Hypothesis 4 can be accepted.

The results of this study indicate that Pro Innovation Opportunity Exploitability mediates the influence of dynamic capabilities on company performance. It can be seen from the relationship of the three variables, the indirect effect of dynamic capabilities on company performance through exploiting pro-innovation opportunities is positive and significant. Therefore, it can be interpreted that increasing the company's dynamic capabilities can improve company performance by exploiting pro-innovation opportunities rather than companies.

Respondents agree that when the company's dynamic capabilities, namely the dimensions of the company's organizational strategic capabilities, are increasing, such as the ability to see the threat of a similar palm oil business into a new business opportunity, it will increase the company's innovation power through the exploitation of pro-innovation opportunities which include the ability to build a business model. New capabilities, the ability to configure business and build a creative business platform. Together with consumers in the same direction, it will further increase efficiency and effectiveness in all processes to produce these palm oil products. As a result, the respondent believes it will increase sales market share, increase total sales from before, and ultimately improve the company's overall performance. Furthermore, respondents agree that increasing the company's research and development capabilities as the second dimension of dynamic capability itself, such as the ability to re-evaluate weak palm oil products from other vegetable oils so far in the global market, is the basis for forming new, superior products. It will further encourage an increase in the ability to exploit opportunities with pro-innovation companies to build business models that address the problems of the previous company's weaknesses, become the basis for rearranging existing business processes so that they are more competitive, and become the basis for more active involvement of consumers in the business process chain. For the benefit of both parties. This is seen as increasing the company's performance both from a financial standpoint, providing separate financial benefits for the company, as well as an increase in foreign exchange export taxes for the state, and an increase in the performance of the non-financial sector such as better efficiency and effectiveness in processing company assets, directly or indirectly.

Increasing the capability of the dimensions of the company's organizational management is getting better; of course, it will also improve the company's performance, with the role of exploiting pro-innovation opportunities as a supporting variable. For example, it can be seen when the company can better manage human resource management by producing a reliable and skilled workforce, managing customer needs specifically and transforming within the company's organizational department lines; this will indirectly improve company performance. It supports previous research which says that improving the company's dynamic capabilities will improve company performance indirectly with the role of company innovation. To adapt business conditions to the business environment, it is necessary to realize business model innovation; in this case, a company's dynamic capabilities are the resources expected to improve company performance through company innovation (Randhawa et al., 2020).

Conclusion

Based on the results and discussion of this research, it can be concluded several important things, namely:

1. Good dynamic capability management in the palm oil industry will be able to improve the company's performance directly. Increasing the capability of organizational strategy is the first dimension of capability. Dynamics is seen as very effective in improving the company's performance; this is reflected in its indicators, such as the company's ability to capture new business opportunities and manage other vegetable oil threats into business opportunities, directly encouraging performance improvements. Another indicator is that the leadership spirit of the company also has an important role in

improving the company's performance. Good leadership will be able to manage the resources of the company's organizational members well to boost the company's performance. Research and development capabilities as a second dimension are also able to encourage and prove in research indicators such as companies must be able to evaluate internally the weaknesses and strengths of the company and further flexibility in responding to developing products that suit consumer needs supported by the flexibility of adopting the latest technology will be able to improve efficiency and effectiveness of work and ultimately encourage increased company performance. Organizational management capability, as the final dimension of dynamic capability in this study, is also able to encourage the improvement of company performance directly, which is reflected by indicators of being able to meet specific customer needs, and translating them into company work units, synchronizing the company's vision to every line department within the company's organization is important, where this will encourage the acceleration of improving the company's performance.

2. Improved dynamic capabilities will also encourage an increase in exploiting the company's pro-innovation opportunities. It can be seen from every dimension of dynamic capabilities, namely organizational strategy capabilities, research and development capabilities, and organizational management capabilities, that oil palm companies that are getting better will encourage their ability to exploit existing opportunities with pro-innovation. The stronger the application of these three dimensions will encourage the company's ability to build a company business model with a business model that is built to produce innovative and distinctive products. Furthermore, the increase in the company's dynamic capabilities will also encourage efforts to make efforts to configure better business prospects; the configuration of business prospects is reflected in indicators such as the ability to reformulate the business in detail and socialize it to every employee in the department line, the configuration is also in the form of the ability to re-evaluate business as a whole to see if the current business processes are suitable to meet the needs of a very dynamic market. In the end, the company's dynamic capabilities that are getting better will certainly encourage the ability to rearrange business strategies that are right on target.
3. The better the ability to exploit pro-innovation opportunities, the better the company's performance. The company's ability to build a business model, reconfigure the business to answer the company's current weaknesses so that it can provide the right solution, and when the company gets closer and builds a business platform together with consumers, it will directly increase the company's market share, and increase the effectiveness and efficiency of the company. The company's efficiency and in total increases the company's profits were, in the end, the overall company performance increases.
4. This research also reveals that the increasing dynamic capacity will also indirectly encourage the improvement of company performance through the increased role of exploiting the company's pro-innovation opportunities. Therefore, when the dynamic capabilities of the company increase and have been explained previously, the exploitation of pro-innovation opportunities in the palm oil industry also increases, and

the company's performance will increase; this can be seen in the company's global market share increasing, the level of asset management becoming more efficient, and the company's global profits as well. Increase.

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