

ABSTRACT

The purpose of the current study is to develop a new theoretical approach in solving conceptual controversy regarding the effect of collaboration on performance. Through in-depth theoretical analysis, this study is expected to obtain a conceptual model of collaborative capabilities that begins with a concept to develop dynamic collaborative capabilities, so as to improve business performance.

The population in this study is the Islamic Financial Services Cooperatives in Central Java province with a sample size of 151 respondents from several counties and cities in Central Java. Respondents are the managers of the Islamic Financial Services Cooperatives. Sampling technique being used was purposive sampling. Data was collected with a questionnaire consisting of a combination of open and closed questions. The data were analyzed using Structural Equation Model (SEM).

The results of this study shows that the orientation of collaboration and sustainability of the collaboration have a positive and significant impact on organizational flexibility. Learning capability and experience of collaboration have a positive and significant impact on superior resource integration capabilities. Organizational flexibility has a positive and significant impact on organizational effectiveness, but it has not a significant direct impact on business performance. Superior integration capabilities resources have a positive and significant impact on organizational effectiveness and innovation of products and services, but it has not a significant direct impact on business performance. Effectiveness of the organization has a positive and significant impact on business performance. Innovation of products and services has a positive and significant impact on organizational effectiveness and business performance.

Theoretical findings of this study are (1) provide support to the theory of resource based view, interorganizational relationship, interfirm collaboration, organizational, organizational effectiveness, innovation, co-operatives dan shari'a, (2) describing the effect of the concept of shari'a to the organizational flexibility, (3) provide support to the concept of the profit loss sharing in shari'a, (4) enriching the literature on the role of learning mechanisms and drivers of dynamic collaboration capabilities to business performance improvement in the Islamic Financial Services Cooperatives.

Keywords: collaborative capabilities, relationships, organizational effectiveness, business performance, learning and cooperative shari'a.