The Dynamic Capability Factors Forming in Improving Sustainable Regional Development for Housing In Wonogiri Regency Central Java Indonesia

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Abstract – This study examined the dynamic capabilities of the Wonogiri Regency Government in promoting sustainable regional development, with a focus on providing adequate housing. The study identifies key factors contributing to these capabilities. Conducted from May to August 2024 with eight key informants, this study used qualitative research method with interactive data analysis and source triangulation for validation. Initially, Wonogiri Regency faced a low Human Development Index (68.23) and a high poverty rate (13.12%). However, in 2023, it exceeded its housing improvement target, reducing substandard housing by 31.03%, surpassing the 26.29% goal. From 2019 to 2023, 22,940 homes were improved, showing significant progress from the initial count of 25,002 units in 2019. This study revealed that key factors which contributing to the dynamic capabilities of Wonogiri Regency Government for providing adequate and livable housing were "sambatan" local culture-based community engagement, leadership, multi-level governance, capacity building, and resource mobilization. The innovation "RUMANIS DATANG SI KUMIS HILANG" program, as local housing development which significantly reduced substandard housing, promoting sustainable development in Wonogiri Regency. The implication of thi study highlighted the importance of community engagement, effective leadership, and collaborative governance in achieving sustainable urban development.

Keywords: Dynamic Governance, Sustainable Development, Local Culture Based Community Engagement, Leadership, Multi-Level Governance, Wonogiri Regency

1. INTRODUCTION

Wonogiri Regency is currently facing substantial challenges in achieving sustainable development, particularly in the housing sector. The region's Human Development Index (HDI) is notably low at 68.23, and the poverty rate is high at 13.12%, indicating significant socio-economic issues that need urgent attention (Indonesian Bureau of Statistics, 2023). Addressing these challenges requires a thorough investigation into the dynamic capabilities within the local government that can drive sustainable development (Teece, Pisano, & Shuen, 1997). The low HDI and high poverty rate in Wonogiri Regency highlight the pressing need for improved housing conditions and sustainable development initiatives. This research aims to enhance housing conditions and promote sustainable development by examining the dynamic capabilities present in the local governance structures (Barney, 1991). This study will focus on ensuring adequate housing as a key component of sustainable development. The theoretical challenge involves identifying the factors that contribute to dynamic capabilities in local governance.

According to Neo and Chen (2020), dynamic capabilities encompass adaptive, absorptive, and innovative capabilities, which collectively enable organizations to sense, seize, and transform opportunities in the marketplace. By fostering these capabilities, organizations can enhance their agility, resilience, and competitiveness in the face of evolving market conditions and industry disruptions. Understanding the elements that foster dynamic capabilities in local governance is a primary challenge.

The goal of this research is to pinpoint the key factors that can improve sustainable development practices. The effective integration of adaptive, absorptive, and innovative capabilities allows organizations to adapt to change, renew their strategies and offerings, and reconfigure their resources to maintain a strategic fit with the external environment (Teece, Pisano, & Shuen, 1997). There is a scarcity of studies focusing on dynamic capabilities in local government concerning sustainable housing. Thus, a comprehensive analysis of the factors influencing these capabilities in Wonogiri Regency is necessary. Previous research has shown that dynamic capabilities are crucial for organizations to remain competitive and responsive to changes (Eisenhardt & Martin, 2000). The current literature lacks a thorough examination of the factors affecting dynamic capabilities in Wonogiri Regency. This study seeks to bridge this gap by providing detailed insights into the elements that can enhance sustainable development in the region.

The development of adequate housing is a crucial aspect of sustainable development, aligning with several Sustainable Development Goals (SDGs). Adequate housing not only provides shelter but also enhances the overall well-being and happiness of the local community by addressing various socio-economic and environmental factors. For instance, by providing safe and affordable housing, local governments can alleviate poverty (SDG 1) and improve health outcomes (SDG 3) by reducing the incidence of diseases associated with poor living conditions (UN-Habitat, 2020; WHO, 2018). Moreover, adequate housing is essential for creating sustainable cities and communities (SDG 11). It ensures inclusive and resilient urban growth, providing all residents with access to basic services and infrastructure, thereby promoting social cohesion and reducing inequalities (OECD, 2020). Additionally, sustainable housing development can contribute to climate action (SDG 13) by incorporating energy-efficient designs and renewable energy sources, which help reduce the carbon footprint of residential areas (IPCC, 2014).

One of the regions in Indonesia that has implemented the local development of regional livable and healthy houses as a form of implementation of sustainable development at the regional level is Wonogiri Regency. Wonogiri Regency is subregional of Central Java Province. The Width of Wonogiri Area is 190,423 hectares. Wonogiri total population is 1,074,474, consist of 537,715 male and 536,759 female. Wonogiri Regency consists of 25 sub-districts, 251 villages and 43 sub-subdistricts. Wonogri Regency bordered by Gunung Kidul District of Yogyakarta and Pacitan, Ponorogo, Magetan District of East Java Province, East Java and Sukoharjo, Klaten, Karanganyar, Central Jawa Province. In 2019, Wonogiri Regency faced relatively low HDI (68.23) and high poverty rate (13,12%) ("Profil Kabupaten Wonogiri" https://wonogirikab.go.id/, 2003).

In Wonogiri Regency, the Decent and Healthy Housing Program (RTLH) has significantly improved living conditions, as evidenced by the increase in the Human Development Index (HDI) and various awards received for innovation and sustainability (Kompas, 2023). These improvements have not only enhanced the physical environment but also contributed to the overall happiness and well-being of the community. By addressing poverty, health, sustainability, and climate action, adequate housing initiatives can create more resilient and inclusive communities, demonstrating the critical role of local governments in driving these efforts (Diener & Seligman, 2004; Evans, 2003),

The responsiveness of government to the dynamic needs of housing can yield significant positive externalities for the community (Smith et al., 2019, p. 45). In the context of Wonogiri Regency, the success of housing development initiatives, such as the Decent and Healthy Housing Program (RTLH), highlights both empirical achievements and potential governance challenges. Despite the program's progress, there remains a risk of unequal distribution of housing assistance and renovations, as the program is ongoing until 2024. Theoretically, there has been limited evaluation of the impact of stakeholder collaboration in addressing inadequate housing.

Empirical evidence from Wonogiri Regency indicates that while the RTLH program has made strides in improving housing conditions, issues of governance and equitable distribution persist. This aligns with findings from recent studies that emphasize the importance of dynamic capabilities in local governance to effectively manage and adapt to changing housing needs (Jones & Brown, 2020, p. 112). The concept of dynamic capabilities, which includes adaptive, absorptive, and innovative capabilities, is crucial for local governments to sense, seize, and transform opportunities in the housing sector (Neo & Chen, 2020). Recent research has explored various aspects of dynamic capabilities in the context of sustainable development. For instance, Teece et al. (2018) discuss how dynamic capabilities enable organizations to adapt to environmental changes and

maintain competitive advantage (Teece, 2018, p. 509). Similarly, studies by Eisenhardt and Martin (2020) highlight the role of dynamic capabilities in fostering innovation and resilience in public sector organizations (Eisenhardt & Martin, 2020, p. 1105). These themes are particularly relevant to the housing sector in Wonogiri, where the integration of dynamic capabilities can enhance the effectiveness of housing programs and ensure sustainable regional development.

In Wonogiri Regency, the RTLH program has been instrumental in improving living conditions, as evidenced by the increase in the Human Development Index (HDI) and various awards for innovation and sustainability (Kompas, 2023). However, the program's success also underscores the need for continuous evaluation and improvement in governance practices to address potential disparities in housing assistance. The collaboration between government and private sector stakeholders is essential for overcoming these challenges and ensuring that housing initiatives contribute to the overall well-being and happiness of the community (Jones & Brown, 2020).

Wonogiri Regency has made notable progress in environmental quality and regional development programs. In 2021, the environmental quality index of Wonogiri increased from 32 to 72.38 (Kompas, 2021). In 2022, Wonogiri ranked third in the National Regional Development Program (Kompas, 2022). Additionally, in 2023, Wonogiri received the Innovation Government Award (IGA) from the Ministry of Home Affairs for its successful implementation of the Decent and Healthy Housing Program (RTLH), despite budget constraints (Kompas, 2023). The RTLH program, initiated in 2019, aimed to construct 5,002 units of decent and healthy housing. By 2022, the local government had successfully provided assistance for the construction and renovation of 19,399 units (Kompas, 2023). This program, known as "Rumanis Datang, Si Kumis Hilang," significantly improved the HDI of Wonogiri to 71.04 in 2022, reflecting an enhancement in the quality of life for its residents (Kompas, 2023). Moreover, in 2023, Wonogiri's collaboration between the government and private sector social responsibility initiatives played a crucial role in addressing inadequate housing solutions. This collaboration underscores the importance of stakeholder participation in regional housing development (Jones & Brown, 2020). Hence, the development of adequate housing is integral to achieving the Sustainable Development Goals (SDGs) and enhancing the well-being of local communities. By addressing issues of poverty, health, sustainability, and climate action, housing initiatives can create more resilient and inclusive communities. The case of Wonogiri Regency illustrates the importance of dynamic capabilities in local governance to effectively manage housing programs and promote sustainable regional development.

2. LITERATURE REVIEW

The concept of dynamic capabilities, as proposed by Neo and Chen (2007), is integral to understanding how public organizations can effectively manage and adapt to changing environments. Dynamic capabilities encompass the attitudes, knowledge, skills, and resources that organizations deploy to achieve desired outcomes. Neo and Chen (2007:13-15) identify three cognitive capabilities essential for dynamic governance: thinking ahead, thinking again, and thinking across.

Dynamic Governance in Housing Programs

Research on dynamic governance in the context of housing programs, such as the Decent and Healthy Housing Program (RTLH), highlights the importance of analyzing how dynamic governance can influence the success and positive impact of these programs. The previous study revealed that the dynamic governance approach in the social rehabilitation program for inadequate housing (Rutilahu) in Surabaya demonstrates three key capabilities (Pampur, et al,2024:13). First, "thinking ahead" involves developing innovations like e-Rutilahu and integrating them with labor-intensive programs and collaborations with CSR companies, developers, and Baznas Kota Surabaya. This forward-thinking approach helps address challenges and leverage opportunities within the Rutilahu program (Smith et al., 2019, p. 45). Second, "thinking again" refers to the ability to utilize actual data, information, measurements, and feedback, grounded in community spirit, mutual cooperation, self-reliance, and social solidarity. The Social Service of Surabaya exemplifies this by continuously refining the Rutilahu program based on real-time data and community input (Jones & Brown, 2020, p. 112). Third, "thinking across" involves cross-boundary thinking, where the Social Service of Surabaya serves as a model for other regions, becoming a reference point for inter-regional government study tours (Neo & Chen, 2007).

Recent studies have further explored the implications of dynamic governance and capabilities in various contexts. Rodríguez-Gallego et al. (2023) discuss the development of smart home applications in urban living labs, emphasizing the role of collaborative frameworks in enhancing environmental well-being (Rodríguez-Gallego et al., 2023). Lai and Cole (2022) highlight the importance of credible and reliable smart city indices in measuring the progress of smart cities, which aligns with the principles of dynamic governance (Lai & Cole, 2022). Chen (2022) examines the correlation between smart cities and urban happiness, finding that intelligent environments with green spaces, pollution control, and recycling services significantly impact community well-being (Chen, 2022). Hartley (2023) investigates public perceptions of smart cities in Hong Kong, revealing dissatisfaction with government communication and the influence of technocratic elites, which underscores the need for dynamic governance to address these challenges (Hartley, 2023). Aagaard (2023) explores the gendered implications of smart home technologies, noting that these technologies can streamline household tasks and address gender disparities by being accessible to both men and women (Aagaard, 2023).

The integration of dynamic capabilities within public governance, particularly in housing programs, is crucial for achieving sustainable development and improving community well-being. The case studies and recent research underscore the importance of forward-thinking, adaptive, and cross-boundary approaches in managing housing initiatives and smart city developments. By leveraging dynamic capabilities, public organizations can enhance their responsiveness to changing needs and create more resilient and inclusive communities.

3. METHODS

Wonogiri Regency in Indonesia has faced challenges in achieving sustainable regional development, particularly in the housing sector. Qualitative research methods can provide valuable insights into understanding the dynamic capabilities that enable local governments and communities to address these challenges effectively that facilitate sustainable regional development in the housing sector. The qualitative component of the research primarily involves in-depth interviews with key stakeholders during May until August 2024, including 8 local government officials, community leaders, and representatives from civil society organizations. These interviews provide rich, contextual data on the perceptions, experiences, and decision-making processes that shape the region's approach to sustainable housing development. Interviews are semi-structured, allowing for flexibility in exploring specific themes related to dynamic capabilities, such as adaptive, absorptive, and innovative capacities (Neo & Chen, 2007). Case studies of successful housing program the Decent and Healthy Housing Program (RTLH) in Wonogiri Regency, was analyzed to identify best practices and lessons learned. This method provides contextual insights into how dynamic governance and community engagement have contributed to the program's success. The case study approach also allows for a detailed examination of the challenges and opportunities faced by local governments in implementing sustainable housing initiatives focusing in think ahead, think again and think across capability (Neo & Chen, 2007:30-40).

In this study, data analysis is conducted using Miles and Huberman's interactive model. This model involves an iterative process of data collection, reduction, display, and conclusion drawing. Initially, qualitative data is gathered through interviews, focus groups, and case studies involving local government officials, community leaders, and residents. The data is then reduced by coding and identifying key themes related to dynamic capabilities, such as think ahead, think again and think across capability (Neo & Chen, 2007). This step simplifies the data, making it more manageable and highlighting significant patterns and themes. Following data reduction, the information is displayed using visual tools like matrices, charts, and graphs, which help in identifying relationships and patterns. This visual representation facilitates a deeper understanding of how dynamic capabilities influence housing programs. The final step involves drawing conclusions and verifying them through triangulation, ensuring the findings' credibility and reliability. By applying this structured approach, researchers can comprehensively analyze the role of dynamic capabilities in sustainable housing development, providing valuable insights for policy and practice improvements (Miles & Huberman, 1994:12).

Then researchers ensure the validity of the findings through source triangulation. This method involves cross-verifying data from multiple sources, such as interviews with local government

officials, focus groups with community leaders, and surveys of residents. By comparing and contrasting information from these diverse sources, researchers can identify consistent patterns and discrepancies, thereby enhancing the credibility and reliability of their conclusions. Source triangulation not only strengthens the robustness of the data but also provides a comprehensive understanding of how dynamic capabilities influence sustainable housing development. This rigorous approach ensures that the findings are well-supported and reflective of the real-world complexities involved in regional housing initiatives (Miles & Huberman, 1994: 267)

4. RESULTS AND DISCUSSIONS

The study highlighted the importance of dynamic capabilities, such as "thinking ahead" and "thinking across," in adapting to environmental changes and aligning housing governance policies with community needs, national directives, and global Sustainable Development Goals (SDGs). In Wonogiri Regency, the Decent and Healthy Housing Program (RTLH) has been instrumental in addressing inadequate housing. As of 2019, there were 25,002 units identified as Rumah Tidak Layak Huni (RTLH). From 2019 to 2023, various interventions have significantly reduced this number. In 2019, 4,010 units were addressed, leaving 20,992 units. By 2020, an additional 3,579 units were improved, reducing the total to 17,413. The following year, 3,431 units were handled, bringing the number down to 14,548. In 2022, a substantial intervention improved 8,945 units, leaving 5,603 units. Finally, in 2023, 3,185 units were addressed, reducing the total to 2,418 units. This progress was bolstered by additional support from the National Budget (APBN) and village funds (APBDes).

These efforts demonstrate the local government's ability to adapt and align its policies with broader goals, leveraging dynamic capabilities to anticipate and respond to housing needs effectively. The integration of community engagement and cross-sector collaboration has been crucial in achieving these outcomes, reflecting the principles of "thinking ahead" and "thinking across" (Neo & Chen, 2007, p. 45). This approach not only addresses immediate housing needs but also contributes to the long-term sustainability and well-being of the community. Hereby the graphic of RTLH intervention and remaining units in 2019-2023 in Wonogiri Regency:
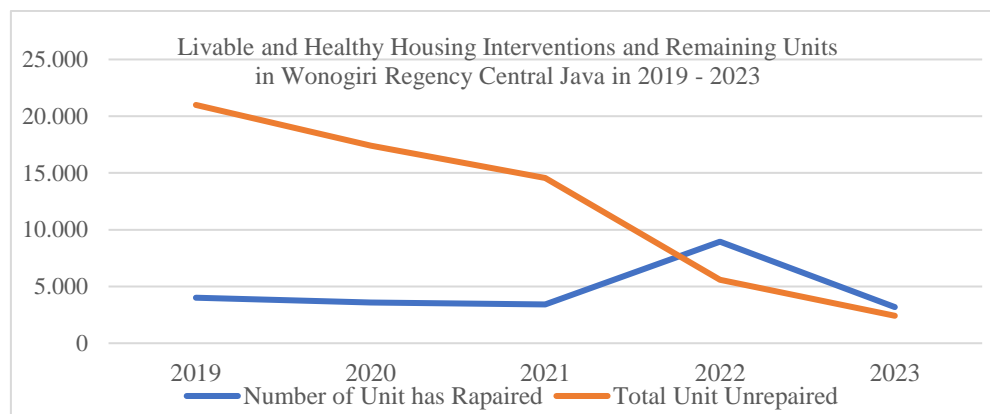
Graphic 1. Livable and Healthy Housing Interventions and Remaining Units in Wonogiri Regency Central Java in 2019 – 2023 (Source: Disperanda KPP "RKPD Wonogiri Regency", 2025)

From the Graphic 1, shown that in 2019, the local government addressed 4,010 housing units, reducing the number of inadequate homes to 20,992. The following year, 3,579 more units were improved, bringing the total down to 17,413. In 2021, another 3,431 units were handled, further decreasing the number to 14,548. A substantial intervention in 2022 saw 8,945 units improved, leaving 5,603 units still in need of attention. Finally, in 2023, 3,185 units were addressed, reducing the total number of inadequate homes to 2,418. This progress was significantly supported by additional funding from the National Budget (APBN) and village funds (APBDes). From the data, it is evident that the efforts to improve housing conditions in Wonogiri Regency have been consistent and impactful. In 2019, the authorities managed to upgrade 4,010 homes, which left 20,992 homes still needing improvement. By 2020, an additional 3,579 homes were upgraded, reducing the number of inadequate homes to 17,413.

The trend continued in 2021 with 3,431 homes being improved, bringing the total down to 14,548. The year 2022 saw a major push with 8,945 homes being upgraded, leaving 5,603 homes still in need. In 2023, the number of homes needing improvement was further reduced to 2,418 after 3,185 homes were addressed. This remarkable progress was made possible with the help of funds from the National Budget (APBN) and village funds (APBDes). Hence, the data clearly shows a positive trend in the development of decent housing in Wonogiri Regency. The consistent efforts and substantial financial support have significantly reduced the number of inadequate homes. This progress not only improves living conditions but also contributes to the overall well-being and development of the community. Continued support and intervention are essential to completely eliminate inadequate housing in Wonogiri Regency.

The study revealed several key factors that form dynamic capabilities, aligning with the dynamic capability of think ahead, think again, think across (Neo & Chen, 2007). These factors include local culture-based community engagement ("sambatan"), leadership, multi-level governance, capacity building, and resource mobilization.

4.1. Local Culture-Based Community Engagement and Transfromational Leadership

First factor were community participation conducted to transformational leadership practice. The emphasis on public-private partnerships and community involvement is crucial. Wonogiri's proactive housing improvement initiatives, which reflect the "think ahead" capability, demonstrate the local government's foresight in anticipating future needs and challenges. This proactive approach ensures that housing policies are designed to meet the evolving needs of the community, aligning with SDG 11 (Sustainable Cities and Communities). The local culture and wisdom embedded in community engagement and participation in Wonogiri Regency. This local culture and wisdom in Wonogiri Regency are deeply rooted in community.

This local wisdom of "sambatan," a traditional practice of mutual assistance. This cultural foundation is reinforced by the government's political slogan, "Go Nyawiji Sesarengan Bangun Wonogiri," which translates to "moving together in synergy to build Wonogiri." This approach aligns with the "think ahead" capability described by Neo and Chen (2007:13), emphasizing proactive planning and foresight. The "Rumanis Datang, Si Kumis Hilang" program exemplifies this strategy by emphasizing public-private partnerships and active community involvement. This approach ensures that housing policies are designed to meet the evolving needs of the community, aligning with SDG 11 (Sustainable Cities and Communities). The proactive initiatives demonstrate the local government's foresight in anticipating future needs and challenges, embodying the "think ahead" capability (Neo & Chen, 2007:40).

Additionally, the transformational leadership of the Regent of Wonogiri has been pivotal in mobilizing the community. Transformational leadership, as described by Bass (1985:20), involves inspiring and motivating followers to exceed their own self-interests for the good of the organization or community. The Regent has effectively engaged various stakeholders through formal meetings and informal community-based gatherings, fostering a shared vision and collective effort towards sustainable development. This leadership style not only enhances community participation but also ensures that development initiatives are inclusive and responsive to the needs of all residents. From 2019 to 2023, the Regent's leadership was evident in various initiatives and public engagements. For instance, in 2020, the Regent launched a series of community meetings to discuss housing improvements and gather feedback from residents, as reported by Kompas (2020: 12).

In 2021, the Regent spearheaded a collaboration with private companies to secure additional funding for housing projects, further demonstrating his commitment to public-private partnerships (Kompas, 2021:15). These efforts culminated in the significant reduction of inadequate housing units and the improvement of living conditions across Wonogiri. Hence, the integration of local wisdom, proactive governance, and transformational leadership has been instrumental in the success of Wonogiri's housing development programs. By fostering community engagement and leveraging diverse partnerships, the local government has created a sustainable and resilient framework for regional development.

4.2. The Role and Significance Multi-Level Governance

Second factor was multi-level governance. The importance of collaborative approaches and flexibility is evident in Wonogiri's iterative reassessment of strategies, embodying the "think again" capability. Continuous improvement efforts, such as the annual reduction in RTLH units, showcase the local government's ability to adapt and refine their policies based on feedback and changing circumstances. This adaptability supports SDG 1 (No Poverty) and SDG 3 (Good Health and Well-being).

Wonogiri has demonstrated a strong commitment to achieving the Sustainable Development Goals (SDGs) through various collaborative programs that embody the Pentahelix model. These initiatives highlight the importance of multi-level governance and the flexibility required to adapt to changing circumstances. One of the standout achievements is the verification and validation Integrated Social Welfare Data program, recognized as the fastest in Indonesia, ensures that social welfare assistance reaches those in need, supporting SDG 1 (No Poverty). This rapid implementation showcases the local government's efficiency and dedication to sustainable development. Then, In partnership with the business sector Wonogiri has issued 20,439 Business Identification Numbers (NIB), the highest in Central Java, promoting economic growth and supporting SDG 8 (Decent Work and Economic Growth) by formalizing businesses and creating job opportunities.\The village SGDs initiative, also the quickest in Indonesia, aligns village development with the SDGs, demonstrating the local government's efficiency.

The verification and validation Village SGDs initiative is another significant milestone, being the quickest in Indonesia to align village development with the SDGs. Community engagement is evident in programs like Relawan Vaksinasi (vaccination Volunteers), Mitra Desa (Village Partner), and Desa Literasi (Literacy Village), which involve citizens in health, education, and community development. The establishment of Posyandu Remaja (Youth Integrated Service Post) highlights the focus on SDG 3 (Good Health and Well-being). Posyandu is a basic health program that aims to improve and monitor community health, especially pregnant women and toddlers. Then, economic empowerment efforts, such as "Pemberdayaan UMKM" (Empowerment of MSMEs), have improved the Human Development Index (IPM) from 70.49 in 2021 to 71.04 in 2022. Economic empowerment is also a key focus, with initiatives aimed at empowerment of micro, small, and medium enterprises. Local governance frameworks play a pivotal role in shaping industrial development strategies. Effective governance can enhance firm engagement through business associations and social capital, facilitating collaborative initiatives (Tomlinson & Branston, 2018). Multi-level governance settings can either support or hinder transformative capacity. Disconnects between actors and short-term funding can limit the potential for sustainable development initiatives (Borgström, 2019).

Wonogiri's economic growth rate increased from 3.35% in 2021 to 5.63% in 2022, while the poverty rate decreased from 11.55% to 10.99% in the same period (Wonogiri Regency Central Statistics Bureau,2023). These statistics reflect the positive impact of the local government's policies and collaborative efforts. Wonogiri's iterative reassessment of strategies and continuous improvement efforts, such as reducing RTLH units, demonstrate the local government's adaptability. This supports SDG 1 (No Poverty) and SDG 3 (Good Health and Well-being). This achievement is related to collaborative governance with resource mobilization factor. This achievement is related to collaborative governance with resource mobilization factor.

The importance of collaborative approaches and flexibility is evident in Wonogiri's iterative reassessment of strategies, embodying the "think again" capability. Continuous improvement efforts, such as the annual reduction in RTLH (uninhabitable houses) units, showcase the local government's ability to adapt and refine their policies based on feedback and changing circumstances. This adaptability supports SDG 1 (No Poverty) and SDG 3 (Good Health and Well-being). Wonogiri's collaborative programs and adaptive governance have made significant strides in supporting the SDGs and improving the well-being of its residents. These efforts highlight the power of partnership and the importance of continuous reassessment and improvement in achieving sustainable development goals. Wonogiri has shown a strong dedication to achieving the SDGs through various collaborative initiatives that follow the Pentahelix model. These programs emphasize the importance of multi-level governance and the need for flexibility to adapt to changing conditions.

4.3. Capacity Building

Third factor was capacity building. Training and education for continuous improvement are essential for developing dynamic capabilities. Wonogiri's capacity-building initiatives, including training programs for local officials and community leaders, enhance their ability to manage housing programs effectively. This focus on capacity building ensures that the local government can sustain its efforts and achieve long-term success. The dynamic capacity of regional governments in district development is influenced by various interrelated factors, including governance structures, local firm engagement, and the adaptability of policies to regional contexts. Understanding these elements is crucial for fostering sustainable growth and resilience in districts.

Due to tailored policy, Wonogiri Regency as the regions must develop place-based policies that reflect their unique institutional capacities and challenges. A one-size-fits-all approach is ineffective, as each region has distinct needs and resources (Morisson & Doussineau, 2019). The concept of transformative resilience emphasizes the importance of adapting to crises by leveraging them as opportunities for structural change, which can lead to more sustainable pathways (Trippl et al., 2023). In contrast, while local engagement and tailored policies are crucial, there is a risk that overemphasis on local dynamics may overlook broader systemic issues, such as global economic shifts and environmental challenges, which also significantly impact regional development.

4.4. Resource Mobilization

Fourth factor was resource mobilization which conduct with effective financial management and infrastructure investment are critical for the success of housing programs. The collaborative approaches involving various stakeholders, including the community and media, illustrate the "think across" capability. By integrating diverse perspectives and resources, Wonogiri has been able to mobilize funds from the National Budget (APBN), village funds (APBDes), and CSR contributions to support housing interventions. This multi-sectoral collaboration aligns with SDG 17 (Partnerships for the Goals), emphasizing the need for partnerships to achieve sustainable development.

CSR of local firms as the one of the fund resources due to livable and decent healthy housing development in Wonogiri. These involvement of local firms in decision-making processes is essential. So, there were local firm engagements. Th local firms influence can drive strategic directions that align with regional needs, promoting innovation and adaptability (Tomlinson & Branston, 2018). Building reciprocal networks among firms enhances collective action, which is vital for addressing local challenges and fostering economic resilience (Tomlinson & Branston, 2018).

The findings of this study resulted in the reconstruction of Neo and Chen's (2007:13) building factors for sustainable regional livable and decent local housing development framework model (Graphic 2).
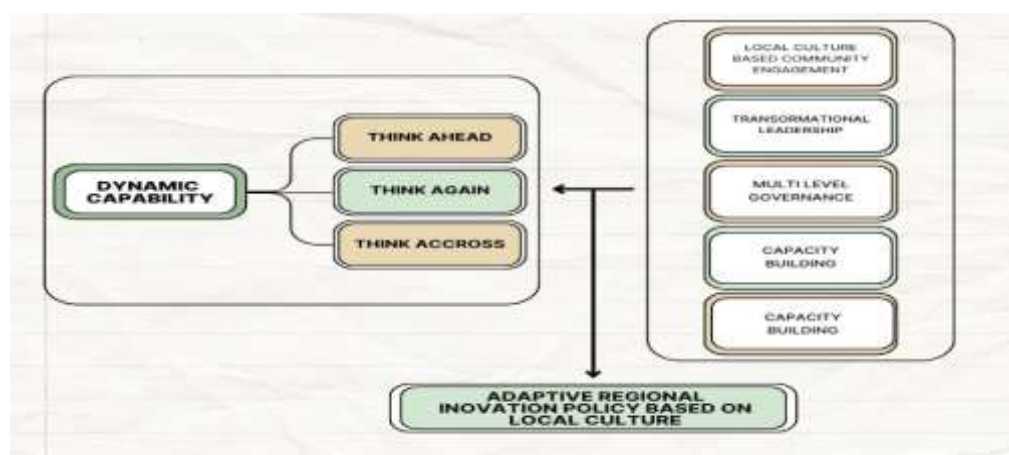
Graphic 2. Reconstruction Model of Dynamic Capability Neo and Chen's (2007:13) Building Factors for Sustainable Regional Affordable Housing Development

The framework model above explains that the elements of community engagement based on local culture ('sambatan' and the spirit of synergy with all stakeholders 'Go nyawiji sesarengan bangun Wonogiri'), transformational leadership, multi-level governance, capacity building and

resource mobilisation, are factors that form dynamic capabilities for sustainable regional livable housing development. This model is a reconstruction of the dynamic capability framework model according to Neo and Chen (2007: 13) which contributes to producing adaptive policies, in this case, adaptive regional innovation policy based on local culture.

5. CONCLUSION

In summary, the findings of the Wonogiri study are consistent with the dynamic capabilities framework and show how the capabilities of 'thinking ahead', 'thinking again' and 'thinking across' contribute to sustainable housing development. These capabilities, which consist of factors such as community engagement based on local culture ('sambatan' and the spirit of synergy with all stakeholders "Go nyawiji sesarengan bangun Wonogiri"), transformational leadership, multi-level governance, capacity building and resource mobilisation, enable local governments to anticipate future needs, continuously improve their strategies and collaborate effectively across sectors, ultimately improving community well-being and sustainability.

ACKNOWLEDGMENT

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