

**THE EFFECT OF STRATEGIC ENTREPRENEURSHIP
ON DYNAMIC CAPABILITIES AND ORGANIZATIONAL
AMBIDEXTERITY
IN IMPROVING INNOVATION PERFORMANCE****Yanuar, Sony Eko¹, Fontana, Avanti²**¹University of Indonesia, sony.eko@ui.ac.id²University of Indonesia, avanti.fontana@ui.ac.id**ABSTRACT:**

PT Telkom Indonesia (Persero) Tbk is facing disruption that changes consumer behavior to communicate using online applications such as WhatsApp, Line, Telegram, and Slack, resulting in a decrease in demand and growth of company revenues since 2017. The disruption phenomenon requires Telkom to be able to produce innovations through startups that can become the main business for the company in the future. In improving innovation performance, companies need to adopt a process of strategic entrepreneurship that can build dynamic capabilities to improve innovation performance in a disruptive environment. For strategic entrepreneurship to run effectively, it requires organizational ambidexterity that has an organizational structure that can support the dual needs of opportunity-seeking (OSA) and advantage-seeking (ASA) activities. This study further examines the effectiveness of the influence of strategic entrepreneurship, dynamic capabilities, and organizational ambidexterity on innovation performance. The data in this study were obtained from a survey conducted to the top management of 62 startups that are part of the portfolio of PT Telkom Indonesia (Persero), then used PLS-SEM analysis to test the research hypotheses. The results show that strategic entrepreneurship influences dynamic capabilities, organizational ambidexterity, and innovation performance, but the dimension of entrepreneurial culture has a minimum effect or is not significant in influencing innovation performance in startups. This is contrary to the theory that strategic entrepreneurship has a relationship with innovation performance. This study provides intriguing findings and theoretical contributions in explaining the phenomenon of low innovation performance for startups that run organizational ambidexterity.

Keywords:

dynamic capabilities, innovation performance, organizational ambidexterity, strategic entrepreneurship

1. Introduction

Disruption in the digital era causes a high risk in innovation management which will have an impact on companies in the disrupted industry (Utoyo, Fontana, and Satrya, 2019). According to Christensen and Overdorf (2000), disruptive changes are related to dynamic changes due to technological advances and types of innovation in the industry (Utoyo, Fontana, and Satrya, 2019). The emergence of many startup companies supported by large capital injections from domestic and foreign investors makes startups have the ability to innovate and disrupt various industrial sectors. Bradley et al. (2015) explained that one of the industries included in the industry category with the highest risk of being disrupted was the telecommunications industry (Utoyo, Fontana, and Satrya, 2019). This disruption in the telecommunications industry has changed the communication behavior of telecommunications operator consumers who previously communicated via telephone and SMS, turned into communicating using online applications such as WhatsApp, Line, Telegram and Slack. The phenomenon of digital disruption in the telecommunications industry is a challenge for all telecommunications operator companies in Indonesia, including

the state-owned telecommunications company, PT. Telkom Indonesia (Persero) Tbk or better known as Telkom is a technology and telecommunications company in Indonesia. The rapid and dynamic development of the digital era has forced Telkom to participate in transforming into a digital telecommunication company to keep up with the trend. However, based on Telkom's annual report in 2020 shows that the largest contribution of Telkom and Subsidiaries' revenue, which is 61.5%, still comes from the mobile segment, amounting to Rp. 83,720 billion. From this amount, it means that more than 60% of Telkom's revenue is contributed by Telkomsel (subsidiary), so it can be concluded that Telkomsel has contributed greatly to supporting Telkom's financial performance. Based on Telkom's financial report, it shows that Telkom needs innovations that suit the lifestyle needs of people in the digital era.

Telkom's challenge in creating innovation lies in Telkom's large organizational structure so it is not suitable to carry out activities with high agility, fast experimentation, and innovation. Utoyo, Fontana, and Satriya (2019) explain that a disruptive environment requires companies to be agile, fast in innovating and have a culture of experimentation and risk-taking to explore opportunities, while at the same time companies also need to have the capability to exploit opportunities in achieving competitive advantage. The advantage of startups over large companies is that they have the agility and speed to experiment and innovate. Therefore, Telkom has a strategy for developing startups through a business incubation program called Indigo Creative Nation and Digital Amoeba. Indigo Creative Nation is a business incubation program for startups from outside Telkom. Meanwhile, Digital Amoeba is an incubation program for business ideas originating from internal Telkom employees which aims to produce innovation and digital talent to be further developed into a startup. The two Telkom incubation programs provide assistance, training, and funding for startups. Startup development through the incubation program should make it easier for Telkom to produce innovations that can contribute to the company's performance. However, looking at Telkom's 2020 annual report, there are no startups from Telkom's portfolio that have innovation performance that contribute significantly to Telkom's finances during the two incubation programs. If you look at the data in table 1, it can be concluded that the success rate of startups that pass the Digital Amoeba internal incubation program is still relatively low. According to Chadad and Reuer (2009) that new businesses with a stronger financial position at the beginning of the development stage are more likely to survive, grow and produce higher performance. However, this is not seen in Telkom's startup, which have a low success rate and have not contributed significantly to Telkom's finances even though they have received training support and financial resources from Telkom.

Tabel 1. Number of Participants and Startup Digital Incubation Amoeba

Data Type	Amount	Description
<i>Talents</i>	7.680	Number of participants who took part in the Digital Amoeba program
<i>Ideas</i>	2.785	Number of ideas that made it to the Ideation stage
<i>Incubation</i>	226	Number of startups that have successfully entered the incubation stage
<i>Graduated</i>	13	Number of startups that successfully graduated from the Incubation program

Source : Digital Amoeba (2021)

Several studies have explained how companies can improve their innovation performance. According to Utoyo, Fontana, and Satriya (2019) that adopting the process of strategic entrepreneurship in a disruptive environment can build dynamic capabilities and improve innovation performance. Strategic entrepreneurship is meant to combine opportunity-seeking (OSA) and advantage-seeking (ASA) capabilities into attributes to develop a sustainable flow of innovation. Hitt et al. (2011) argue that an organizational structure is needed that can support the dual needs of OSA and ASA called organizational ambidexterity so that strategic entrepreneurship can run effectively. Companies in the technology sector that are in a dynamic and rapidly changing environment have no choice but to be ambidextrous, namely to exploit existing capabilities for efficiency while exploring new capabilities for innovation (Sarkees and Hulland, 2009; Senaratne and Wang, 2018). However, according to Pundziene (2016) running both simultaneously in one organization is not easy because it can potentially pose risks

to conflicting resource management (Andriopoulos and Lewis, 2009; Simsek et al., 2009; Pundziene, 2016). Both exploration and exploitation require different activities, competencies, and organizational routines so that the needs of each resource are also different (Pundziene, 2016) so that it becomes a challenge for companies to be able to effectively orchestrate their limited resources in one organization to be able to simultaneously support dual needs of exploitation and exploration. In this case, companies need to make efforts to change and modify their resources into new capabilities related to dynamic capabilities to suit the multiple needs of exploitation and exploration as well as dynamic environmental changes.

Research related to organizational ambidexterity continues to grow, giving rise to different opinions about its relationship to performance. Pundziene's research (2016) explains the opinion of Venkatraman et al. (2007) that simultaneous organizational ambidexterity does not have a positive effect on company growth, but on the contrary another opinion is contradicted by Lubatkin et al. (2006) explained that organizational ambidexterity has a positive effect on company growth. These differences of opinion related to the resources owned by the company and the need to reconsider properly when carrying out organizational ambidexterity so that its complexity does not become a burden for managers and employees (Eggers, 2020; Wenke et al., 2020) which in turn can have an impact on performance. However, Cao, Gedajlovic and Zhang (2009) argue that companies can carry out exploration and exploitation simultaneously by balancing and combining the two activities to produce synergies that affect performance.

The difference of opinion that explains whether organizational ambidexterity has or does not affect performance is interesting and important for further research, especially in the context of startups that have not been studied before because previous research has mostly examined organizational ambidexterity in large companies or small and medium businesses so that the need for re-examining the theory of organizational ambidexterity that is specifically related to startups. In addition, understanding the factors that influence the performance of startup innovation, is expected to be knowledgeable to identify the causes of low innovation performance in Telkom's startup portfolio so that it can become new knowledge, evaluation and improvement material for Telkom in the future. Based on the formulation of the problem above, the general objective of this research is to find out how effective the influence of strategic entrepreneurship, dynamic capabilities, and organizational ambidexterity on improving the performance of innovation produced by startups will be beneficial for Telkom to improve its innovation performance.

2. Literature Review

2.1. Strategic Entrepreneurship

Strategic Entrepreneurship (SE) is a combination of two concepts, namely entrepreneurship and strategic management. Entrepreneurship is oriented towards finding new opportunities, namely opportunity-seeking activities (OSA). Strategic management is more oriented towards exploiting the company's advantages, namely advantage-seeking activities (ASA). The definition of SE according to Ireland, Hitt, and Simon (2003) is that it involves the behavior of OSA and ASA simultaneously which can result in superior company performance. According to the Global IGI Dictionary (2019) in Utoyo, Fontana, and Satrya (2019) OSA is defined as an ongoing process of considering, evaluating, and pursuing a market base that is believed to be profitable for the company. Meanwhile, ASA is about how advantage can be generated and maintained from what is created by the company (Utoyo, Fontana, and Satrya (2019).

According to Hitt et al (2011) strategic management is defined as a series of commitments, decisions, and actions needed by companies to achieve strategic competitiveness so that they can generate above-average profits. The essence of strategic management is how to create competitive advantage as well as wealth (Chen et al., 2010; Hitt et al., 2011) so that the expected goals of strategic management according to Makadok and Coff (2002) can positively affect the company's ability to generate revenue and profit. The ability to create a company's competitive advantage comes from resources that are more valuable, rare, cannot be perfectly imitated, and cannot be substituted when compared to the resources owned by competitors (Ireland Ireland, Hitt, and Simon, 2003), so it is very important for companies in creating value and competitive advantage need to learn how to acquire, combine and utilize resources (Chen, 1996; Hitt et al., 2011). While entrepreneurship has a definition as the

identification and exploitation of opportunities that have not been exploited before, the core of entrepreneurship is about how to recognize an opportunity (Hitt et al., 2001, Brown and Eisenhardt, 2000; Ireland, Hitt and Simon, 2003). Shane and Venkataraman (2000) argue that the foundation of creating wealth lies in the company's ability to find and take advantage of profitable opportunities. Entrepreneurship involves the source of opportunities such as the process of finding, evaluating, and exploiting opportunities and a group of individuals who find, evaluate and take advantage of these opportunities, where a group of individuals can create wealth by combining unique resources to exploit opportunities that exist in the market. Companies that exploit entrepreneurial opportunities, will make efforts to establish a sustainable competitive advantage and create wealth. According to Hitt et al (2011) SE allows companies to simultaneously overcome two challenges at once such as exploiting existing competitive advantages (strategic management) while exploring opportunities (entrepreneurship) from competitive advantages in the future so that they can be developed and used for value creation. and also wealth. Concentrating on just one of them will increase the risk of ineffectiveness and failure for the company.

The challenge in combining these two concepts lies in the company's inability to run both effectively. Companies that can identify opportunities but cannot exploit them will not be able to generate wealth or profits for stakeholders. On the other hand, a company that has a competitive advantage but cannot identify new opportunities to be exploited with its advantages will increase the risk for stakeholders, such as market changes that can reduce the ability to generate wealth or reduce previously owned wealth. Therefore, wealth for stakeholders can only be created if companies combine entrepreneurship and strategic management through OSA and ASA effectively (Ireland, Hitt, and Simon, 2003). Utoyo and Fontana (2017) developed and enriched the SE model by adopting OSA and ASA from Ireland's early SE model, Hitt and Simon (2003), and the input-process-output model of Hitt et al. (2011). In Figure 2.3, it can be seen that the SE process can build dynamic capabilities to improve innovation performance for the company. In this model, the entrepreneurial mindset, entrepreneurial culture, and entrepreneurial leadership are the main components of SE that are needed to strategically manage organizational resources that form the foundation of OSA and ASA.

2.1.1. Entrepreneurial Mindset

According to McGrath and MacMillan (2000) in Ireland, Hitt and Simon (2003) entrepreneurial mindset is needed in carrying out SE because of the ability to quickly feel, act and mobilize even in situations with a high level of uncertainty. Entrepreneurial mindset is a way of thinking of individuals or organizations in business that focuses on capturing the benefits of uncertainty and can contribute to competitive advantage. Ireland, Hitt and Simon (2003) divide the entrepreneurial mindset into 5 dimensions, namely recognizing entrepreneurial opportunities, entrepreneurial alertness, real options logic, entrepreneurial framework, and opportunity register

2.1.2. Entrepreneurial Culture

According to McGrath and MacMillan (2000) in Ireland, Hitt and Simon (2003) entrepreneurial culture supports the continuous search for entrepreneurial opportunities that can be exploited with competitive advantage. Entrepreneurial culture develops in an organization where the leaders apply the entrepreneur mindset. Entrepreneurial culture is defined as a culture that new ideas and creativity are expected, risk-taking is encouraged, failure is tolerated, learning is promoted, innovations are championed, and continuous change is viewed as a conveyor of opportunities (Ireland et al, 2003).).

2.1.3. Entrepreneurial Leadership

According to Covin and Slevin (2002) entrepreneurial leadership is the ability to influence others in strategically managing resources to run OSA and ASA (Ireland, Hitt and Simon, 2003). Meanwhile, according to Darling, Keefe and Ross (2007) entrepreneurial leadership is defined as a process to influence the organization through leadership and direct involvement in creating value for stakeholders by bringing together a set of resources and innovation to pursue an opportunity. Therefore, entrepreneurial leadership is not only about influencing others towards a goal through effective communication to identify opportunities, but entrepreneurial leadership also needs to have the ability to orchestrate resources effectively by understanding resource allocation and organizational discipline to link entrepreneurship with strategic management (Fontana and Musa, 2017).

Entrepreneurial leadership has 6 characters based on the opinion of Covin and Slevin (2002), which include nourish an entrepreneurial capability, protect innovations threatening the current business model, make sense of opportunities, question the dominant logic, revisit the “deceptively simple questions”, and link entrepreneurship and strategic management (Ireland et al 2003).

2.2. Dynamic Capabilities

The company's ability to manage its portfolio of resources effectively can affect performance (Henderson and Cockburn, 1994; Ireland, Hitt and Simon, 2003), and controlling valuable and scarce resources are needed to generate competitive advantage so a leader must be able to take action so that these advantages can be developed, exploited and continuously maintained. According to Hitt et al. (2011), the orchestration of corporate resources is related to the actions taken by leaders to facilitate efforts to manage company resources effectively which is based on the theory of dynamic capabilities. Dynamic capabilities (DC) were introduced by Teece et al. in 1997 as the company's ability to integrate, build and reconfigure internal and external competencies to meet the rapidly changing environment. The DC theory is in line with the resource-based view (RBV) theory, where RBV emphasizes resource selection such as resource combinations, while DC emphasizes resource renewal, i.e. reconfiguring old resources into new combinations of operational capabilities. This is based on leaders who need to continuously make decisions about how to update existing operational capabilities into new capabilities that are more in line with the changing environment (Pavlou and El Sawy, 2011). Based on this view, Pavlou and El Sawy (2011) define DC as a capability that helps expand, modify and reconfigure existing operational capabilities into new capabilities that are more appropriate to changing environmental conditions.

Decision making in a rapidly changing environment is a challenge for every company because company leaders must be able to make decisions and act quickly. In this rapid business change, the DC framework requires companies to be able to respond quickly and also be innovative. Companies that have DC will focus on building special competencies, for example, regularly developing new products or managing strategic decision making and tend to have an entrepreneurial nature to sharpen their capabilities with innovation and collaborate with other parties (Teece, 2007). Pavlou and El Sawy (2011) adopted the theory from Teece et al. (1997) by developing DC into 4 dimensions in which they have identified a set of capabilities that help reconfigure existing operational capabilities into new capabilities that are more suited to environmental conditions. The DC dimensions consists of sensing capability, learning capability, integrating capability and coordinating capability

2.3. Organizational Ambidexterity

Exceptional company resources can produce a sustainable competitive advantage when managed strategically, but if a company manages its resources in a non-strategic way, it will not lead to changes in company performance (Amit et al, 2002; Ireland, Hitt and Simon, 2003). Resources can be said to be managed strategically if their combined and integrated use can facilitate OSA and ASA (Adner and Helfat, 2003; Ireland, Hitt and Simon, 2003). According to Hitt et al (2011) companies need to achieve a balance between OSA and ASA which requires an organizational structure that is able to support the dual needs of exploitation and exploration simultaneously which is called organizational ambidexterity. Organizational ambidexterity (OA) is an organization that is able to simultaneously explore and exploit (He and Wong, 2004; Cao, Gedajlovic and Zhang, 2009). Based on this view, Cao, Gedajlovic and Zhang (2009) define OA as the ability to exploit existing competencies and explore new opportunities so as to enable companies to improve their performance and competitiveness. OA is responsible for the simultaneous management of exploration and exploitation activities so that they can help deal with the rapidly changing environment (O'Reilly and Tushman, 1996; Pundziene, 2016). According to March (1991) in Cao, Gedajlovic and Zhang (2009), exploitation is related to improving existing competencies, while exploration involves seeking new knowledge and opportunities. Tushman and O'Reilly (1996) in Cao, Gedajlovic and Zhang (2009) argue that exploitation is the ability to implement incremental changes, while exploratory as the ability to implement radical changes. The company's ability to jointly pursue change in the form of radical and incremental innovation can also be interpreted as OA (Pundziene, 2016) so that OA plays an important role in creating innovations that enable companies to face challenges in the environment and also the market. Exploitation and exploration require different activities, competencies, and organizational routines so running these two activities

simultaneously in one organization becomes a challenge for the company due to competing and conflicting company resource management factors (Pundziene, 2016).

However, another view sees that exploration and exploitation are independent activities so that companies can choose to engage with both maximally and at the same time so that they do not have to carry out one of them (Gupta et al., 2006). Based on these two views, Cao, Gedajlovic and Zhang (2009) developed OA into 2 different but related dimensions. The dimensions in question are the balance dimension and the combined dimension. 1) The balance dimension (BD) relates to the importance of achieving a balance between exploration and exploitation because the two activities compete with each other using the same resources for two different purposes. The higher the BD or the closer to the level of balance between exploration and exploitation activities, it can contribute to the company's performance through structured performance risk control. 2) Combined dimension (CD) deals with the combination of exploration and exploitation. CDs allow companies to switch focus alternately between exploration and exploitation in a sequential manner so that they do not need to compete for the same resources. CD has the view that exploration and exploitation processes can actually support each other and can also help each other increase the effects of each activity.

2.4. Innovation Performance

Innovation contributes to the company's competitive advantage and has a strong relationship with entrepreneurship which is needed to face an uncertain business environment, create new strategies and outputs in the form of innovation performance (Tidd, 2014; Fontana and Musa, 2017). Innovation is defined as the introduction of socially and economically successful new technologies or new combinations of existing technologies in converting or converting inputs into outputs that result in a radical or substantial change in the relationship between use value and monetary value based on consumer or user perceptions. (Utoyo, Fontana and Satrya, 2019). Creating innovations is very important for many companies, especially such as new entrepreneurial companies that need to develop products that are very different from existing products, enter established markets or create new markets, and create value for customers (Hitt et al, 2011).

Innovation is complex, difficult to measure, and requires coordination between adequate technical knowledge and excellent market judgment to successfully create innovation performance. Based on its complexity, innovation performance must be measured from various perspectives and various dimensions to reflect the reality of the innovation (Fontana and Musa, 2017). According to Utoyo, Fontana and Satrya (2019), the definition of innovation performance is a multidimensional construct from a set of sub-dimensional measures of innovation that includes aspects of input-process-output results originating from within an organization's innovation system. This study uses five dimensions to measure innovation performance developed by Fontana and Musa (2017), namely: internal aspects of innovation performance, technical performance, commercial performance, social performance, and economic performance.

2.5 Hypothesis

The main hypothesis in this study is that the factors of strategic entrepreneurship have an effect on improving innovation performance. The following are the hypotheses that will be tested.

2.5.1 Entrepreneurial Mindset and Dynamic Capabilities

Entrepreneurial mindset has an important influence in obtaining resources from the environment because individuals who have an entrepreneurial mindset gain access to resources in the environment to generate competitive advantage and create value. Gaglio and Katz (2001) argue that entrepreneurial individuals seek opportunities in dynamic markets, using their knowledge and abilities to understand and deal with uncertainty (Hitt et al., 2011). This certainly increases the ability to identify, recognize, and select the best assets among the core capabilities that exist in the entrepreneurial mindset so that it has an impact on increasing the ability to find and select the best capabilities to develop new capability innovations that take advantage of uncertainty (McGrath and MacMillan, 2000; Utoyo, Fontana and Satrya, 2019). Based on this explanation, this study proposes a hypothesis:

Hypothesis 1 (H1): entrepreneurial mindset has a positive effect on dynamic capabilities.

2.5.2 Entrepreneurial Culture and Dynamic Capabilities

According to Hitt et al. (2011), organizational culture can be the most privileged resource in a company so leaders need to develop and support the culture through entrepreneurial actions needed to achieve profitable growth (Kuratko, Ireland, Covin, and Hornsby, 2005). An entrepreneurial culture that supports ideas, creativity, and risk-taking in the search for opportunities and innovation, is needed to manage and use the company's assets and capabilities in a disruptive environment. Increasing the company's entrepreneurial culture can have an impact on a better company's ability to find, select, and develop the skills needed to manage company resources (Utoyo, Fontana, and Satrya, 2019). Based on this explanation, this study proposes a hypothesis:

Hypothesis 2 (H2): entrepreneurial culture has a positive effect on dynamic capabilities.

2.5.3 Entrepreneurial Leadership and Dynamic Capabilities

Entrepreneurial leadership creates a vision that can be used to gather and mobilize a supportive group in the company that is committed to seeking and exploiting opportunities (Gupta, Macmillan, & Surie, 2004; Hitt et al., 2011). The importance of entrepreneurial leadership skills is needed in the process of influencing organizations through leadership and direct involvement to create value for stakeholders by pooling a pool of resources and innovation to pursue existing opportunities. Therefore, entrepreneurial leadership is not only about influencing others to achieve a goal through effective communication, but entrepreneurial leadership is also needed to orchestrate resources effectively by understanding resource allocation and organizational discipline to link entrepreneurship with strategic management (Fontana and Moses, 2017). Increasing entrepreneurial leadership capabilities will support companies in preparing and developing new capabilities to encourage innovation performance (Utoyo, Fontana and Satrya, 2019). Based on this explanation, this study proposes a hypothesis:

Hypothesis 3 (H3): entrepreneurial leadership has a positive effect on dynamic capabilities

2.5.4 Dynamic Capabilities and Organizational Ambidexterity

Running exploration and exploitation simultaneously is not easy because each requires different activities, competencies, and organizational routines, so that running both activities simultaneously in one organization (Pundziene, 2016) as a concept of organizational ambidexterity can potentially pose risks to resource management, contradicting each other (Andriopoulos and Lewis, 2009; Simsek et al., 2009 ; Pundziene, 2016). Therefore, dynamic capabilities become very important when companies make changes to their resource base (Helfat and Peteraf, 2003; Schilke, 2014) especially when there are changes in the resources needed to support exploration and exploitation simultaneously. Dynamic capabilities as an enterprise's ability to integrate, build, and reconfigure internal and external competencies to cope with a rapidly changing environment (Teece et al., 1997) can also be seen as the configuration of existing enterprise resources into new resources.

According to Pundziene (2016), the relationship between dynamic capabilities and organizational ambidexterity is an integrated process that complements each other to ensure an optimal balance between exploration and exploitation. Dynamic capabilities maintain an organization's alignment with a rapidly changing environment, while organizational ambidexterity supports the development of simultaneous exploration and exploitation, thereby ensuring a company's competitive success. In addition, both have a much-needed role in the orchestration of corporate resources, where on the one hand dynamic capabilities play a role in absorbing and adapting or modifying resources, while on the other hand organizational ambidexterity ensures the capability to learn, optimize, and balance them. The importance of dynamic capabilities for companies to be able to manage existing resources into new resources that can support the dual needs of both exploration and exploitation activities and cope with rapid resource changes. Based on this explanation, this study proposes a hypothesis:

Hypothesis 4 (H4): dynamic capabilities have a positive effect on organizational ambidexterity

2.5.5 Organizational Ambidexterity and Innovation Performance

According to Pundziene (2016), a company's effectiveness in pursuing incremental and radical innovation simultaneously depends on the company's ability to balance exploration and exploitation activities (Simsek et al., 2009). The ability to apply exploration and exploitation innovations simultaneously allows companies to face challenges in the environment and market such as challenges in innovation management that are constantly increasing (Prange and Schlegelmilch, 2010). Based on this explanation, this study proposes a hypothesis:

Hypothesis 5 (H5): organizational ambidexterity has a positive effect on innovation performance

The conceptual framework in this research model adopts several frameworks of the strategic entrepreneurship model developed by Hitt et al. (2011) and also adopts the model from Utoyo and Fontana (2017) which explains the influence of the strategic entrepreneurship process in building dynamic capabilities and improving innovation performance. Figure 1 explains that this research model adopts frameworks of the input-process-output from the strategic entrepreneurship model.

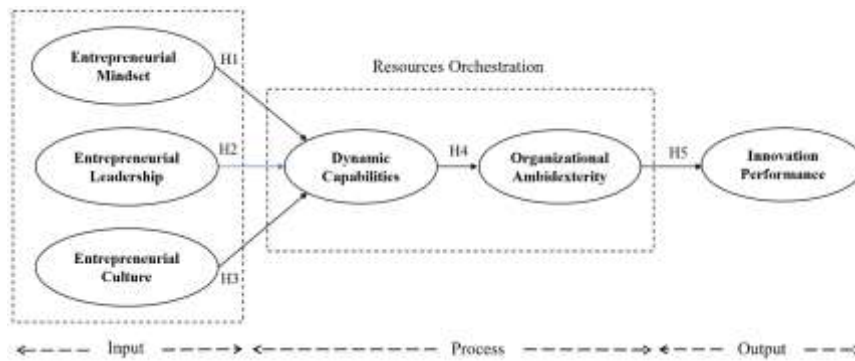


Figure 1. Research Model

3. Research Method

The research methodology is structured to answer research questions and achieve research objectives as well as test the hypotheses of the proposed model using quantitative methods. The population and unit of analysis in this study are 123 startups that are part of the portfolio of Telkom, so that the sample in this study is the top management of the startups who has participated in the Telkom's business incubation program. The selection of the population, unit of analysis and sample in this study is based on the hope that it will be able to find out more about the effectiveness of strategic entrepreneurship that has an effect on improving innovation performance in the startup portfolio of Telkom.

Primary data in this study was obtained by conducting quantitative research, in the form of data collection by distributing online questionnaires consisting of 108 questions using a Likert scale of 1-6 to the founder or c-level of startups who were leaders of the Telkom's startups, where they better understand and know the strategy and performance of the company (Tajeddini & Mueller, 2012). The Likert scale was chosen in this study because it includes a detailed rating scale where respondents are given a scale in the form of numbers associated with each category. Respondents will be asked to answer questions by choosing a predetermined category to indicate their level of agreement or disagreement with a series of research questions (Maholtra, 2009). The survey has been carried out for seven weeks, starting from December 10, 2021 to January 30, 2022, by sending questionnaires to 103 candidate respondents. From this number of distributions, the researchers collected 62 empirical data. Furthermore, the data obtained will be processed with descriptive statistics and inferential statistics using the PLS-SEM instrument. PLS-SEM relatively requires less sample size, can be used for data that is not normally distributed, can confirm the relationship between latent variables, can analyze the constructs formed by reflective and formative indicators, and can to analyze complex latent variables and indicators. The SEM program used in this research is SmartPLS version 3.2.9. The operationalization of each variable in this study was adopted from several previous studies with a total of 108 indicators which can be seen in Figure 2.

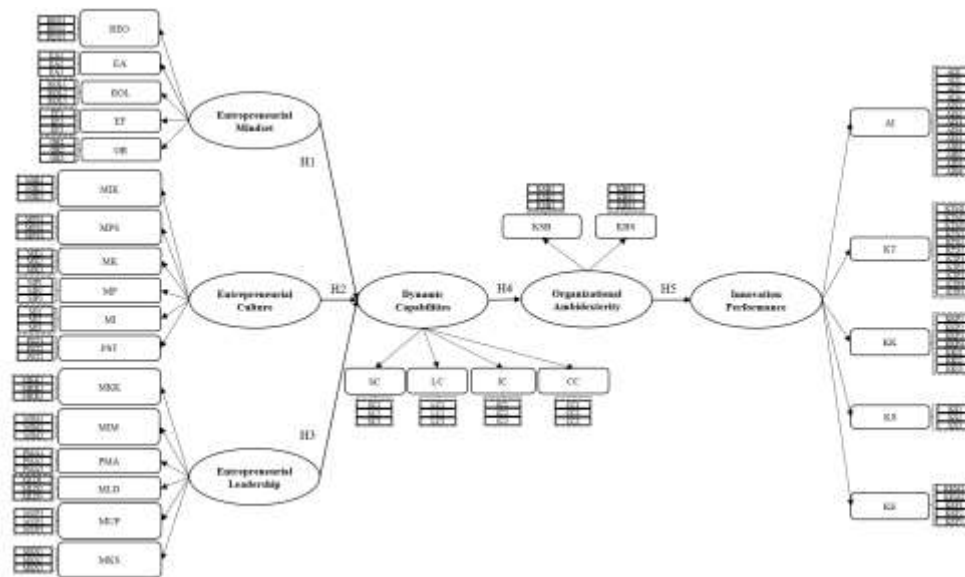


Figure 2. Research Model with Dimensions & Indicators

The entrepreneurial mindset variable consists of five dimensions and has a total of 15 indicators, namely the dimension of recognizing entrepreneurial opportunities (REO1-REO3), the entrepreneurial alertness dimension (EA1-EA3), the real option logic dimension (ROL1-ROL3), and the entrepreneurial framework dimension. (EF1-EF3), and the opportunity register dimension (OR1-OR3).

The entrepreneurial culture variable consists of six dimensions and has a total of 18 indicators, namely the dimension of new ideas and creativity are expected (MIK1-MIK3), the dimension of risk-taking is encouraged (MPS1-MPS3), the dimension of failure is tolerated (MK1-MK3), the dimension of learning is promoted (MP1-MP3), the dimension of innovations are championed (MI1-MI3) and the dimension of continuous change is viewed as a conveyor of opportunities (PST1-PST3).

The entrepreneurial leadership variable consists of six dimensions and has a total of 18 indicators, namely the dimension of nourish an entrepreneurial capability (MKK1-MKK3), the dimension of protect innovations threatening the current business model (MIM1-MIM3), the dimension of make sense of opportunities (PMA1-PMA3), the dimension of question the dominant logic (MLD1-MLD3), the dimension of revisit the “deceptively simple questions” (MUP1-MUP3), the dimension of link entrepreneurship and strategic management (MKS1-MKS3).

The dynamic capabilities variable consists of four dimensions and has a total of 12 indicators, namely the sensing capability dimension (SC1-SC3), the learning capability dimension (LC1-LC3), integrating capability dimension (IC1-IC3), and coordinating capability dimension (CC1-CC3).

The organizational ambidexterity variable consists of two dimensions and has a total of 6 indicators, namely the balance dimension (KBS1-KSB3), and the combine dimension (KBS1-KBS3).

The innovation performance variable consists of five dimensions and has a total of 39 indicators, namely internal aspects dimension (AII1-AIB3), technical performance dimension (KTM1-KTP5), commercial performance dimension (KKP1-KKI3), social performance dimension (KS1-KS3), and dimension of economic performance (KEM1-KEF3).

4. Results and Discussion

The methods used in the operationalization of constructs and data in this chapter ultimately aim to test hypotheses and answer research questions. There are two main stages in conducting the PLS-SEM analysis method. The first stage is to analyze the outer measurement model. The analysis is to ensure the validity of the reliability of each item and research construct. The second stage, namely the analysis of the inner model. The analysis aims to see the results of the correlation test between constructs that have been hypothesized. The outer model analysis was carried out using the SmartPLS software, then the results came out as shown in table 2. The overall AVE value in

each dimension having a value > 0.5 which indicates that these items can represent constructs or dimensions. Furthermore, regarding reliability, it can be seen in table 2 that each dimension has a CA value of > 0.7 , which means that each dimensions have good reliability strength. In addition, each of these dimensions is also supported by a CR value > 0.7 which indicates that the dimensions is reliable.

Table 2. Construct Overview Results.

Construct	AVE	CA	CR	Conclusion
Entrepreneurial Mindset	0,543	0,939	0,946	Good Convergent Validity
Entrepreneurial Culture	0,501	0,940	0,947	Good Convergent Validity
Entrepreneurial Leadership	0,521	0,944	0,951	Good Convergent Validity
Dynamic Capabilities	0,707	0,962	0,967	Good Convergent Validity
Organizational Ambidexterity	0,651	0,893	0,918	Good Convergent Validity
Innovation Performance	0,506	0,974	0,975	Good Convergent Validity

Notes: CA, Cronbach's Alpha; CR, Composite Reliability; AVE, Average Variance Extracted

The analysis of the inner model is carried out to test the relationship between variables in the study as shown in Table 3. R-Square (R^2) aims to determine the strength of the exogenous to endogenous variables so that the average value of endogenous variables in this study is 0.674 so it can be said to have moderate power or > 0.50 . Q-Square (Q^2) was conducted to validate the predictive ability of the model and to measure the predictive behavior of the model. The value of Q^2 in this study is 0.966. In other words, it can be stated that the predictive relevance value of the model is 96.6% and belongs to the large category or > 0 . Goodness of Fit (GoF) is one way to validate measurement models and structural models. The GoF value in this research model is 0.620 which can be expressed as a large category or > 0.36 . So it can be concluded that the resulting model has a good ability to explain the data.

Tabel 3. Inner Model Results

\bar{R}^2	0,674
Q^2	0,966
GoF	0,620

The path coefficient aims to provide an explanation of how strong the relationship between constructs is. In this study, the significance level used is 5%, which represents the t-statistic value > 1.96 . A construct can be said to have a significant relationship if the t-statistic value is greater than 1.96. Besides, the p value < 0.05 indicates a significant relationship pattern as well. The results of hypothesis testing are as presented in table 4.

Tabel 4. Path Coefficient Results

Hipotesis	Original Sample	t-statistik	P Values
Entrepreneurial Mindset → Dynamic Capabilities (H1)	0,332	2,591	0,010
Entrepreneurial Culture → Dynamic Capabilities (H2)	0,054	0,516	0,606
Entrepreneurial Leadership → Dynamic Capabilities (H3)	0,602	4,806	0,000
Dynamic Capabilities → Organizational Ambidexterity (H4)	0,807	19,685	0,000
Organizational Ambidexterity → Innovation Performance (H5)	0,800	20,934	0,000

Hypothesis one (H1) shows that the entrepreneurial mindset t-statistic value on dynamic capabilities is 2.591 which is greater than the t-value of 1.96, and has a p value of 0.010 which is smaller than 0.05. This indicates that there is a significant influence given by the entrepreneurial mindset on dynamic capabilities. Therefore, H1 can be declared accepted.

Hypothesis two (H2) shows that the t-statistic value of entrepreneurial culture on dynamic capabilities is 0.516 which is smaller than the t-value of 1.96, and has a p value of 0.606 which is greater than 0.05. So that this value states that the hypothesis of the influence of the entrepreneurial mindset on dynamic capabilities is not significant, so H2 is declared rejected.

Hypothesis three (H3) shows that the t-statistic value of entrepreneurial leadership on dynamic capabilities is 4.806 which is greater than the t-value of 1.96 and has a p value of 0.000 which is smaller than 0.05. So that this value states that the hypothesis of the influence of entrepreneurial leadership on dynamic capabilities has a significant positive effect, then the H3 hypothesis is accepted.

The fourth hypothesis (H4) shows that the t-statistical dynamic capabilities on organizational ambidexterity is 19.685, which is greater than the t-value of 1.96 and has a p value of 0.000 which is smaller than 0.05. So that this value states that the hypothesis of the influence of entrepreneurial orientation on network capability has a significant positive effect, then the hypothesis is accepted.

The fifth hypothesis (H5) shows that the t-statistic value of organizational ambidexterity on innovation performance is 20.934, which is greater than the t-value of 1.96 and has a p value of 0.000 which is smaller than 0.05. So that the value states that the hypothesis of the influence of organizational ambidexterity on innovation performance has a significant positive effect, then the hypothesis is accepted.

5. Conclusion and Implications

This study aims to empirically examines the effectiveness of the influence of strategic entrepreneurship, dynamic capabilities, and organizational ambidexterity on innovation performance in the context of startups. From the data generated in this study, the results show that strategic entrepreneurship influences dynamic capabilities, organizational ambidexterity and innovation performance but the dimension of entrepreneurial culture has a minimum effect or not significant on influencing innovation performance. There are six important aspects supported by data in the formation of entrepreneurial culture, namely the dimension of new ideas and creativity are expected, the dimension of risk-taking is encouraged, the dimension of failure is tolerated, the dimension of learning is promoted, the dimension of innovations are championed and the dimension of continuous change is viewed as a conveyor of opportunities. An entrepreneurial culture refers to an organisational culture that commits and shares the importance of simultaneous opportunity-seeking and advantage-seeking behaviours. The environment changes require individuals and organisations to become more entrepreneurial to survive. Based on culture and environment factors, organisations with an entrepreneurial culture search for entrepreneurial opportunities existing in uncertain business environments and then determine the capabilities needed to successfully exploit them. Therefore, the entrepreneurial culture requires environmental factors to run effectively. This is supported by research from Bucciari et al (2019) which explains that entrepreneurial cultures have been found to be effective in dynamic environments. In particular, technology companies found that operating in turbulent environments to be a significant factor in the development of their dynamic capabilities.

For future research, it should examine the relationship between entrepreneurial culture and dynamic environments in the strategic entrepreneurship model. Since the role of dynamic environments cannot be ignored, it is suggested that dynamic environments is positioned as a mediation variable between entrepreneurial culture and dynamic capabilities for enhancing innovation performance along with the organizational ambidexterity. This study provides intriguing findings and theoretical contribution in explaining the phenomenon of low innovation performance for startups that run organizational ambidexterity. There are several practical implications related to innovation performance in startups that need to be adopted by founders or C-level. The first implication is that in the strategic entrepreneurship, the founders need to build entrepreneurial leadership, entrepreneurial mindset, entrepreneurial culture, dynamic capabilities, and organizational ambidexterity since they play a very significant role to enhance innovation performance. The second implication is that the founders need to ensure that the linkages between entrepreneurial culture and dynamic environments will be strengthened as innovation operate in markets with higher degrees of environmental dynamism.

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