

**CREATING ORGANIZATIONAL AMBIDEXTERITY INFLUENCED BY ENTREPRENEURIAL  
COMPETENCIES, AND EXTERNAL ENVIRONMENTAL DYNAMISM AND ITS IMPACT TOWARDS  
BUSINESS PERFORMANCE THROUGH SUSTAINABLE COMPETITIVE ADVANTAGE  
(STUDY ON LOGISTICS SERVICES INDUSTRY IN DKI JAKARTA)**

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**Abstract:** The objective of this research was to know the influence of Entrepreneurial Competencies and External Environmental Dynamism, to Organizational Ambidexterity and its implication on Sustainable Competitive Advantage and impact on Business Performance. The research method was quantitative through survey research approached by causal comparative. The sample technique was probability sample with sampling multistage methods in number of respondents was 180 of logistics service companies in Jakarta, Indonesia. The analysis technique used Structural Equation Modeling (SEM) by software Lisrel 9.1. The result of this research showed the relations and strong impact between the whole variables.

**Keywords:** Organizational Ambidexterity, Entrepreneurial Competencies, External Environmental Dynamism, Business Performance, Sustainable Competitive Advantage

## **1. INTRODUCTION**

The score of Logistics Performance Index (LPI) that released by World Bank in 2016, set an unfavourable position for Indonesia compared to Southeast Asia countries. Based on LPI, Indonesia was on position to 63 of 160 surveyed countries by scoring 2.98. This position was down compared to last 2014, which it was to 53 with scoring 3.08. Indonesia position is under Singapore (rank 5, score 4.14), Malaysia (rank 32, score 3.43), Thailand (rank 45, score 3.26). LPI is logistic performance indicator of country, which scored by aspects of customs efficiency process, infrastructure quality related to transportation and trade, international shipment, logistic competency, the ability of tracking and tracing, and the timeliness of delivery.

In line with achievement of LPI above, it required improvement each logistic in Indonesia to increase the competitiveness of logistic performance to the better level. The improvement referred is not only relying on Government, but also the whole operators responsibility in logistic service and related associations. As known Indonesia is the largest archipelago country in the world and therefore needs the special treatment to be improved, can not be equated to others countries in term standardized on logistics managerial processes.

According to Gopal R. (2016), Indonesia has the huge potential market in transportation and logistic. In 2015, the market value was estimated to reach US\$ 165 billion, which US\$ 44 billion of the transportation and US\$ 121 billion of the industry logistic activities. The predicted of transportation and logistics industries up to 2020, will

grow up to 15,4%. The huge market potential and business opportunities in one hand, and the problems that overarching in another hand causing some domestic company can not utilize the potential optimally. On other hand, the domestic company failing one by one due to the tight competition, especially caused by pressure from foreign logistic service companies.

Viewed from the business characteristics side, the business performance of logistics service company is not only influenced by external aspect or macro, but also highly dependent upon the strength competency of managerial or can be said on the entrepreneurial competencies strength. The contribution of managerial or entrepreneurial competencies in the logistic service company is very decisive, because many business aspects are determined by management strategy, commitment, managerial concept, captured opportunity ability, good management and leadership, interweave relationships ability, personal superior competency, and business technical skill, which are all called entrepreneurship competencies.

The logistic service companies tend to less innovative, because always run the business from time to time, in other words mostly of these kinds of company focus in the exploit. Company must to exploit the efficiency, process improvement, including innovation. However, the innovation is usually only internal scope, which forgets new innovations outside of the habit of the regular businesses. Although there were able to repeat the successful back but after through the issue over and over again, in other word the company was too busy exploiting. Once the business becomes saturated, company is starting to consider the new one by exploration but it's too late. In this context appears ambidextrous organization concept, the organization concept that running an exploit and explore methods side by side.

The increase of the logistic services companies from West and Asia region to do activities in Indonesia, demanding these logistic service companies to maintain and improve the sustainable competitive advantage (SCA). This SCA is a success key to exist and keep creating a superior business performance.

## 2. Theoretical Background

This research intend to develop the grand theoretical model "Strategic moved to achieve business performance through Organization Ambidexterity mediation and Sustainable Competitive Advantage, and the role of exogenous variable Entrepreneurial Competencies and External Environmental Dynamism". To develop Grand Theoretical Model needs some theories that explain the variables relation, such as Entrepreneurial Competencies, External Environmental Dynamism, Organizational Ambidexterity, Sustainable Competitive Advantage, and outcome variable that is Business Performance.

Strategic Management was used as a basic theory, which related to Huang and Lee (2012) theories:

*"A review of strategic management literature indicates that two important schools of thought have emerged that seek to explain the competitive advantage of a firm. Resource-based view theory focuses on firm effects, whereas industrial organization literature emphasizes industry effects as critical determinants of competitive advantage and superior performance"*.

Some of competitive advantage concepts delivered by experts would be discussed below.

According to

Porter (1993:2)

*Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.*

Porter (1993:4)

*Competitive Advantage is at the heart of a firm's performance in competitive markets" and goes on to say that purpose of his book on the subject is to show "how a firm can actually create and sustain a*

*competitive advantage in an industry—how it can implement the broad generic strategies.” Thus, competitive advantage means having low costs, differentiation advantage, or a successful focus strategy. In addition, Porter argues that “competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm’s cost of creating it.*

David (2013:38)

*Anything that a firm does especially well compared to rival firms. When a firm can do something that rival firms cannot do, or owns something that rival firms desire, that can represent a competitive advantage.*

Hittet al. (2012:5)

*A sustained or sustainable competitive advantage occurs when a firm implements a value-creating strategy of which other companies are unable to duplicate the benefits or find it too costly to imitate.*

Based on the definitions above, generally the excellence competitiveness is a company excellence, which can work better and more successful compared others companies in the same industry.

According to Foroughi et al. (2015) the Organizational Performance is an accumulated outcome of the whole process and organization work activities. It is a complicated but important concept, manager needs to understand the contributed factors to high organization performance. More than that, they intend to success in high performance, which organization, working-unit or working group achieve the highest performance, no matter what the mission are, strategics, or target is being chased. Further than that Kaplan and Norton (1997) said that *theroleofperformanceassessmentinhelpingorganizationmemberstomanagethevaluechain.*

In 1976 Duncan (in Bodwell, 2011) was the pioneer who introduced the term of Organizational Ambidexterity (OA). Then before March 1991 issued a seminar paper about OA, and ever since OA become a popular concept until today. In its development, the OA conceptual papers based on Organization Learning (OL), Strategic Management (SM) that are description of the March’s framework that had been written by others experts (Bratnicka 2014, Good and Michel 2013, O’Reilly III and Tushman 2013, Zacher and Wilden 2014).

Based on Good and Michel (2013), Organization Ambidexterity (OA) is a company ability to explore and exploit simultaneously. Exploration was defined as a knowledge to search, novelty, experimentation, innovation, radical changes and new product creation, process, and services Exploitation was defined as a knowledge to continous improvement, modification, improvment, and additonal product changes, process and services (O’Reilly III and Tushman, 2013).

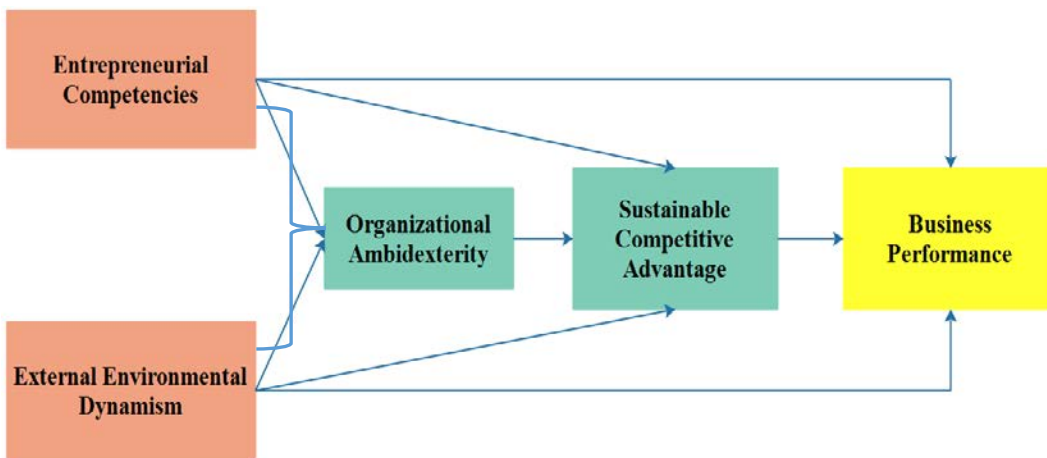
Some important definition had been presented by experts, which become a basic entrepreneurship thought today (Strauss, 2014) are proposed by:

- 1) *Joseph Schumpeter: “entrepreneur are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services.”*
- 2) *Peter Drucker: “An entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence and effective entrepreneur converts a source into a resource.”*
- 3) *Howard Stevenson: “Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled.”*

Based on Al Mamun et al (2016), a critical analysis that done on previous model, entrepreneur competency was finally earned eight significant competences, which was recommended for further investigation that include: strategic, commitment, conceptual, opportunity, organizing and leading, relationship, personal, and technical.

Organization strategic was determined mostly by organization environment. That is why; the relationship between organization and its environment is one of the most important topics of strategic management. Most of the research concentrated in uncertainty environment that appears becomes the main limitations in organization activities. This theory was based on argument that the organization sustainability depends on effective and efficient performances. The highest performance could be achieved if the organization responds to environment demands in the right way. Therefore, the research with dependence resources perspective is become important to consider environment dimension, within organization operated. Internal and external organization condition determines characteristic composition as a consequence is an organization performance. External Environment Dynamism has to be faced and taken seriously by the proper and fast strategy (Hoogh et al. 2004).

Based on the studied theory, previous researchs, and thinking framework, which had been discussed deeply in previous section, it can be formulated the links of conceptual model among Entrepreneurial Competencies, External Environmental Dynamism, Organizational Ambidexterity, Sustainable Competitive Advantage, and Business Performance in the thinking framework / research paradigm match to Figure 2.1:



**Figure 1. Research Framework**

### Hypotheses

Based on description in theory, research framework, and research variable entanglement paradigm, hypothesis can be structured in this research:

Hypothesis 1: Entrepreneurial Competencies and External Environmental Dynamism gives impact to Organizational Ambidexterity whether partial and simultaneous.

Hypothesis 2: Entrepreneurial Competencies gives influence to Sustainable Competitive Advantage.

Hypothesis 3: External Environmental Dynamism gives effecting to Sustainable Competitive Advantage.

Hypothesis 4: Organizational Ambidexterity gives influences to Sustainable Competitive Advantage.

Hypothesis 5: Sustainable Competitive Advantage gives impact to Business Performance.

Hypothesis 6: Entrepreneurial Competencies gives effecting to Business Performance.

Hypothesis 7: External Environmental Dynamism gives impact to Business Performance.

### 3. Method

The research methodology was quantitative with description and verificative research. The total sample of the research was about 180 companies that consist of five big companies in entered financial markets and 175 small and medium sized companies in service logistic. Structural Equation Modeling (SEM) was used as an analysis technique in this research in AMOS Version 22.0/Amos Graph.

Entrepreneurial Competencies Variable includes dimensions of:

- 1) Opportunity Competency
- 2) Relationship Competency
- 3) Conceptual Competency
- 4) Organizing and Leading Competency
- 5) Strategic Competency
- 6) Commitment Competency
- 7) Personal Competency
- 8) Technical Competency.

Meanwhile, External Environmental Dynamism includes dimensions of:

- 1) Competitive Intensity
- 2) Government Regulation
- 3) Infrastructure Support
- 4) Macro Economic Indicator.

Furthermore, Organizational Ambidexterity Variable includes dimensions of:

- 1) Exploration
- 2) Exploitation.

As to Sustainable Competitive Advantage Variable includes dimension of:

- 1) Price/Cost Advantage,
- 2) Service Quality,
- 3) Service Innovation,
- 4) Market Response, and
- 5) Company Reputation.

Meanwhile, Business Performance includes dimensi:

- 1) Financial Perspective
- 2) Customer Perspective
- 3) Internal Business Process Perspective
- 4) Learning and Growth Perspective

In studying the impact of variables of Entrepreneurial Competencies, External Environmental Dynamism, Organizational Ambidexterity and Sustainable Competitive toward Business Performance used regression analysis by Structural Equation Modeling (SEM).

Meanwhile, in screening the data, this study use Validity and Reliability Test. In this, Validity Test done by analyzing the Average Variance Extracted (AVE) by looking at the average of variance extracted between indicators. As to the criteria used is when the  $AVE > 0.5$  the scale used in this study is valid.

Furthermore, Reliability test done by analyzing the Construct Reliability (CR) by looking at the consistence of data. As to the criteria used is when the Construct Reliability  $> 0.7$  the scale used in this study is reliable.

#### 4. Discussion

From total research sample of 180 companies, there are 89,5% company did not have a foreign stock participation and only 10,5% companies has. Furthermore 91.65% company has 1-10 domestic branches, 5,6% has 11-20 domestic branches and 2,8% has 21-30 domestic branches. The average of total company assets is Rp. 441.364.537.921, the average of total company income is Rp. 332.922.951.934, and the average of total company net profit is Rp. 27.696.459.895, and has human resources (employees) about 185 people and 65 customer generally.

In this study, the used scale has been tested by validity and reliability test and the result seen in the table below:

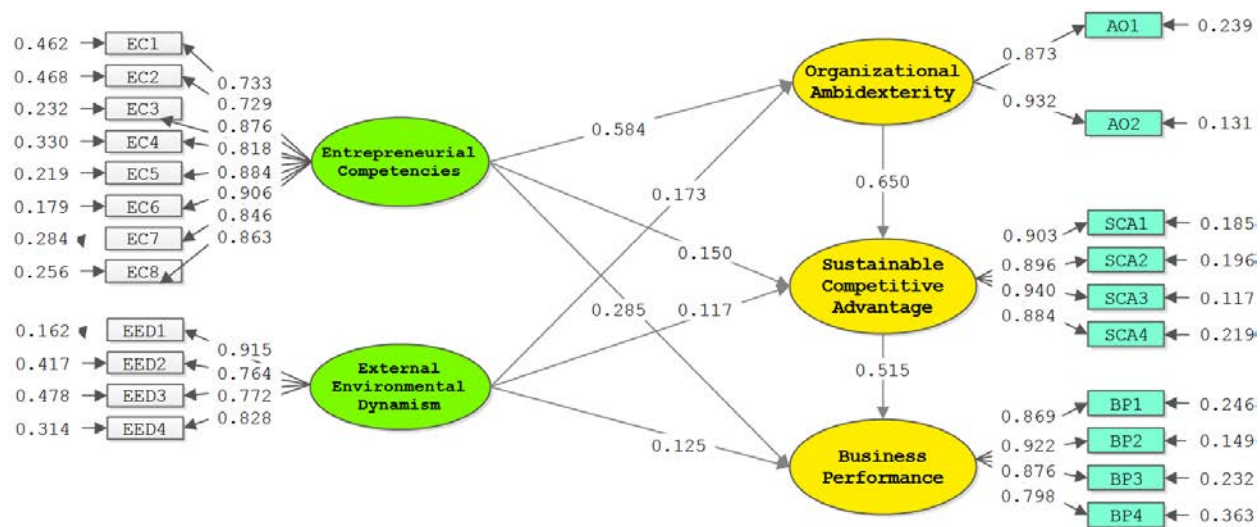
**Table 1. Result of Validity and Reliability Test**

Variable	Indicator	$\lambda$	$\lambda^2$	e	CR	AVE	Description
KK	KK1	0,726	0,527	0,474	0,948	0,696	Reliabel & Valid
	KK2	0,731	0,534	0,465			
	KK3	0,875	0,766	0,235			
	KK4	0,817	0,667	0,332			
	KK5	0,880	0,774	0,226			
	KK6	0,911	0,830	0,170			
	KK7	0,852	0,726	0,273			
	KK8	0,861	0,741	0,258			
DLE	DLE1	0,915	0,837	0,162	0,884	0,657	Reliabel & Valid
	DLE2	0,762	0,581	0,419			
	DLE3	0,718	0,516	0,484			
	DLE4	0,832	0,692	0,307			
AO	AO1	0,866	0,750	0,250	0,898	0,816	Reliabel & Valid
	AO2	0,939	0,882	0,118			
KBB	KBB1	0,905	0,819	0,182	0,949	0,822	Reliabel & Valid
	KBB2	0,898	0,806	0,194			
	KBB3	0,939	0,882	0,118			
	KBB4	0,884	0,781	0,218			
KB	KB1	0,875	0,766	0,235	0,924	0,752	Reliabel & Valid
	KB2	0,924	0,854	0,146			
	KB3	0,874	0,764	0,237			
	KB4	0,790	0,624	0,375			



At the table above seen that all of Average Variance Extracted (AVE) are greater than 0.5. It means all of scales used in this study were valid statistically. At the table above seen also that all of Construct Reliability (CR) are greater than 0.7. It means all of scales used were reliable.

Furthermore, the proportion of variance of the construct has been tested by looking at the loading factors with the result seem at the figure below.



**Figure 2. The Proportion of Variance of the Construct.**

At the figure above seen that the Loading Factor or Standardized Loading Estimate of the constructs are greater than 0.5. It means the constructs have high variance proportion. Thus, the constructs have been pass in the validity Convergent Test.

Furthermore, the result of Structural Equation Modeling (SEM) analysis can see below :

**Table 2. Result of Structural Equation Modeling (SEM) Analysis**

Model	Line	Coefficient Lane (Standardized)	T-statistic	R-square	Conclusion
First	EC → AO	0,584	7,599	0,422	Hypothesized Accepted
	EED → AO	0,173	2,512		Hypothesized Accepted
Second	EC → SCA	0,150	2,099	0,638	Hypothesized Accepted
	EED → SCA	0,117	2,041		Hypothesized Accepted
	AO → SCA	0,650	8,026		Hypothesized Accepted

Model	Line	Coefficient Lane (Standardized)	T- statistic	R- square	Conclusion
Third	EC → BP	0,285	4,062	0,601	Hypothesized Accepted
	EED → BP	0,125	2,082		Hypothesized Accepted
	SCA → BP	0,515	6,799		Hypothesized Accepted

At the table above seen that all T-Statistic or Critical Ratio are greater than T-Table for alpha 0.05 (1.64). It means Null Hypothesis is rejected and Alternative Hypothesis is accepted. Thus, all hypothetical relationships were found to be significant statistically.

## 5. Conclusion

Based on analysis and discussion that had been done, the research result can be drawn of some conclusions. The result of hypothesis shows that:

- Entrepreneurial competencies and External environmental dynamism gives impact partially and simultaneously to Organizational Ambidexterity
- Entrepreneurial Competencies gives effecting to Sustainable Competitive Advantage.
- External Environmental Dynamism gives influences to Sustainable Competitive Advantage.
- Organizational Ambidexterity gives effecting to Sustainable Competitive Advantage.
- Sustainable Competitive Advantage gives influence to Business Performance.
- Entrepreneurial Competencies give impact to Business Performance.
- External Environmental Dynamism gives influence to Business Performance.

## 6. Implications of Results

From the research that has been done found that there are some strategic variables that needed to improving Business Performance. For improving Business Performance, companies can develop the Entrepreneurial Competencies, External Environmental Dynamism and providing Organizational Ambidexterity. In this, organizational ambidexterity can be created by developing the Entrepreneurial Competencies and creating the External Environmental Dynamism. Organizational Ambidexterity generating the Sustainable Competitive Advantage for providing Business Performance. Certainly, Sustainable Competitive Advantage as a mediating variable in developing Business Performance has important contribution. So, when the companies want to have a good Business Performance, they should have a good Sustainable Competitive Advantage by providing Organizational Ambidexterity. Else, the companies can develop their Sustainable Competitive Advantage by exploiting the External Environmental Dynamism and developing the Entrepreneurial Competencies. Furthermore, Entrepreneurial Competencies can develop the Business Performance. In this, the companies can develop their Entrepreneurial Competencies by providing the effective entrepreneurship training. Meanwhile, the companies should create the collaboration with their external environment for obtaining the efficiency in getting supply of good raw material with the cheaper price and gathering the good quality of human resources that needed in companies production process.



## 7. Further Research

This research found that Business Performance is impacted by Entrepreneurial Competencies, External Environmental Dynamism and Organizational Ambidexterity. So, the further research is expected to find another variables that can generate a good Business Performance. Another variables that enabling to be studied are Government Policy, Employee Quality, Employee Welfare, etc. The further research is suggested also to study the another mediating variables in generating Business Performance due to Organizational Ambidexterity not only generate Sustainable Competitive Advantage but also generate the rivalry in business that generating a good business competition atmosphere that expected to push emerging a good Business Performance.

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