



ANALYZING THE INFLUENCES OF CORPORATE CULTURE, CORPORATE ENTREPRENEURSHIP, AND THE IMPLEMENTATION OF CRM ON THE PERFORMANCES OF TELECOMMUNICATION COMPANIES IN INDONESIA

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Abstract

Competition in the digitization era has become tighter, especially in the telecommunication industry. The scope of this industry is increasingly widespread either at the business or corporate level. The industry, which has grown since 1993 in Indonesia, has become one of the industries with very stable growth. However, 3-5 years ago, competition emerged not only from service providers, networks and telecommunications device, but also digital telecommunication. This development stimulates corporate management to be more proactive and innovative in growing their businesses. This situation led researchers to identify and explore the factors that can improve the performance of telecommunication companies to be able to compete with digital companies by relying on their corporate culture, corporate entrepreneurship and customer relations. The purpose of this research is to analyse the influences of corporate culture, corporate entrepreneurship and implementation of customer relationship management on the business units' performance of telecommunication companies in Indonesia. We distribute questionnaires to 47 managers of business units in several telecommunication companies in Indonesia. We use Structural Equation Modelling (PL-SEM) and SmartPLS software to analyse the survey results. The results of this study can be used by the companies to improve their performances.

Keywords: Corporate Culture, Corporate Entrepreneurship, Customer Relationship Management, Corporate Performance, Telecommunication Industry.

1. Introduction and Purpose

The development of digital economy is considered to have great potential due to the rapid penetration of its users. In 2017, according to the results of a survey of Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), 143.26 million from 262 million Indonesians, equal to 54.68%, were internet users. This fact shows that the digital economy is clearly using digital technology to continue growth broadly and strategically. Looking at the condition of Indonesia's digital economy, the model of future economic growth will depend on companies or industries that are committed to revitalize business by changing their competitive profile or by emphasizing innovation (Sharma & Chrisman, 1999; Zahra et al, 1999). Digitizing makes entrepreneurs or industries easier to interact with their customers, more creative and communicative in introducing brands and marketing their products. Moreover, business competition in the digital economy era is more customer and competition oriented (The Digital Economy in Indonesia, 2017). Managerial roles not only in managing its business enterprises, but also the well function of leadership in managing individuals as resources to be able to continuously identify and

capture new strategic opportunities, create business models and create new forms of organization (Augier & Teece, 2009).

This background underlies the purpose of research that focuses on identifying the main factors, benchmarking the competitor, and generating guidance that can affect the performance of telecommunication companies in Indonesia to be able to develop individual and managerial skills in business unit level. Business unit must be able to achieve these propose, in order to survive and grow amid the competition in this digital economic era.

2. Literature Review and Framework

Resource based view (RBV) has become the dominant paradigm in the field of entrepreneurship and strategic management (Hitt et al., 2016). The RBV describes that companies strive to differentiate themselves from competitors to obtain sustainable competitive advantage and superior performance (Hitt et al, 2016; Wernerfelt, 1984). Therefore, to win business competition, companies must have a fast and appropriate strategy so that they are able to sustain competitive advantage on an ongoing basis. Companies that focus on resources and capabilities in implementing the RBV concept should be able to compete continuously when compared to companies that do not apply the RBV concept. This process leads companies to the formation of new businesses and corporate transformation through renewal of ideas (Guth and Ginsberg, 1990). Companies must be able to realize or awaken the ability of entrepreneurs in their managerial to continue to innovate and expand their business by exploring new opportunities through new combinations of existing resources in accordance with their goals and competitiveness, as well as seeing the potential of resources in their external environment. Corporate Entrepreneurial is the process by which individuals or groups within an organization pursue these opportunities (Stevenson, Roberts, and Grousbeck, 1999), where corporate entrepreneurship includes three types of phenomena (Sharma and Chrisman, 1999), innovation, activity and risk seeking. Schein (1985) defines that "the pattern of basic assumptions that are found, discovered, or developed by a particular group when he learns to overcome the problem of external adaptation and internal integration that has worked well enough to be considered" as an Organizational Culture. In a survey conducted by management consulting firm Bain & Company in 2007, business leaders around the world identified corporate culture as important as the company's strategy for business success. The researchers found the relationship between organizational culture and company performance, illustrated through how the relationship between the culture that the company has in accordance with the demands of the corporate environment and performance indicators such as income, sales, market share, and / or stock price. For example, if a company is in an industry with advanced technology, having a culture that encourages innovation and adaptability will support the company's performance to achieve performance with advanced technology. However, if companies in the industry have a culture that is characterized by stability, upholds tradition, and has a strong preference for enforcing rules, the company will be difficult to have good performance. Specific to telecommunication Company, Salem (2010) in his study confirmed that CRM practices represent opportunities for a mobile service provider to proactively extend its services to its customers and gain their satisfaction and loyalty. Wang and Hui (2012) found that CRM capabilities reflected a firm's skill and knowledge to in regularly establishing, maintaining, upgrading and re-establishing beneficial relationships with attractive customers. The study revealed a significant and direct relationship between firms' CRM capabilities and business performances. Therefore, firms should not only possess valuable CRM resources such as customer orientation but also learn how to deploy the resources to build strong CRM capabilities, which will then contribute to superior business performance. Gupte (2011) mentioned that CRM tools are implemented to manage customer communication and enhance visibility of the organization to its customers. It reveals the impact of information technology on organizational performance.

3. Hypothesis Development

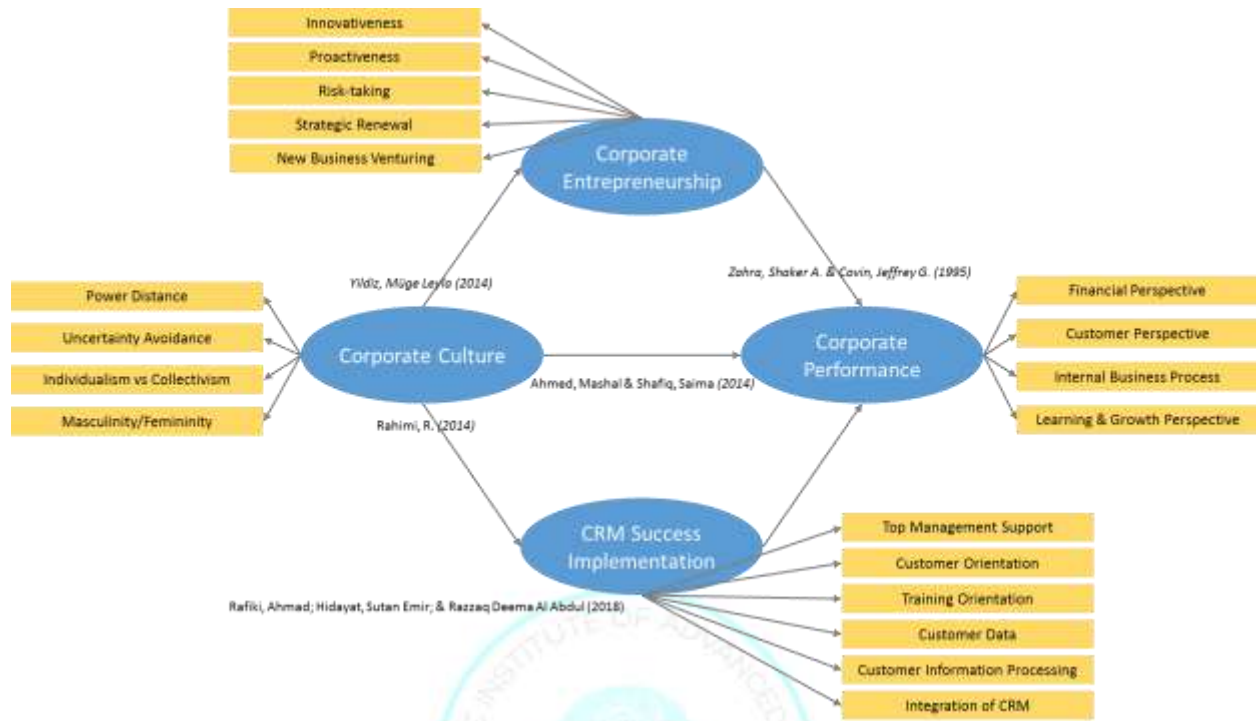


Figure 1: Research Model

The literature on corporate entrepreneurship has identified the use and results of the company's entrepreneurial activities in the form of company behavior and the company's internal processes. Corporate entrepreneurial can have real effects on businesses for development and promotion, some examples such as innovation, knowledge acquisition, strategic rejuvenation, global excellence, resource allocation and financial feasibility (Zahra, 2006). No matter the purpose of the company, corporate entrepreneurial appears as an important strategy for each type of business (Morris et al., 2011). The literature on corporate entrepreneurial extends that a significant effect on corporate performance has produced varied results (Zahra, 2006). In the corporate entrepreneurial model, Zahra (2006) also mentions that at the revision of the company-level behavioral conceptual framework it is suggested that environmental and organizational factors can influence corporate entrepreneurial relations with corporate performance. Also, Lumpkin and Dess (1996) also support the view that environmental factors such as corporate culture can influence the relationship between corporate entrepreneurial and corporate performance. Some studies have also examined the question of the relationship between cultural dimensions and entrepreneurial characteristics (Hayton et al., 2002). Morris et al. (1994) examined that the level of individualism which is one of the cultural dimensions in an organization has an important influence on corporate entrepreneurship. Zahra et al. (2004) found similar results in their research linking the organizational culture of family firms with their entrepreneurial performance. Moreover, Fatma (2014) mentions that the application of CRM techniques using advanced software and the application of analytical techniques has changed the way business is conducted financial services, especially in the banking sector. These studies reveal the relevance of CRM to customer satisfaction and ultimately to organizational performance. Thus, this research forms the basis of the following hypothesis:

Hypothesis 1: Corporate culture is positively related to corporate entrepreneurship.

Hypothesis 2: Corporate culture is positively related to the success of CRM implementation.

Hypothesis 3: Corporate culture is positively related to the success of company performance.

Hypothesis 4: CRM Success Implementation is positively related to company performance.

Hypothesis 5: Corporate Entrepreneurship is positively related to company performance.

4. Data and Methodology

In this study, a questionnaire was developed to measure values in dimensions using the business units of telecommunications companies in Indonesia as research objects. The questionnaire was distributed to managers who were representatives of the sales, marketing, product, service, network, research & development business units, etc.

The questionnaire adapted from the framework of Hornsby et al. (2002) and Umrani & Mahmood (2015) to measure Corporate Entrepreneurial, Zheng et al. (2010) and Garg & Ma (2005) to measure Corporate Culture and Corporate Performance, Becker et al. (2009), Greve and Albers (2006), Chang et al. (2010) to measure the success of CRM implementation. The indicator is measured on a scale of six points (1-6), where the points represent Strongly Disagree to Strongly Agree.

<i>Corporate Culture</i>			<i>Corporate Entrepreneurship</i>			<i>CRM Success Implementation</i>			<i>Corporate Performance</i>		
Kode	Mean	St. Dev	Kode	Mean	St. Dev	Kode	Mean	St. Dev	Kode	Mean	St. Dev
PD1	4.8	1.0	RT1	3.8	1.2	CO1	5.2	0.9	FP1	4.4	1.2
PD2	5.2	0.7	RT2	3.8	1.1	CO2	5.0	0.9	FP2	4.8	1.1
PD3	4.4	1.2	RT3	3.5	1.0	CO3	5.2	0.8	FP3	4.4	1.2
PD4	4.8	1.0	RT4	3.6	1.1	CO4	5.3	0.9	CP1	5.0	0.9
UA1	4.9	1.0	PR1	4.7	1.0	TM1	4.6	1.0	CP2	4.3	1.2
UA2	4.9	1.1	PR2	4.6	1.1	TM2	4.7	0.9	CP3	5.3	0.9
UA3	5.1	0.9	PR3	4.5	1.0	TM3	4.5	1.0	IB1	4.7	1.0
UA4	4.6	0.9	PR4	4.4	1.1	TM4	4.6	1.0	IB2	4.7	1.2
IC1	4.8	0.8	IN1	4.3	1.1	TO2	4.1	1.0	IB3	4.7	1.0
IC3	4.4	1.0	IN2	4.0	1.2	TO4	4.2	1.1	IB4	4.6	1.2
IC4	4.9	1.0	IN3	3.7	1.2	TO1	4.4	1.2	IB5	4.0	1.5
IC5	5.2	1.0	IN4	3.6	1.4	TO3	4.6	1.0	LG1	4.4	1.1
MF1	4.9	1.0	SR1	4.1	1.3	CD1	4.8	1.1	LG2	5.3	0.8
MF2	4.6	1.1	SR2	4.2	1.2	CD2	4.7	1.0	LG3	3.8	0.9
MF3	4.8	1.1	SR3	4.4	1.1	CD3	4.9	0.9	LG4	4.0	1.3
			SR4	4.3	1.2	CD4	4.9	1.0			
			NB1	4.3	1.2	CI1	4.9	1.1			
			NB2	3.5	1.3	CI2	4.9	1.1			
			NB3	2.7	1.4	CI3	4.8	1.2			
			NB4	4.3	1.1	CI4	4.7	0.9			
						CI5	4.6	1.2			
						CR1	4.6	1.1			
						CR2	4.4	1.2			
						CR3	4.5	1.2			
						CR4	4.2	1.3			
						CR5	4.5	1.1			

Table 1: Descriptive Statistic of Data

5. Finding and Analysis

Overall, telecommunication companies in Indonesia are very well prepared to face the digital economic era. This is what requires a deeper analysis, to know the significant factors to be able to continue to get good performance amid the competition. The method PLS-SME is used to quantitatively identify the factors that have been described in the previous chapter, with the following results:

	Original Sampl...	Sample Mean (...)	Standard Error ...	T Statistics (O...	P Values
CRM Success Implementation	0.177	0.198	0.137	1.289	0.198
Corporate Entrepreneurship	0.077	0.104	0.104	0.741	0.459
Corporate Performance	0.570	0.580	0.136	4.201	0.000

Table 2: R Square Results

By using $\alpha = 5\%$ and sample 47 data, the minimum R^2 of the sample TSB is 0.5 where the whole model has fulfilled the goodness of fit. Go into the details of the deviation between each factor, depicted on the coefficient path and the total effect.

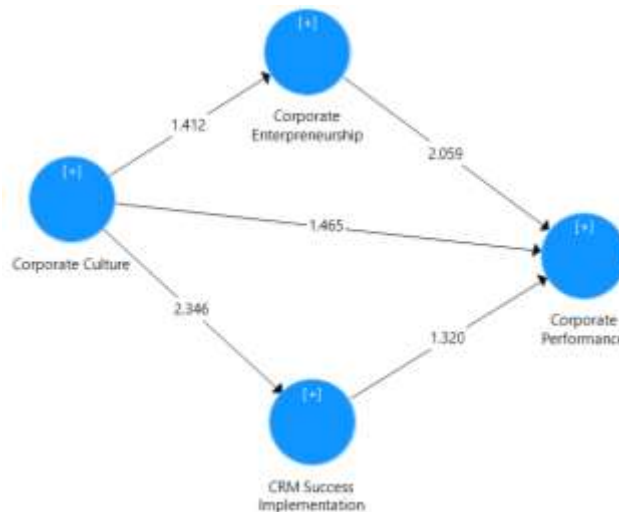


Figure 2: Path Coefficient

	Original Sampl...	Sample Mean (...)	Standard Error ...	T Statistics (O...	P Values
CRM Success Implementation -> Corporate Performance	0.290	0.265	0.219	1.320	0.187
Corporate Culture -> CRM Success Implementation	0.421	0.407	0.179	2.346	0.019
Corporate Culture -> Corporate Entrepreneurship	0.277	0.255	0.197	1.412	0.159
Corporate Culture -> Corporate Performance	0.463	0.418	0.180	2.568	0.011
Corporate Entrepreneurship -> Corporate Performance	0.394	0.421	0.192	2.059	0.040

Table 3: Total Effects Table

As a result, variable corporate culture significantly affects CRM success implementation and corporate performance. Furthermore, the corporate fights significantly affects corporate performance. Thus, from the hypothesis built by the researchers produced this:

- Hypothesis 1: Corporate culture is positively related to corporate entrepreneurship.

This hypothesis was rejected because P value is >0.05 where the result is to show 0.159 on the relationship between corporate culture and corporate entrepreneurship.

- Hypothesis 2: Corporate culture is positively related to the success of CRM implementation.

Meanwhile, in hypothesis 2, it shows significance due to the P value 0.019 or below 0.05, so this hypothesis is accepted.

- Hypothesis 3: Corporate culture is positively related to the success of company performance.

Likewise, with this 3 hypothesis, corporate culture has significant effect on corporate performance with P Value 0.011.

- Hypothesis 4: CRM Success Implementation is positively related to company performance.

In contrast to this hypothesis 4, CRM success implementation did not significantly affect company performance with P Value 0.187 (> 0.05 significance level).

- Hypothesis 5: Corporate Entrepreneurship is positively related to company performance.

In this last hypothesis, the corporate entrepreneurship is quite significantly related on corporate performance. Although the significance level is not equivalent to hypotheses 2 and 3, with P Value 0.040.

Conclusion and Limitation

The results recommend that Telecommunication corporations in Indonesia ought to have processes to integrate corporate culture and CRM success implementation as process to achieve well corporate performance in the competition of digital economy era. Additionally, management should be concerned about entrepreneurship with regards to its association to good performance. Future research should focus on looking at the moderating impact of external environmental factors (e.g. competitive hostility, market turbulence and market growth) on the relationship between CRM and organizational performance. This research also has the limitation that sample data gathered should be more to represent whole telecommunication industry in Indonesia.



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