



STRATEGIC ENTREPRENEURSHIP IN INDONESIA'S CONSTRUCTION SOE

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Abstract

Issues of inequality and the slow pace of economic growth in Indonesia are triggers for the government to accelerate infrastructure development and to support it even though the budget for infrastructure development continues to be increased every year. The increase in the infrastructure budget will certainly get the attention of companies engaged in this field, so it is important for companies to develop the ability of simultaneously seeking and opportunity seeking advantages to maintain their competitive advantage. This concept is known as strategic entrepreneurship. Established companies are not enough if they only develop the ability of advantage seeking but also have to develop opportunity seeking simultaneously. Therefore, this study examines the factors that can optimize the opportunity seeking process at one of the major companies in Indonesia that is engaged in construction industry. To confirm the construct, the model proposes six propositions. This study is expected to provide theoretical and practical insight on the SE to enhance IP.

Keywords: Capability Strategy, Configuring Innovation Capability, Innovation Performance, Strategic Entrepreneurship Process.

1. Research Problem

PT. Waskita Karya Tbk (WSKT) with an income of Rp15.54 trillion and profit of Rp1.28 trillion is becoming the highest-performing construction SOE, but in 2018 the company realized a new contract worth Rp27.08 trillion or down from the achievement of Rp55.83 trillion the previous year. With the addition of a new contract of Rp27.09 trillion from January 2018 throughout December 2018, the company has a total contract managed by Rp.117.07 trillion. That number dropped from Rp. 138.11 trillion at the end of 2017. This is certainly not in line with the increase in the infrastructure budget every year until 2018. As an established firm, Waskita has the ability of advantage seeking in maintaining its performance, this can be seen in increasing the competence of human resources to have knowledge and skills in the use of industrial technology 4.0, which in the future will be based on artificial intelligence, the internet of things, wearable, advance robotic, and 3D printing, but still have weaknesses in the ability of opportunity seeking to seize the opportunities that exist in the rise in the infrastructure budget.

2. Current Understanding

Previous studies (Ireland et. al. 2003; Ireland & Webb 2007) have shown that Strategic Entrepreneurship (SE) framework, which integrates entrepreneurial and strategic management aspects, combines opportunity-seeking and advantage-seeking capabilities. This combination attributes to develop a consistent stream of innovation and to remain ahead in a dynamic over a disruptive environment. The study of Ketchen et al., (2007) proposed that integrating SE and Collaborative Innovation, which combine the advantage of large firms and small firms will make

firms well positioned to create wealth. The joint forces between large and small firms in order to share knowledge and develop total SE ‘package’ – opportunity-seeking and advantage-seeking capabilities – can foster a pattern of successful and continuous innovation.

SE Framework (Ireland, 2003) consists of four core processes, namely (1) Search for Entrepreneurial Opportunity, (2) Dynamic Capabilities in Balancing Exploration and Exploitation, (3) Continuous Stream of Innovation, and (4) Enabling Firm to Create Wealth. While the concept of SE has received increasing attention in recent years, few studies have focused on the processes of SE as a distinct concept and its association specifically with dynamic capabilities and innovation performance. Theoretical and empirical studies regarding the SE process in a disruptive environment and dynamic capabilities as the bridge to enhancing innovation performance in emerging market is still limited.

3. Research Question

Based on the above background and the problem statement, the main research question that can be presented for this study is as follows:

“How optimal opportunity seeking ability influence firm performance in SE process?”

This study will explore the relation among enacted Entrepreneurial Mindset, Entrepreneurial Culture and Entrepreneurial Leadership, operation of capabilities, in the form of strategic entrepreneurship process, in improving Innovation Performance as the source of competitive advantage. Towards the main objective of this research study, identifying appropriate research tools that are reliable and valid to measure and analyze the aim of this study is required.

4. Proposed Research Design

The premise of this study is that adopting the SE process in the organizations enacting disruptive environment will both build dynamic capabilities and enhance its innovation performance. Adopting an input-process-output model of Hitt et al. (2011), the study examines the roles of dynamic capabilities in SE processes that depends or inter-dependes on three dimensions of SE Model. The first dimension is a resource factor/input, which consists of entrepreneurial mindset, leadership and culture to represent individual and organizational resources. The second dimension is resource orchestration, which can be divided into two sections. The first section is formulation of business strategy, which includes search, selection, and structuring (Sirmon et. al., 2011), the second section is implementation of business strategy, comprises of bundling, leveraging, and configuring.

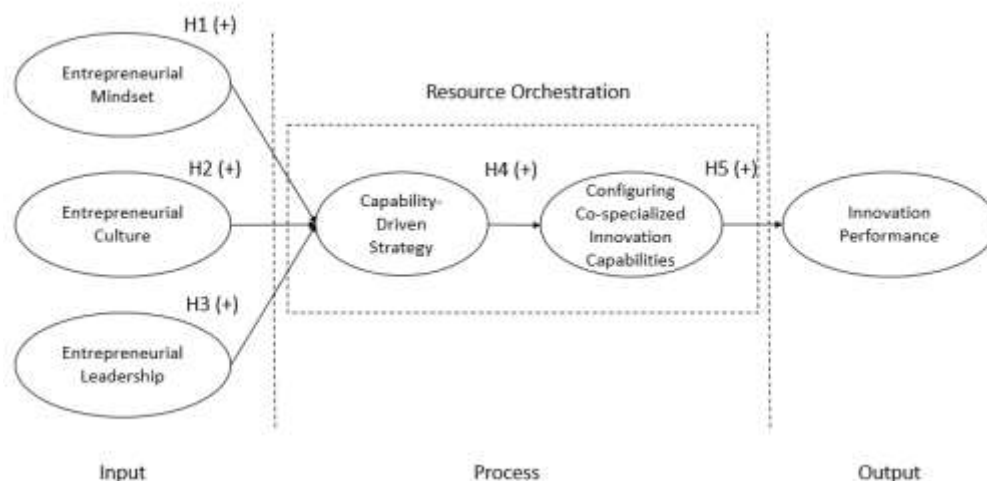


Figure 1. Research Model

The third dimension refers to output and the outcome of innovation, which is represented by innovation performance with five-performance dimensions covering input performance, technical performance, commercialization performance, social performance, and economical performance (Fontana & Musa, 2017).

5. Planned Findings

In general, the aim of this study is to understand the interrelationships between and/or among entrepreneurial organizational factors and capabilities in Strategic Entrepreneurship Process to enhance innovation performance.

This study is a work in progress, but the expected result will include:

- a) Entrepreneurial-ness positively affects Capabilities Strategy. The higher the entrepreneurial-ness in the company, the more the company's strategy balances between exploitation and exploration in the development of its core capabilities;
- b) Capabilities Strategy positively affects Configuring Innovation Capabilities. The more the company's strategy based on its core capabilities, the more the orchestration of innovation capabilities need to be coherent;
- c) Configuring Innovation Capabilities positively affects Innovation Performance. The more the company can orchestrate their innovation capabilities coherently, the more company can enhance innovation performance.

It is critical to make ensure the validity and reliability of measurement instruments that evaluate all of variables and indicators. The pre-test is performed to determine whether the questions in the questionnaire form can be understood clearly and have no other interpretation. Pre-test results were analyzed by confirmatory factor analysis of the models to test the validity of measurements and reliability variable. In this study, a pre-test or pilot survey was arranged to evaluate appropriateness of English-Indonesian translations of the statements in the questionnaire (face validity). Reliability test includes assessments of conceptual articulation and all phrases in the questionnaire are suitable for this study. In addition to facing validity, statistical testing is conducted on the collected data to evaluate validity and reliability of study. Selected respondents were asked to complete the survey and promoted as key respondents in a review validity.

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