

# Strategic Entrepreneurship: The Role of Human Resource Practice and its Capabilities in Managing Performance Firm

Bella Irianina<sup>1\*</sup>, Yasmine Nasution<sup>2</sup>

<sup>1</sup> irianina.bella@gmail.com

<sup>1,2</sup> Faculty of Economics and Business Universitas Indonesia, Kampus UI Depok, Indonesia

**Abstract.** In order to realize Corporate Entrepreneurship (CE), the context of Human Capability and successful strategic alignment of IT with business strategy, companies must coordinate components such as: business strategy, IT strategy and HRM strategy. Business performance measures the contribution of the business and technology domains to the company's business objectives. Both the company's external and internal environment affect the company's performance. The novelty of the research is to explain the role of human resource practice and its capabilities in managing performance firm. This study examines the impact of corporate entrepreneurship on performance, whether directly and indirectly through dynamic capability and the direct impact dynamic capability has on performance. This research uses Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach. Data is collected from 100 business units from divisions that are directly related to measurement variables, namely Information & Technology, Human Resources and Operations in several industrial pillars in Indonesia. The findings highlight that technology has a direct impact on corporate entrepreneurship because the progress of the times makes every industry player need to implement technology for data integration. And Human Resources also has a direct impact on Corporate Entrepreneurship where every organization needs to implement Strategic Human Resources to assist employees in hire to retire activities. These two variables are also assisted by dynamic capability, so that each individual or platform used has followed the applicable rules, thus leading to Learning Growth and Internal Business Processes in good performance.

**Keywords:** Corporate Entrepreneurship; Human Resource; IT Capabilities and Dynamic Capability

## 1. Introduction

Research on Corporate Entrepreneurship is currently being widely discussed by researchers, where it is not only companies that try to continue to achieve targets, but also how the internal environment helps or supports the company in achieving its vision and mission. The internal environment more specifically is people and technology, in the process helping the company to achieve what has been formulated. It is widely argued that in utilizing an information technology (IT), business operations and IT investment must be strategically coordinated and also aligned. To fully exploit IT, a company's business strategy must integrate with its IT strategy.

In order to realize Corporate Entrepreneurship (CE), the context of Human Capability and successful strategic alignment of IT with business strategy, companies must coordinate components such as: business strategy, IT strategy and HRM strategy. Business performance measures the contribution of the business and technology domains to the company's business objectives. Both the company's external and internal environment affect the company's performance.

Corporate Entrepreneurship (Intrapreneurship) is a process that can be used to develop new businesses, products, services, or processes within an existing organization to create value and generate new revenue growth through entrepreneurial thought and action. Corporate entrepreneurship must set the context in which innovation and growth are to be. In terms of providing a systems view of the resources, processes, and environment needed to support, motivate, and engage organizations in entrepreneurial thinking and action.

Basically there is no perfect way to implement corporate entrepreneurship. But there are three components that make enterprise entrepreneurship possible; people, processes and place/location/environment.

The scope of CE can also be wider in the organization, not previously known as entrepreneurship, there is a need to be like that in order to survive and succeed in an increasingly competitive and business or organizational environment. It also looks at how appropriate strategies and mechanisms can be developed.

Focus on the intellectual development of the people in it. The indispensable dimensions of HRM of corporate entrepreneurship, HRM policies and practices, as an important complement to entrepreneurial activity,

also offer complexity and variety, both with regard to the practice directly and in the way in which it exists which is interpreted from a human resource management (HRM) perspective. As stated by Quinn (1992) believes that the economy and productive power of the modern enterprise lies in its intellectual capabilities and services, not in its hard assets.(Soliman & Spooner, 2000). Hayton (2005) observes that while the traditional HRM model encourages employee contributions that match organizational needs and inducements, a more relevant perspective for corporate entrepreneurship will encourage relationship building between employees, between employees and the organization, and between employees and key organizations and stakeholders. The link between these is necessary because they represent a particular importance to the flow of knowledge and information, which are the building blocks of innovation and entrepreneurial opportunity(Dabić et al., 2011). Internal development of the company begins with the people in it who are determined by the knowledge and personality that can compete in it. Employee cognition determines how entrepreneurship is created to achieve dynamic competition in uncertainty. The characteristics of HRM can be seen from innovative behavior, operational proactiveness, risk management and consensus building behavior in their efforts to add value to their respective companies. HRM professionals in entrepreneurship are constantly looking for opportunities to add value to them. This opportunity-seeking behavior is supported by their long-term orientation and tendency to manage the risks that may arise in the added value. Interestingly,(Amarakoon et al., 2019)

Entrepreneurship in human resources benefits from integrating cognitive, learning, networking, and motivational perspectives. Learning theory often emphasizes the cumulative nature of human beings and the importance of acquiring knowledge(Marvel et al., 2016). The use of human resource systems using competency development, although necessary for the company to achieve a competitive position, may not be sufficient to achieve long-term sustainable competitive advantage. Therefore, HRM is relatively difficult to transfer to other companies,(Ordóñez de Pablos & Lytras, 2008). A cognitive approach to strategic group research has emerged based on the argument that managers can simplify their complex competitive environment and that it is the perceptions and differences among their competitors that can shape strategic decision making.(Gannon et al., 2012).

HRM practices can increase psychological capital in organizational membership, such as self-confidence, a sense of belonging and a sense of security and reduce psychological demands from other things. In addition, HRM practices can increase employees' confidence in their ability to achieve their goals(Shehata et al., 2020). HRM also continues to consider the welfare of its employees as well as welfare initiatives for the company. From this business perspective emerged the term corporate wellness (CW) a term used to distinguish welfare initiatives inspired solely by the business case for worker welfare or such as investment welfare. CW is a response to disease-related loss of productivity due to absence from work (absence) and decreased performance at work. CW involves the intensity of the relationship between welfare and economic interests so as to reduce social legitimacy to a fairly additional or secondary position, and clearly aligns the goals of worker welfare with economic goals in HRM.(Harvey, 2019). Corporate wellness within the company must be available to employees who need it so as to create a more structured and prosperous living environment, successful CWs can certainly manipulate the environment and resources to promote healthy practices in an effort to help employees achieve positive aspects in the work environment.(Smith et al., 2017)

Recent research has tried to prove the interaction between HRM and corporate entrepreneurship (CE).(Shehata et al., 2020)&(Moustaghfir et al., 2020). The results show that the three core HRM practices have a significant impact both on the nature of the personnel on duty and on CE and a new innovation culture can help companies generate non-financial performance, especially in terms of a positive work atmosphere, service quality, image and reputation. Another view says that the key actor in leading the company's success in the future can be seen from good HRM management which can affect CE(Montoro-Sánchez & Ribeiro Soriano, 2011). Previous studies have proven that there is a strong influence between HRM and CE in companies that are still pioneering such as SME or start-ups.(Dabic & Kiessling, 2019)&(Montoro-Sánchez & Ribeiro Soriano, 2011). Other empirical studies also suggest that there is a need to mix CE activities and HRM practices with clear evidence that this study tries to show that this need is equally important for other sectors besides innovation.(SM Lee et al., 2011).

When applied to the classic definition of entrepreneurship, identifying the results of exploiting opportunities in the face of resource constraints, corporate entrepreneurship will be part of this. Technology awareness requires a genuine interest in IT, both inside and outside the organization. As new technological innovations appear in the market on a regular basis, practitioners and researchers must maintain awareness of each other's efforts. Organizational members must stay up-to-date on the latest technologies and have adequate organizational knowledge and technical skills to make the best technology investments for their companies.

Researchers today say a lot about a technopreneur, where a technopreneur is a person who revolutionizes the prevailing economic order by making the best use of technology. Introducing new concepts of products and services in the market. When technopreneurs enter the market, all they have is an idea. Technopreneurs often observe prevailing business practices and combine them with fresh ideas to create something exclusive.

Technopreneurs stand out for their ability to absorb knowledge and how to apply it. Using technology solutions to revolutionize conventional practices is what they are doing and it is a welcome change in the business field.

Not a few people confuse the term good out of ignorance, in many cases creating confusion, because quite different things call it the same. Some have started labeling digitization as digital transformation to appease management, get project approvals, or to make sales. Even in this research, it is hoped that the terminology can be clarified and try to bring some basics in it; Digitalization, Digitization and Digital Transformation.

It is undeniable that the development of information technology is one of the success factors and can bring major changes to the company, information technology has not only changed the way companies or organizations conduct business activities, but has also changed business perspectives and processes. In terms of surviving in this technological era, of course, companies must also carry out digital transformation.

Every organization will basically always try to create a competitive advantage by pushing them ahead of competitors. In creating a competitive advantage, the existence of a saturated market and technological advances indicate that competitors are also able to imitate the company's competitive advantage. Creating a sustainable competitive advantage is a goal that must be achieved by a company. One way to do this is by implementing the VRIO Framework, which is a tool to assist organizations in disclosing and protecting their resources and capabilities, by giving companies a long-term competitive advantage. VRIO stands for Value, Rare, Inimitable, and Organized.

The VRIO Framework was originally developed by Barney, JB (1991) in his work 'Firm Resources and Sustained Competitive Advantage', where it is mentioned in identifying four attributes that a firm's resources must have in order to be a source of sustainable competitive advantage. Resources must be valuable, rare, imperfectly imitable and non-substitutable. the original skeleton was called Vrin. In 1995, in his later work 'Looking in for Competitive Advantage' Barney had introduced the VRIO framework, which was an improvement on the Vrin model.

The company in carrying out this digital transformation lies not only in its ability to use information technology, but is also influenced by how capable the company is in managing and utilizing it effectively and efficiently. The ability to manage information technology is better known as information technology capability. Information technology capability is believed to be able to create a competitive advantage for the company, and this competitive advantage is of course very closely related to the company's performance and value.

## **2. Literature Review**

### **Corporate Entrepreneurship (CE)**

Market changes or rejuvenating market competition. Various definitions were put forward by researchers in the field of entrepreneurship, several definitions of entrepreneurship (Maes, 2003 in Puspo, 2006) and (from various sources) are as follows: 1. According to (Miller, 1983) is an action taken by companies related to with product, marketing and technological innovation 2. Schuler, (1986), states that entrepreneurship is the creation or innovation to produce new products or businesses/services in trade organizations or in new organizations.

Ferreira (2002:4) states that a corporate entrepreneurship is a developing research, however, until now the definitions used by experts are many differences. The definition of corporate entrepreneurship from several experts is as follows (Puspo, 2006, and from various sources): Kuratko, et.Al (1993), Intrapreneurship/Corporate Entrepreneurship is entrepreneurship in corporations/companies that explain entrepreneurial behavior in organizations that have there (established firm). Lumpkin & Dess, (1996), Corporate entrepreneurship in this case is the process, workmanship, and decision-making activities (oriented to Entrepreneurial Orientation, namely, consisting of three dimensions of innovation (innovativeness), proactiveness (proactiveness), and risk taking ( risk taking) in achieving company performance.

### **HR Practice**

#### **Recruitment (Hiring)**

The dynamic hiring process continuously examines submitted applications, including internal and external sources, to identify talented candidates for company job assignments. In addition to applications received from recent graduates, career majors at colleges of educational institutions and partner universities as a result of the company's HR marketing strategy, as an assessment applications follow different procedures built on job-related criteria, including different types of interviews and considering providing feedback for acceptance. Applicants are rejected when the process is complete. All applications are maintained in a dedicated internal database for two years.

Companies usually recruit new employees with no contract period of 1 year or 3 months of probation. Where at that time is an orientation period for new employees regarding performance and also compatibility with the culture and noble values of the organization.

## **Training and development**

Training (training) is a learning process that involves the acquisition of skills, concepts, rules, or attitudes to improve performance (Simamora:2006:273). According to article I paragraph 9 of Law No. 13 of 2003. Job training is the entire activity to provide, obtain, improve, and develop work competence, productivity, discipline, attitude, and work ethic at a certain skill level and expertise in accordance with the level and job and job qualifications.

According to (Hani Handoko:2001:104) the meaning of training and development is different. Training is intended to improve mastery of various specific, detailed and routine work implementation skills and techniques. That is practiceprepare employees (labor) to do current jobs. Meanwhile, development (Development) has a wider scope in an effort to improve and enhance knowledge, abilities, attitudes and personality traits.

## **Performance assessment**

The definition of performance appraisal based on theories (Mathin and Jackson, Hasibuan, Mondy and Noe, Handoko, and Dessler) can be concluded as an assessment of the results of individual work produced and compared with existing standards, both in terms of quality and quantity that have been previously determined. Etymologically, performance comes from the word performance. As stated by Mangkunegara (2005:67) that the term performance comes from the word job performance or actual performance (work achievement or actual achievement achieved by someone), namely the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him. given to him. According to Gibsen et al (1997:52) employee performance is the desired outcome of the perpetrator. Handoko (2002: 76) termed performance. Meanwhile, employee performance according to Simamora (2004: 53) is the level of employee work results in achieving the job requirements given.

## **Compensation and Rewards**

Compensation is something that can be accepted by employees as a substitute for their service contribution to the company (Rivai, 2005: 357). (Simamora, 2004: 442) states that compensation is what is received by employees or employees in exchange for their contribution to an organization. (Hasibuan, 2005: 118) argues that compensation is income in the form of money or goods directly and indirectly received by employees as a reward for services provided to the company.

## **IT Capability**

Information technology capability is a company's ability to mobilize and deploy technology-based resources or in other words a combination of resources and other capabilities that can support it. Bharadwaj (2005) identified information technology capability as the company's capability created by the interaction between the information technology structure, human resources with information technology expertise and intangible information technology resources.

Kuncoro (2005) defines capability as the company's capacity and/or ability to integrate its resources to achieve the company's desired goals.

## **Dynamic Capabilities**

The concept that the company is always trying to expand, modify, reconfigure, or even completely change its resources and knowledge to create value in the dynamics of a rapidly changing business environment (Katkalo, Pitelis, & Teece, 2010). Dynamic capability is the firm's ability to adapt its resources to create value in a rapidly changing environment (Teece, Rumelt, Dosi, and Winter, 1994).

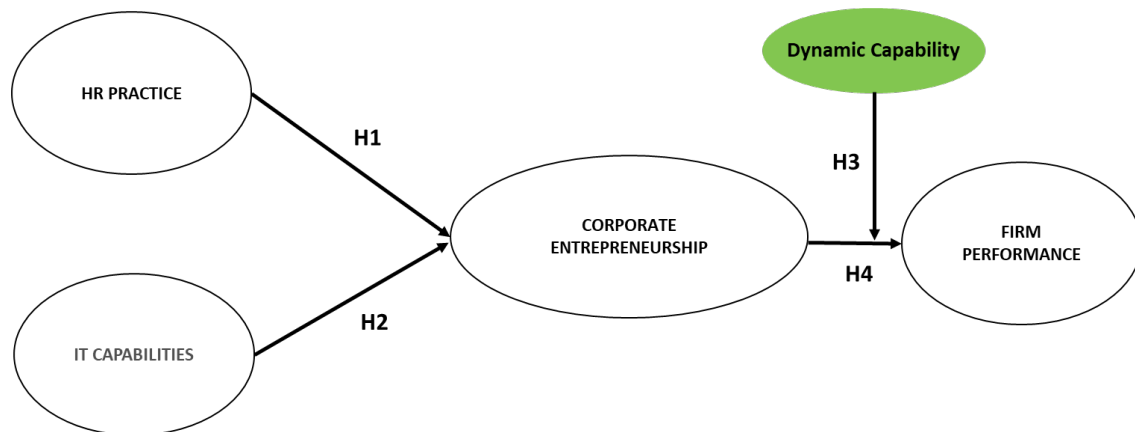
Companies must be able to adapt quickly. Dynamic capabilities enable companies to adapt to a rapidly changing and risky environment by responding in an agile and agile manner. This is because dynamic capabilities create the ability to innovate and adapt to environmental changes (Teece & Leih, 2016).

Dynamic capability theory is an extension of RBV (Resources Based Value) which can be used in dynamic situations and shows how the company's advantage is maintained over time (Ambrosini & Bowman, 2009). Capability means the ability to adapt, integrate and configure capabilities in managing internal and external organizational resources, competencies, and work functions, Teece et al. (1997). Dynamic is the ability to update the competence of how to do business/organization work so that it can be congruent with environmental demands. This means that dynamic capability means an organization that has built, managed, and maintained the process of finding solid foundations and strengths that are difficult to imitate by other organizations so that they have competitiveness (Teece, 2007).

### 3. Research Model

This research model is a modification of Karim, Sara El & Mohammed (2020) and Gamal, Abdel & Raafat(2020). This study explain the Market changes or rejuvenating market competition. Various definitions were put forward by researchers in the field of entrepreneurship, several definitions of entrepreneurship (Maes, 2003 in Puspo, (2006) and (from various sources) are as follows: 1. According to (Miller, 1983) is an action taken by companies related to with product, marketing and technological innovation 2. Schuler, (1986), states that entrepreneurship is the creation or innovation to produce new products or businesses/services in trade organizations or in new organizations.

**Figure 1. Research Model**



Source: Modification from Karim, Sara El & Mohammed (2020) and Gamal, Abdel & Raafat(2020)

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### Corporate Entrepreneurship and Company Performance

Corporate Entrepreneurship is entrepreneurship in corporations/companies that explain entrepreneurial behavior in organizations that have there (established firm). Lumpkin & Dess, (1996), Corporate entrepreneurship in this case is the process, workmanship, and decision-making activities (oriented to Entrepreneurial Orientation, namely, consisting of three dimensions of innovation (innovativeness), proactiveness (proactiveness), and risk taking ( risk taking) in achieving company performance.

The term CE refers to the process by which teams within an established company structure, develop, launch, and manage a new business that is different from the parent company but takes advantage of the parent company's assets, market position, capabilities, or resources. This is in contrast to corporate venture capital, which pursues more financial investments in external companies.

The VRIO Framework was originally developed by Barney, JB (1991) in his work 'Firm Resources and Sustained Competitive Advantage", where it is mentioned in identifying four attributes that a firm's resources must have in order to be a source of sustainable competitive advantage. Resources must be valuable, rare, imperfectly imitable and non-substitutable. the original skeleton was called Vrin. In 1995, in his later work 'Looking in for Competitive Advantage' Barney had introduced the VRIO framework, which was an improvement on the Vrin model.

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The dynamics of organizational profitability in its success and effectiveness consists in the efficient and, most importantly, innovative use of privileged resources (Findıklı et al., 2015). Undoubtedly human capital, as a key asset, plays a strategic role in leveraging organizational learning (Jyoti et al., 2017), which, usefully, as knowledge to make companies more innovative, and entrepreneurial (Spender and Grant, 1996).

Furthermore, the area of research that is currently examining such a relationship from a perspective where HRM practices and IT Capabilities primarily strengthen the organization study and shape overall business performance. Literature provides some guidance. However, the interaction between HRM practices and IT Capabilities becomes a variable inherent in corporate entrepreneurship in translating HRM and IT Capabilities efforts into performance results.

From the explanation above, the first hypothesis in this study is:

**Hypothesis 1:** HR Practice has a positive effect on Corporate Entrepreneurship.

**Hypothesis 2:** IT Capabilities has a positive effect on Corporate Entrepreneurship

**Hypothesis 3:** Dynamic Capability has a positive effect on Corporate Entrepreneurship

**Hypothesis 3:** Corporate Entrepreneurship has a positive effect on Firm Performance

#### 4. Research Method

This research model assesses the two lower quadrants of the Strategic Alignment Model and is designed to test the co-alignment between HR Practice and Technology Capability and its impact on firm performance.

The sample of respondents are section head, Manager and Managerial Up of Several Industry (Energy & Mining, IT Services, Banking and Financial Services). The distribution of the survey is using Google Forms via E-mail and Social Media such as Facebook, Twitter, Instagram and WhatsApp Group.

This research uses SEM-PLS data collection method with SMartPLS3. The SEM-PLS method has the advantage of measuring small samples. Two stages in analyzing research using SEM PLS, namely, structural model analysis and measurement model analysis, ensure that the study's measurement model has met the requirements as a valid and reliable model.

**Table 1. Business Characteristic and Respondent Profile**

Business Characteristic	Category	Frequency	Percentage
Business Industry	Banking	4	4%
	Energy & Mining	65	65%
	Financial Services (Financial Technology, Investment Bank, Multi Finance, Assurance, Asset Management and Securities)	14	14%
	IT Services	17	17%
	Total	100	100%
Type of Department	Human Resource (HR)	47	47%
	Information & Technology (IT)	14	14%
	Operation	39	39%
	Total	100	100%
Length of Business Activity	<100	25	25%
	100 - 500	26	26%
	501 - 1000	12	12%
	>1000	37	37%
	Total	100	100%
Business Location	Greater Jabodetabek	88	88%
	Outside Jabodetabek	12	12%
	Total	100	100%

Respondent Profile	Category	Frequency	Percentage
Gender	Male	67	67%
	Female	33	33%
	Total	100	100%
Age	25 - 40 Years Old	45	45%
	> 40 Years Old	53	53%
	< 25 Years Old	2	2%
	Total	100	100%
Role in Business	Manager	46	46%
	Managerial Up	33	33%
	Section Head / Superintendent / Supervisor	21	21%
	Total	100	100%

Source: Authors (2021)

The total number of respondents is 100 respondents. Table 1 describes that most businesses are Mining & Energy Industry 65%, such as coal mining, gold and bauxite with a prolonged business more than 5 years activity. Most of their business has under 100 (hundred) employees (25%). Meanwhile, 67% of the respondents are male, and 33% are female. Furthermore, 53% of the respondents' are more than 40 years old and 46% of the respondents are from managerial level.

## 5. Result and Discussion

Evaluation of the reflective outer model can be seen from convergent validity, reliability, and discriminant validity. Table 3 summarizes all the items for each construct that has met the convergent validity criterion (Loading Factor 0.5 and AVE >0.5) and reliability criterion (Cronbach's alpha >0.7 and Composite Reliability > 0.7) (Hair et al., 2014). Based on table 3, resource leveraging has the lowest CA of 5.93, far from 0.7. Therefore, CA more than 0.5 is still can be accepted (Goerge and Mallery, 2003). This research has sufficed the requirements of discriminant validity using the fornell-lackers (see table 2).

This research has met the requirements of structural model analysis regarding the values of R<sup>2</sup>, Q<sup>2</sup>, and path coefficients. The value of Q<sup>2</sup> of marketing capability (0.172) and business performance (0.207), so that the relevance of the two constructs is good. Meanwhile, marketing capability (0.35) and business performance (0.724) have moderate R<sup>2</sup> values, according to Hair et al. (2017).

The validity test with the SmartPLS 3.0 program can be seen from the loading factor value for each construct indicator. That is, the value of the loading factor must be > 0.70.

	Corporate	Dynamic Capability	Firm Performance	HR Practice	IT Capabilities	Moderating Effect 1
CR1				0.793		
CR2				0.894		
CR3				0.876		
CR4				0.89		
EO1	0.917					
EO2	0.949					
EO3	0.927					
EO4	0.945					
EO5	0.894					
ET1	0.869					
ET2	0.892					
ET3	0.891					
ET4	0.85					
ET5	0.91					
ET6	0.874					
HSP1R				0.773		

HSP2R				0.873		
HSP3				0.85		
HSP4				0.899		
HSP5R				0.899		
HSP6				0.79		
HSP7				0.783		
HSP8				0.888		
HSP9				0.893		
IBP1			0.889			
IBP2			0.846			
IBP3			0.913			
IBP4			0.904			
ITI1					0.736	
ITI2					0.731	
ITI3					0.84	
ITI4					0.716	
ITIF1					0.761	
ITIF2					0.912	
ITIF3					0.793	
ITIF4					0.769	
ITIF5					0.914	
ITM1					0.812	
ITM2					0.89	
ITM3					0.876	
ITM4					0.901	
ITM5					0.897	
LG1			0.845			
LG2			0.962			
LG3			0.901			
LG4			0.746			
LG5			0.959			
PA1				0.819		
PA2				0.735		
PA3				0.815		
PA4				0.76		
PA5				0.706		
PA6				0.763		
PA7				0.703		
RC1		0.914				
RC2		0.91				
RC3		0.786				
RC4		0.834				
RC5		0.822				
SN1		0.815				
SN2		0.793				

SN3		0.746			
SN4		0.918			
SZ1		0.888			
SZ2		0.864			
SZ3		0.854			
SZ4		0.882			
TD1			0.892		
TD2			0.932		
TD3			0.88		
TD4			0.936		
TD5			0.711		

All variables have met the convergent validity test because the loading factor value is >0.7

- Discriminant Validity (AVE VALUE)

### Construct Reliability and Validity

Matrix	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted ...	Copy
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	
Corporate	0.977	0.978	0.980	0.814	
Dynamic_Capability	0.968	0.970	0.971	0.722	
Firm_Performance	0.965	0.968	0.971	0.787	
HR_Practice	0.981	0.985	0.983	0.694	
IT_Capabilities	0.964	0.972	0.968	0.685	
Moderating Effect 1	1.000	1.000	1.000	1.000	

Assessment criteria with convergent validity through AVE > 0.5. Seen all variables > 0.5 so it is said to be valid.

### Discriminant Validity

Fornell-Larcker Criteri...	Cross Loadings	Heterotrait-Monotrait R...	Heterotrait-Monotrait R...	Copy to Clipboard:		
	Corporate	Dynamic_Capa...	Firm_Performa...	HR_Practice	IT_Capabilities	Moderating Eff...
Corporate	0.902					
Dynamic_Capability	0.913	0.850				
Firm_Performance	0.903	0.909	0.887			
HR_Practice	0.926	0.911	0.945	0.833		
IT_Capabilities	0.775	0.807	0.814	0.798	0.828	
Moderating Effect 1	-0.598	-0.582	-0.625	-0.582	-0.455	1.000

The test results using SmartPLS show that the discriminant validity value has met the criteria, namely the existence of a link between a discriminatory construct and a comparison that produces a larger number between the loading value of the intended construct and other constructs. And the instrument test with discriminant validity can be said to pass the test.

## 1. REABILITY TEST

### Construct Reliability and Validity

Matrix	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted ...	Copy
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	
Corporate	0.977	0.978	0.980	0.814	
Dynamic_Capability	0.968	0.970	0.971	0.722	
Firm_Performance	0.965	0.968	0.971	0.787	
HR_Practice	0.981	0.985	0.983	0.694	
IT_Capabilities	0.964	0.972	0.968	0.685	
Moderating Effect 1	1.000	1.000	1.000	1.000	

Cronbach's Alpha and Composite Reliability values  $> 0.7$  for each indicator in the study which states that it is reliable.

## 2. FIT MODELS

### Model Fit

Fit Summary	rms Theta	
	Saturated Model	Estimated Mo...
SRMR	0.086	0.091
d_ULS	19.349	21.595

SRMR or Standardized Root Mean Square value  $< 0.10$ . In accordance with the fit model picture above, the SRMR value is 0.086. So based on the assessment of the model already meets the criteria of model fit.

## 3. R-SQUARED TEST

### R Square

Matrix	R Square	R Square Adjusted
	R Square	R Square Adjus...
Corporate	0.861	0.858
Firm_Performa...	0.865	0.861

The R Square value of the joint or simultaneous effect on firm performance is 0.865 with an adjusted r square value of 0.861. So, it can be explained that all exogenous constructs simultaneously affect firm performance by 86%. The R Square value of the joint or simultaneous influence on corporate is 0.861 with an adjusted r square value of 0.858. So, it can be explained that all exogenous constructs simultaneously affect corporate by 86%.

## 4. F-SQUARED TEST

### f Square

Matrix	f Square	Copy to Clipboard:					
		Corporate	Dynamic_Capa...	Firm_Performa...	HR_Practice	IT_Capabilities	Moderating Eff...
Corporate				0.184			
Dynamic_Capability				0.288			
Firm_Performance							
HR_Practice	1.858						
IT_Capabilities	0.027						
Moderating Effect 1				0.052			

The determined threshold value is F-square ( $F^2$ )  $< 0.02$  is a very small effect,  $0.02 < F$ -square ( $F^2$ )  $< 0.15$  is a small effect,  $0.15 < F$ -square ( $F^2$ )  $< 0.35$  is a moderate effect, and  $f^2 > 0.35$  is a large effect.

## 5. HYPOTHESIS TESTING

### Path Coefficients

	Original Sampl...	Sample Mean (...)	Standard Devia...	T Statistics ( O/...	P Values
Corporate -> Firm_Performance	0.395	0.403	0.097	4.055	0.000
Dynamic_Capability -> Firm_Performance	0.487	0.482	0.095	5.129	0.000
HR_Practice -> Corporate	0.844	0.843	0.091	9.278	0.000
IT_Capabilities -> Corporate	0.102	0.105	0.106	0.961	0.337
Moderating Effect 1 -> Firm_Performance	-0.058	-0.057	0.018	3.175	0.002

#### DIRECT INFLUENCE:

1. HR Practice has a significant effect on Corporate as seen from the p-value  $< 0.05$ . The direct effect of HR Practice on Corporate is 0.844, which means that if HR Practice increases by one unit, Corporate can increase by 84.4%. This influence is positive.
2. IT Capabilities have no significant effect on Corporate as seen from the p-value  $> 0.05$ . The direct effect of IT Capabilities on Corporate is 0.102, which means that if IT Capabilities increase by one unit, Corporate can increase by 10.2%. This influence is positive.
3. Corporate has a significant effect on Firm Performance as seen from the p-value  $< 0.05$ . The direct effect of Corporate on Firm Performance is 0.395, which means that if Corporate increases by one unit, Firm Performance can increase by 39.5%. This influence is positive.
4. Dyanamic Capability has a significant effect on Firm Performance as seen from the p-value  $< 0.05$ . The direct effect of Dyanamic Capability on Firm Performance is 0.487, which means that if Dyanamic Capability increases by one unit, Firm Performance can increase by 48.7%. This influence is positive.

#### MODERATING VARIABLES:

##### Modetating Effect 1 (Corporate -> Firm Performance moderated by Dyanamic Capability)

From the output above, p-value  $< 0.05$ , it can be concluded that Dyanamic Capability significantly moderates the influence between Corporate and Firm Performance.

## 6. MEDIATION TEST

### Total Indirect Effects

	Original Sampl...	Sample Mean (...)	Standard Devia...	T Statistics ( O/...	P Values
Corporate -> Firm_Performance		-0.000	0.000		
Dynamic_Capability -> Firm_Performance					
HR_Practice -> Corporate					
HR_Practice -> Firm_Performance	0.333	0.337	0.080	4.177	0.000
IT_Capabilities -> Corporate		0.000	0.000		
IT_Capabilities -> Firm_Performance	0.040	0.046	0.049	0.819	0.413

#### MEDIATION VARIABLES:

1. HR Practice has a significant effect on Firm Performance with Corporate mediation as seen from the p-value  $< 0.05$ . The indirect effect of HR Practice on Firm Performance through Corporate is 0.333, which means that if HR Practice increases by one unit, Firm Performance can increase indirectly through Corporate by 33.3%. This influence is positive.
2. IT Capabilities have no effect on Firm Performance with Corporate mediation as seen from p-value  $> 0.05$ . The indirect effect of IT Capabilities on Firm Performance through Corporate is 0.040, which means that if IT Capabilities increase by one unit, Firm Performance can increase indirectly through Corporate by 4%. This influence is positive.

## 6. Conclusion

7.

This direct study of the notion that the relationship between Corporate Entrepreneurship and firm performance is more complex than the simple relationship. In other words, Corporate Entrepreneurship needs support from HR Practice & IT Capabilities even though it does not have a positive impact, that the company to achieve its goals does not necessarily directly buy the platform or develop the system by spending a lot of budget.

Companies can also rely on free platforms/applications that have been provided by website links and download free applications and make good use of them to store general company data.

However, HR Practice has a positive impact on corporate entrepreneurship, HR is the main position in the formation of the organizational structure and HR is also a position that will be eliminated most recently when there is a company restructuring and even dismissal.

In addition, it is supported by the ability of the dynamic capability assessment to explain that it has a positive effect on firm performance.

This finding supports the direct influence of Corporate Entrepreneurship and firm performance relationship. The higher the level of corporate entrepreneur, the higher the value of the resulting firm performance.

The company empowers HR Competencies and strives to utilize platforms / technology to help run business process activities.

This study contains several limitations and offers suggestions for further research: 1) This study was conducted during the Covid-19 pandemic and had a limited number of respondents, so this study cannot provide complete conclusions regarding the influence of Corporate Entrepreneurship and Firm Performance (CE-FP). Future research could further investigate CE-FP in a post-crisis context; 2) This study only uses quantitative methods. Future research can use mixed methods to get in-depth research; 3) This research only focuses on Corporate Entrepreneurship. Further researchers can examine other factors that can mediate the relationship between CE-FP, such as network ability, absorption ability.

Further research needs to complement the issue mentioned above and address such limitations.

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## Appendix

### Appendix 1. Construct and Items of Questionnaire

Dynamic Capability (Teece, 1997 & Khalig, Zafar, 2015 & Steven S Zhou et al, 2019)		
Instructions for Filling Out: 1= Strongly Disagree; 2= Disagree; 3= Doubtful; 4=Disagree; 5= Agree; 6= Strongly Agree		
No.	Question	Code
<b>Sensing Didin and Jann (2017)</b>		
39	My company is systematically looking for new concepts/production/manufacturing methods through a process of observation outside the company.	SN1
40	My Company systematically has a discussion forum to identify new manufacturing/production opportunities	SN2
41	My company often conducts comparative studies with other companies in the same industry	SN3
42	My company often reviews efforts to develop types of work and products that are in line with stakeholder needs	SN4
<b>Seizing Didin and Jann (2017)</b>		
43	I feel, R&D investment gets important attention from the company leadership.	SZ1
44	I feel that the R&D activities being carried out by the company will be able to answer business needs in the next 5-10 years.	SZ2
45	I feel, many company product innovations start from employee ideas	SZ3
46	I feel, the company has facilities to support the growth of new ideas from employees for product development / company transformation	SZ4
<b>Reconfiguring Didin and Jann (2017)</b>		
47	I feel, Every time there is a new business opportunity, the company management has carried out the labor transfer process well	RC1
48	I feel that the Company allocates sufficient investment to improve employee competence.	RC2
49	I feel, the company's management encourages employees to learn from experience so as not to repeat work mistakes.	RC3
50	I feel that the Company already has a database system that maps employee competency levels quite accurately.	RC4
51	I feel, The company's management manages the knowledge and experience of employees to improve company performance.	RC5

Corporate Entrepreneurship (Karim, Sara El & Mohammed, 2020) and (Gamal, Abdel & Raafat,2020)		
Instructions for Filling Out: 1= Strongly Disagree; 2= Disagree; 3= Doubtful; 4=Disagree; 5= Agree; 6= Strongly Agree		
No.	Question	Code
<b>Entrepreneurial Orientation Abdullah et al (2017)</b>		
52	My company has the ability to generate new ideas (New Business Venture)	EO1
53	My company thrives by encouraging and rewarding employees' creativity	EO2
54	My Company carries out positive and useful activities to reflect the added value of the company	EO3
55	My Company often does Mergers & Acquisitions of companies	EO4
56	My company is willing to take risks for business development	EO5
<b>Entrepreneurial Trait Habib Ratvi (2013)</b>		
57	My company has a scalable business plan	ET1
58	My company is quite Flexibility / Adaptive to changes	ET2
59	Company I believe that actions determine rewards	ET3
60	My company often innovates in the context of HR in support of the company's vision	ET4
61	My company often innovates business processes in support of the company's vision	ET5
62	My company often innovates products to meet consumer needs and desires	ET6
<b>Learning and Growth</b>		
Instructions for Filling Out: 1= Strongly Disagree; 2= Disagree; 3= Doubtful; 4=Disagree; 5= Agree; 6= Strongly Agree		
No.	Question	Code
63	My company has a compensation program that supports the appreciation of outstanding employees.	LG1
64	My Company allows employees to access all information contained within the company	LG2
65	My company improves employee performance with training and education	LG3
66	My company regularly holds seminars to improve the quality of employee resources	LG4
67	My company provides facilities that support the work of employees	LG5
<b>Internal Business Process</b>		
Instructions for Filling Out: 1= Strongly Disagree; 2= Disagree; 3= Doubtful; 4=Disagree; 5= Agree; 6= Strongly Agree		
No.	Question	Code
68	My company always conducts R&D before starting operational activities	IBP1
69	My company is always adapting its operations to new technologies	IBP2
70	My company has carried out operations in accordance with the target cost, time and quality	IBP3
71	My company conducts continuous evaluation and improvement in operations to improve service quality	IBP4

HR Practice (Karim, Sara El & Mohammed, 2020)		
Instructions for Filling Out: 1= Strongly Disagree; 2= Disagree; 3= Doubtful; 4=Disagree; 5= Agree; 6= Strongly Agree		
No.	Question	Code
<b>Hiring &amp; Selection - internal forces Jacqueline Nyanjui (2003)</b>		
1	I feel, Employee recruitment and selection policies are an obstacle in finding new employees	HSP1
2	I feel, Budget constraints make it difficult to find new employees	HSP2
3	I feel, Priority strategy helps me in identifying priority employees to be recruited	HSP3
<b>Hiring &amp; Selection - external forces Jacqueline Nyanjui (2003)</b>		
4	I feel, There is a Talent War ( <i>Talent Wars</i> ) cause difficulties in recruiting new employees	HSP4
5	I feel that clear job functions and qualifications make it easier to recruit new employees	HSP5
6	I feel, Company overview (EVP) is the best way to attract talent	HSP6
7	I feel, The existence of government regulations makes it safe and comfortable to recruit new employees	HSP7
8	I feel, the work requirements of the company in my company are more attractive than competing companies	HSP8
<b>Training &amp; Development Garrett J. Endres Brian H. Kleiner</b>		
9	After participating in the training and development program, I feel equipped with new knowledge and will be able to apply it again to work.	TD1
10	After following the training and development program, I have a high awareness of management concepts and practical skills that will be used to improve management performance.	TD2
11	After participating in the training and development program, I felt a change in behavior and a more positive way of working	TD3
12	After joining the training and development program, I feel an increase in the contribution in my department.	TD4
13	After joining the training and development program, I feel an increase in productivity in my department.	TD5
<b>Performance Appraisal Clinton Longenecker and Laurence Fink (2017)</b>		
13	I've got clear info why you are involved in the performance appraisal process	PA1
14	The performance appraisal procedure in my company is user-friendly and relevant to the job	PA2
15	The managers in my company have consistently conducted effective performance planning sessions with their employees	PA3
16	The managers in my company have conducted assessments and coaching with their direct subordinates	PA4
17	The managers in my company will be responsible for the behavior and effectiveness of their subordinates in the performance appraisal process	PA5
18	People in my company believe that there is a relationship between their performance ratings and the rewards/results they will receive	PA6
19	The HR/HR division of my company has taken proactive steps to ensure that my formal assessment process is operating effectively (Key Performance Indicator)	PA7
<b>Compensation &amp; Reward Tsai, Chin-Ju (2005)</b>		
20	I feel, There is a strong relationship between how well I do my job and the benefits I will get (Rewards, recognition, raises, etc.)	CR1
21	I am satisfied with the number of awards I receive when I do a good job	CR2
22	I feel, Salary increases are based on group performance rather than personal performance.	CR3
23	In general, I feel this company rewards employees who put in the extra effort.	CR4
<b>IT Capabilities (Yang Chen, Yi Wang, Sangi Nevo, 2015)</b>		
Instructions for Filling Out: 1= Strongly Disagree; 2= Disagree; 3= Doubtful; 4=Disagree; 5= Agree; 6= Strongly Agree		
No.	Question	Code
<b>IT infrastructure flexibility Bhatt et al.</b>		
24	I feel, The information systems in my company can be measured and compared with the actual (ability of computer applications, hardware or software) to continue to function properly when changed in size or volume to meet user needs	ITIF1
25	I feel, The information systems in my company are compatible (the ability of IT systems to run on a certain operating system / circumstances where two systems run simultaneously without problems or conflicts)	ITIF2
26	I feel, The information system in my company is adopted to share non-confidential information	ITIF3
27	I feel, The information system in my company can handle / be used for several business applications	ITIF4
28	I feel, the information system in my company is modular (a standard that can be used by all levels / the same component)	ITIF5
<b>IT integration Rai and Tang</b>		
29	I feel, System/Application in My company can transfer data with user	ITI1
30	I feel that my company connects the company's internal systems with user systems (Users: people who use data/systems/applications) which allows to share realtime information with users (Users: people who use data/systems/applications)	ITI2
31	I feel, System/Application in My Company combines information across different users (Users: people using data/systems/applications) to support decision making	ITI3
32	I feel, System/Application in My Company can easily collect relevant information from user database (User: person using data/system/application)	ITI4
<b>IT management Bharadwaj et al.</b>		
33	I feel, The practice of IT project management in my company is better than in other companies in the same industry	ITM1
34	I feel that the planning for security control, standards compliance, and disaster recovery at my company is better than in other companies in the same industry	ITM2
35	I feel, The system development practice in my company is better than in other companies in the same industry	ITM3
36	I feel, The system development practice in my company is better than in other companies in the same industry	ITM4
37	I feel the consistency of IT policy in my company is better than in other companies in the same industry	ITM5
38	I feel, The IT evaluation and control system in my company is better than in other companies in the same industry	ITM6