

# Implementation of Corporate Entrepreneurship and Strategic Entrepreneurship for Sustainable Competitive Advantage

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## Abstract

The purpose of this study was to determine the effect of corporate entrepreneurship and strategic entrepreneurship on sustainable competitive advantage in 103 manufacturing companies in Palembang, South Sumatra, Indonesia. The respondents of this study are company leaders or subordinates who can represent the leadership to fill the research questionnaire, filling out the questionnaire is only provided for each company only. Data from the collected research were analyzed using SPSS version 22. The results of the study stated that there is a relationship between corporate entrepreneurship, entrepreneurship strategy with sustainable competitive advantage, this is evidenced by the results of data processing on the calculated F value (69.227) > F table (3.09). This is also reinforced by the value of R Square = 0.581 which means there is a relationship between the variable of corporate entrepreneurship and the variable of strategic entrepreneurship with sustainable competitive advantage of 58.1%. Thus to achieve sustainable competitive advantage, manufacturing companies must be innovative, proactive and risk taking, besides that in manufacturing companies everyone must understand entrepreneurial thinking, culture and leadership.

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## 1. Introduction

At present the company's performance is greatly influenced by developments in the global environment, liberalization and internet revolution [1] industrial revolution 4.0 [2] - [4]. The development of an increasingly competitive era requires companies to apply entrepreneurship to all company employees [5]. Company entrepreneurship is a picture of the entrepreneurial behavior of all people in the company, both leaders and employees [6], the way the company in getting

opportunities without regard to its resources [7]. Further explained by Zur and Walega (2015) corporate entrepreneurship has a positive influence on the effectiveness of the company and determine its competitive position [8]. Enterprise entrepreneurship as the company's efforts to achieve sustainable competitive advantage as a basis for profitable growth [9]. Previous research that discusses corporate entrepreneurship has been conducted in service companies in Turkey. The research findings state that corporate entrepreneurship

significantly and positively influences company performance, so as to encourage the achievement of competitive advantage [10]. Further research conducted by Kumau et al in Kenya. The results of his study stated that corporate entrepreneurship significantly influences sustainable competitive advantage [11]. Based on this research, we can know that corporate entrepreneurship has a good effect on the company's competitiveness, so what about strategic entrepreneurship? Research on strategic entrepreneurship has done a lot, for example research conducted by Byungjoo Paek1 & Heesang Lee (2017) in Korea, found that there is an effect of strategic entrepreneurship for company competitive advantage, if company leaders conduct organizational learning and knowledge development [12]. Then the research of Fatemi, etal in the Iranian insurance company, found there was a significant relationship between strategic entrepreneurship with sustainable competitive advantage [13].Based on the above research, we are interested in examining the application of corporate entrepreneurship and strategic entrepreneurship and how it affects sustainable competitive advantage in manufacturing companies in Palembang, South Sumatera, Indonesia. The systematic of this article starts from the reasons of research interest, discussion of literature review, research methods, results of data processing and discussion.

## 2. Literature Review

### Corporate entrepreneurship (CE)

Corporate entrepreneurship is the behavior of individuals or groups in organizations that are well established in terms of innovation, new business initiatives and strategic renewal [14] - [18]. Furthermore, other experts declare corporate entrepreneurship as a process in which individuals in business pursue opportunities without regard to resources but remain controlled by them [7]. Agreeing with these experts other experts also explain that corporate entrepreneurship is a process in which

individuals in established businesses pursue entrepreneurial opportunities to innovate, regardless of the level and nature of the resources currently available [19]. Then indicators to measure corporate entrepreneurship, namely: innovation, risk-taking and proactivity [20] [21] [22].

### Sustainable competitive advantage (SCA)

Competitive advantage is a central topic in the strategic management literature and a key element in the process of creating competitiveness for all types of businesses [23] - [27]. Whereas Coyne (1986) provides an explanation of the conditions needed for SCA to exist as an idea of capability gaps [28]. Prahalad and Hamel (1989) say that SCA results from core and company competencies consolidate resources and skills into competencies quickly by changing opportunities [29]. Hayes et al. (1988) highly recommend a high level of involvement by manufacturing managers in the business unit's strategic planning process for achieving superior competitive performance, Calvo et al. (2008) believe that agile manufacturing systems work in a constantly changing global market and meanwhile sustainability is a major problem for manufacturing strategies, Gunasekaran et al. (2011) reviewed new strategies, techniques and technologies that can provide competitive advantage and sustainability in global markets and operations [30]

### Strategic Entrepreneurship (SE)

The concept of strategic entrepreneurship is a simultaneous behavior in opportunity-seeking and at the same time advantage-seeking superior company performance [31]. The dimensions of strategic entrepreneurship consist of entrepreneurial mindset, entrepreneurial culture and entrepreneurial leadership [31].

The hypothesis in this study is as follows:

H0:	Corporate entrepreneurship and strategic entrepreneurship have no positive effect on Sustainable competitive advantage
H1:	Corporate entrepreneurship and strategic entrepreneurship have a positive effect on sustainable competitive advantage

## 3. Research Methods

The object of research is a manufacturing company in Palembang of South Sumatera province as many as 103. This type of research in the form of deductive research is research aimed at testing through the validation of the theory or hypothesis testing theory application in specific circumstances [32], The type of data this research is

qualitative data. The data source of this research is the primary data. Primary data obtained from questionnaires. The scale of measurement using a Likert scale of 1 to 5[33][34], There are 5 questions each variable, in this study there are 9 variables so that there are 45 questions.Measurement of study variables dependent and independent variables as follows.

Table 1: Variable measurment

Dependent variable		
The construct	The variable	Contributing author
Sustainable competitive advantage	1. Strategic planning process	Hayes (1988), Prahalad and Hamel (1989), Gunasekaran (2011)
	2. Core competencies	
	3. New technology	
Independent variables		
The construct	The variable	Contributing author
Corporate entrepreneurship	1. Innovation	Hisrich (2003), Dess & Lumpkin (2005), Covin & Slevin (1989)
	2. risk Taking	
	3. Proactive	
Strategic Entrepreneurship	1. entrepreneurial mindset	Ireland, Hitt, & Sirmon (2003)
	2. entrepreneurial culture	
	3. entrepreneurial leadership	

Source: Literature study

Data processing was performed using SPSS version 22[35], After the results if the data obtained by the visits of validity, reliability and regression analysis.

#### 4. Result

The test results demonstrate the validity of all the questions in the questionnaire is valid, as in the following table.

Table 2: Validity Testing

Variable	Questioner				
Corporate Entrepreneurship					
Innovation	in1	in2	in3	in4	IN5
	, 492 **	, 388 **	, 773 **	, 391 **	, 742 **
Proactive	Pro1	Pro2	Pro3	Pro4	Pro5
	, 384 **	, 770 **	, 361 **	, 689 **	, 184
Risk-taking	RT1	RT2	RT3	RT4	RT5
	,184	, 820 **	, 889 **	, 895 **	, 874 **
Strategic entrepreneurship					
Entrepreneurial mind set	EM1	EM2	EM3	EM4	EM5
	, 747 **	, 858 **	, 770 **	, 495 **	, 843 **
entrepreneurial culture	EC1	EC2	EC3	EC4	EC5
	, 665 **	, 657 **	, 534 **	, 663 **	, 744 **
entrepreneurial leadership	EL1	EL2	EL3	EL4	EL5
	, 617 **	, 691 **	, 648 **	, 692 **	, 684 **
Sustainable competitive advantage					
Strategic planning	SP1	SP2	SP3	SP4	SP5
	, 723 **	, 634 **	, 545 **	, 808 **	, 805 **
Core Competencies	CC1	CC2	CC3	CC4	CC5
	, 850 **	, 859 **	, 856 **	, 699 **	, 823 **
New Technology	NT1	NT2	NT3	NT4	NT5
	, 887 **	, 882 **	, 850 **	662 **	, 856 **

\*\* Valid

Source : SPSS

In the table above were obtained information invalid question number 5 in the variable of 0.184 proactive, question number 1 in the variable risk taking by 0.184. While other questions on variabe other variables declared invalid (\*\*). As for the reliability test, obtained results above 0.936 0.70[36]so for all the questions stated reliable means all the questions supporting research. Reliability test results are presented in table 3, below.

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
,936	45

Source : SPSS

Regarding the relationship between the variables can be seen from the following table. In Table 4, below figures obtained R Square = 0.581 means there is a correlation between the variables of corporate entrepreneurship and strategic variables entrepreneurship with sustainable competitive advantage is 58.1%.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,762a	,581	,572	4.93928

a. Predictors: (Constant), SE, CE

b. Dependent Variable: SCA

Source : SPSS

Furthermore, regarding the results of the regression analysis, multiple regression analysis is a statistical technique to look at the relationship between the dependent variable and independent variables. The purpose of multiple regression analysis to determine the significance of the influence of independent variables on the dependent variable[37], The regression analysis as follows.

Table 5. Multiple regression analysis

Model		Coefficients unstandardized		standardized Coefficients	t	Sig.	F	sig
		B	Std. Error	beta				
1	(Constant)	-19.925	5.919		-3.366	.001	69.227	.000b
	CE	,825	,174	,480	4.748	.000		
	SE	,448	,138	,329	3.255	.002		

a. Dependent variable: SCA

Source : SPSS

In Table 5 above shows that the relationship between the dependent variables with significant independent variable for sig <0.05, meaning that the variable corporate entrepreneurship and strategic entrepreneurship can influence sustainable competitive advantage variables. Then, to determine the rejection or acceptance of the research hypothesis is based on the criterion of H0 is rejected if F count > F table or sig < value  $\alpha$ . This research calculated F value (69.227) > F table (3.09) or sig (0.000) < from the value of alpha (0.05) means that H0 is rejected so that it can be concluded corporate entrepreneurship and strategic entrepreneurship affect the sustainable competitive advantage. Thus, this study supports previous research[10][11][12][13],

## 5. Conclusions

Based on the results if the SPSS data, it was concluded that the application of corporate entrepreneurship and strategic entrepreneurship for manufacturing companies in Palembang in achieving a sustainable competitive advantage. Three dimensions of corporate entrepreneurship (innovation, proactive and risk-taking) in question in the questionnaire was responded well by the respondents, as well as the strategic dimension of entrepreneurship (entrepreneurial mind set,

entrepreneurial culture and entrepreneurial leadership) also responded well by respondents. All respondents agreed strategic implementation of corporate entrepreneurship and entrepreneurship for the achievement of sustainable competitive advantage. However, the limitations in this study all respondents do not quite understand about corporate entrepreneurship and strategic entrepreneurship, fore and become suggestions for the company to provide socialization and education about the concept. Socialization and education about it is important to anticipate the business environment more dynamic and complex.

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