THE INFLUENCE OF STRATEGIC ENTREPRENEURSHIP ON INNOVATION PERFORMANCE: A STUDY IN THE BANKING SECTOR

Dewa Gede Ngurah Harthawan[1]
Universitas Indonesia, Depok, Indonesia
dewaharthawan1@gmail.com

Avanti Fontana[2]
Universitas Indonesia, Depok, Indonesia
avanti.fontana@ui.ac.id

Abstract

Companies face uncertainty due to the increasingly dynamic business environment today. As time goes by, a company's business model must be able to adapt to the demands of the business environment so that it can maintain and create opportunities and profits in order to create competitive advantage and wealth. Companies must respond to changes in the business environment quickly and effectively. This study examines the influence of strategic entrepreneurship on innovation performance at a private bank in Indonesia, the result of a merger of several large banks, which is undergoing a digital transformation. With a quantitative approach using the Partial Least Squares (SEM-PLS) structural model, this study tests five hypotheses related to entrepreneurial leadership, entrepreneurial mindset, and entrepreneurial culture. The results show that only entrepreneurial leadership has a significant influence on the innovation performance of Bank X. Meanwhile, entrepreneurial mindset and culture do not have a significant impact. Although the process of exploring and exploiting opportunities through strategy and innovation contributes significantly, overall innovation performance is still not optimal. This study highlights the importance of the role of leadership in overcoming weaknesses in entrepreneurial mindset and culture to encourage innovation in the banking sector. The limitations of this study include data that only comes from one bank and the potential for bias in respondents' answers. Further research is expected to address these limitations and expand the application of the model.

Keywords: Entrepreneurial Culture, Entrepreneurial Leadership, Entrepreneurial Mindset, Innovation Performance, Resource Orchestration, Strategic Entrepreneurship, Structuring Capability Strategy

INTRODUCTION

In today's era of globalization, businesses and industries are experiencing rapid change and evolution. In this context, important issues such as innovation, competitiveness, and competitive advantage arise. Entrepreneurial strategies and skills become crucial to ensure business continuity and success. Strategic entrepreneurship plays a vital role in shaping and directing business change, helping companies face challenges and exploit opportunities in the global marketplace (Ireland et al., 2003). Further research emphasizes that strategic entrepreneurship integrates entrepreneurial creativity with business strategy to create long-term value (Kuratko & Audretsch, 2022).

Today's business environment is increasingly dynamic, where rapid market and technological changes often require companies to adapt to complex risks. In a dynamic business environment, flexible and innovative strategies are needed to take advantage of opportunities and overcome challenges (Eisenhardt & Martin, 2000). According to Teece (2018), a company's ability to respond to environmental dynamics is an important element in maintaining competitive advantage. In the banking sector, these changes are increasingly evident with the increasing role of digital technology, such as digital banking services that allow fast and easy access for customers (Vives, 2017).

Market changes, consumer preferences, and regulations often make a company's business model less relevant (Amit & Zott, 2001). Therefore, it is important for companies to update their business models to remain competitive. In the banking industry, the combination of advantage-seeking activity and opportunity-seeking activity is key to maintaining competitiveness (Hitt et al., 2001). These activities include technological innovation, new market penetration, and collaboration with fintech companies (Zhang et al., 2022). Companies that only focus on one activity will have difficulty maintaining the sustainability of their business in the global market.

Over time, the banking sector has undergone significant changes, especially with technological advances and changing consumer needs. Digital transformation has become one of the main trends in this sector. According to Vives (2017), digital banks offer a simpler, more efficient, and faster banking experience compared to traditional banks. On the other hand, stricter regulations such as Basel III also force banks to increase supervision of risk

and liquidity (Yermack, 2017). However, digital transformation also brings major challenges, such as data security risks and the integration of new technologies. According to Chesbrough (2020), the adoption of new technologies requires significant investment in IT infrastructure and the development of an innovative organizational culture. In addition, these changes often trigger challenges in managing operational risks, including system failures and human errors. Therefore, financial institutions must develop strategies that include risk management and continuous innovation.

In Indonesia, the banking sector is a major pillar of the national economy. The ongoing digital transformation has encouraged bank x to adopt new technologies to address the challenges of an increasingly competitive market. The era of digitalization, especially with the emergence of the financial technology (fintech) phenomenon, has prompted bank x to invest more in digital services. Bank x that is able to utilize technologies such as artificial intelligence and blockchain can maintain their position in a competitive market (Zhang et al., 2022). However, the adoption of innovation in banking is not free from obstacles, such as strict regulations, technological uncertainty, and budget constraints. According to Amit and Zott (2001), financial institutions need to build strategic partnerships with technology companies to overcome these challenges. In addition, focusing on risk management and developing innovative business models are important steps to maintain relevance in the digital era.

To support the achievement of these strategic objectives, several important variables in this study include Entrepreneurial Mindset, Entrepreneurial Culture, Entrepreneurial Leadership, Structuring Capability Strategy, Configuring Innovation Capabilities, and Innovation Performance.

1. **Entrepreneurial Mindset**

   Entrepreneurial mindset refers to a proactive, opportunity-oriented, and risk-taking mindset to create value. This mindset is important for companies that want to adapt to market and technological changes (Gupta et al., 2021). In the banking context, this mindset helps identify new opportunities arising from digital transformation and dynamic consumer preferences.

2. **Entrepreneurial Culture**

   Entrepreneurial culture creates an environment that supports innovation, risk-taking, and creativity within an organization (Dess et al., 2003). Recent research by Al-Busaidi (2022) shows that a strong entrepreneurial culture significantly increases a company's ability to innovate, especially in highly competitive industries such as banking.

3. **Entrepreneurial Leadership**

   Entrepreneurial leadership integrates strategic vision with the ability to motivate teams to pursue opportunities and innovation (Renko et al., 2015). According to research by McGrath and MacMillan (2020), leaders who have entrepreneurial characteristics contribute directly to value creation through innovation and better adaptation to environmental changes.

4. **Structuring Capability Strategy** includes the efficient arrangement of company resources to support strategic objectives. Helfat and Peteraf's (2015) research emphasizes the importance of capability arrangement in creating organizational flexibility, especially amidst changes in the business environment.

5. **Configuring Innovation Capabilities** is the ability of a company to configure resources and processes to suit innovation needs (Teece, 2018). In the banking sector, this capability enables companies to integrate new technologies such as blockchain and artificial intelligence to create competitive advantages (Zhang et al., 2022).

6. **Innovation Performance** measures the success of a company in producing new products, services, or processes that provide added value. According to Damanpour and Aravind (2012), innovation performance is the end result of a combination of organizational culture, innovation capabilities, and entrepreneurial leadership.

Thus, the Indonesian banking sector must continue to transform and innovate to meet increasingly complex customer needs, maintain a competitive position, and support financial inclusion in the digital era.

REVIEW OF LITERATURE

Strategic Management

Management is a series of actions of planning, organizing, leading, and controlling the efforts of members of the organization, as well as optimizing all available resources to achieve predetermined goals through the use of human resources and other resources (Terry, 1958; Stoner, 1982).

Entrepreneurship

Entrepreneurship can be defined as a characteristic that includes the style, process, and method of decision-making that influences employee responses in the company's business activities (Lumpkin & Dess, 1996). Drucker (1985) describes entrepreneurship as an innovative effort that utilizes existing resources to create new wealth.

Strategic Entrepreneurship

Strategic Entrepreneurship is a simultaneous action in seeking opportunities (Opportunity-seeking) and at the same time a company activity that is oriented towards profit (Advantage-seeking) in order to become better (Ireland et al., 2003).

Strategic Entrepreneurship Model

The Strategic Entrepreneurship Model developed by Ireland et al. (2003) is as follows:

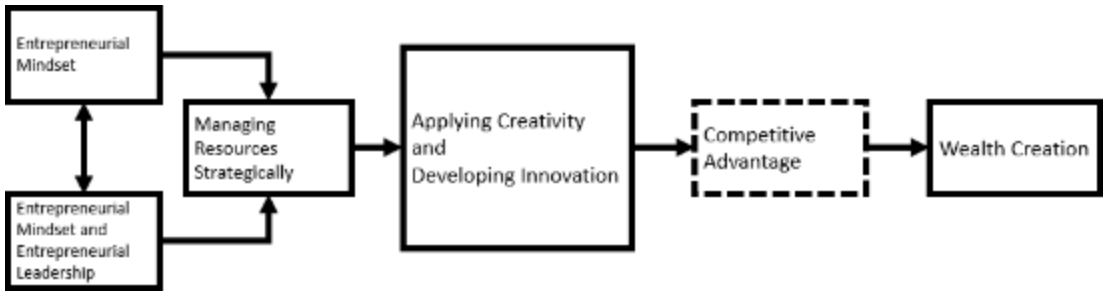

Figure 1.
Practical Model of Strategic Entrepreneurship (Ireland et al., 2003)

In Figure 1, it can be seen that an entrepreneurial mindset, namely, views and attitudes that focus on innovation, courage to take risks, and independence to support entrepreneurial thinking and actions, are needed in a company. Entrepreneurial culture is a culture within an organization that creates an environment that supports innovation and the formation of new businesses.

Entrepreneurial Mindset

Entrepreneurial mindset or entrepreneurial mindset includes four main things: recognizing entrepreneurial opportunities, entrepreneurial alertness, entrepreneurial guidelines, and considering corporate logic (Ireland, Hitt, & Sirmon, 2003).

Entrepreneurial Culture

Entrepreneurial culture or entrepreneurial culture is considered very important to foster enthusiasm and creativity in seeking new opportunities and taking risks to achieve goals. Research conducted by Pandya, Shell, and Brown (2006) highlighted that the success factors of entrepreneurs such as Andy Grove and Steve Jobs include the ability to overcome failure, honesty, and focus on innovation.

Entrepreneurial Leadership

Fontana and Musa (2017) assessed that the role of leadership is increasingly important in encouraging teams to participate in joint creativity to achieve the best results. In a rapidly changing business environment, the role of leadership becomes very crucial because risks increase, the ability to predict situations becomes more difficult, and industry boundaries become increasingly unclear (Bettis & Hitt, 1995; Hitt & Reed, 2000).

Resource Orchestration

Managing resources is essential to developing and implementing corporate strategy. Resource orchestration is about how to effectively organize, combine, and utilize corporate resources to create added value and competitive advantage (Sirmon et al., 2011).

Innovation Performance

Innovation performance or innovation performance is how an organization measures success in creating and implementing new ideas that provide value to the company through strategic entrepreneurship. The view of entrepreneurship includes the role of individuals, organizations, culture, processes, and systems as resources to support the development of strategic entrepreneurship within the organization (Antoncic & Hisrich, 2001).

RESEARCH METHOD

By adopting the Input-Process-Output model from Hitt et al. (2011) and (2003), which has been modified to build the input variable construct, and using the process variable

construct built by Sirmon et al. (2011), this study explores the role of dynamic capabilities in strategic entrepreneurship. Aryanto et al. (2015) also contributed in building the output and outcome variable constructs. The focus of this study is to understand how input, process, output, and outcome variables interact in the context of strategic entrepreneurship.

This study is expected to provide a framework and tools for companies, especially in the banking industry, that is experiencing rapid changes in the business environment. In situations where the industry is facing major changes, such as changes in technology or policies, companies need a strong entrepreneurial strategy to stay relevant and competitive. Therefore, this study is expected to provide in-depth insights into how companies can implement strategic entrepreneurship processes effectively, so that they can produce innovations that help them survive and grow amidst rapid industry changes.

This study will test five hypotheses as temporary answers to the research questions posed. The operational variables in this study are based on variables that have been developed by previous researchers, such as Ireland et al. (2003), Sirmon et al. (2011), Fontana and Musa (2017), and Fontana and Utoyo (2017). Data will be collected through an online questionnaire that will be filled out by respondents from various levels, including Supervisors, Managers, and senior leaders at Bank X.

The Practical Model of Strategic Entrepreneurship, developed by Ireland et al. (2003) focuses on the relationship between elements of strategic entrepreneurship, such as entrepreneurial mindset, managing resources strategically, applying creativity and innovation, creating competitive advantages, and creating wealth. The model emphasizes the importance of an entrepreneurial mindset and entrepreneurial leadership as the main elements that direct resource management to produce innovations that create added value.

The logic of the model starts from the entrepreneurial mindset as a foundation for creative and innovative thinking (Ireland et al., 2003). Strategic resource management is carried out to optimize the organization's potential in creating innovation. The resulting innovation produces competitive advantages that ultimately have an impact on wealth creation.

The research model proposed in this study extends and develops the logic of the Strategic Entrepreneurship Practical Model with a focus on the context of innovation

performance. The transformation of the Model (Ireland et al., 2003), is carried out through the integration of resource orchestration theory (Helfat et al., 2007) and the addition of more complex dimensions to explain the strategic processes involved. The focus of the research is shifted from macro objectives, namely wealth creation, to achieving more specific, measurable, and relevant innovation performance to the challenges of modern organizations.

The second model includes the concepts of structuring capability strategy and configuring innovation capabilities as the main mechanisms in linking strategic entrepreneurial elements with innovation performance (Teece, 2007). Resource orchestration plays an important role in organizing, managing, and integrating organizational resources to support the innovation process (Helfat et al., 2007). In addition, the entrepreneurial culture dimension is also included as a key element that drives innovation, which was not previously explicitly discussed in the first model (Zahra et al., 2006).

This adjustment also reflects the findings of previous studies. Teece (2007) emphasized the importance of managing dynamic capabilities to generate innovation and competitive advantage. Helfat et al. (2007) showed that organizational capability structuring strategies are crucial in directing the innovation process. Gupta, MacMillan, and Surie (2004) highlighted the role of entrepreneurial leadership in managing uncertainty and creating opportunities, while Zahra et al. (2006) emphasized that entrepreneurial culture strengthens organizational innovation capabilities and competitiveness.

The transformation from the Strategic Entrepreneurship Practical Model to this research model broadens theoretical insights and provides a more detailed mechanism to understand the relationship between entrepreneurial mindset (Ireland et al., 2003), entrepreneurial culture (Zahra et al., 2006), entrepreneurial leadership (Gupta et al., 2004), capability structuring strategy (Helfat et al., 2007), innovation capability structuring (Teece, 2007), and innovation performance (Gopalakrishnan & Damanpour, 1997). This model becomes more relevant to answer the challenges in the digital era and provides strategic guidance for organizations in managing innovation effectively.

RESULTS AND DISCUSSION

Outer Model Evaluation

Evaluation of the outer model in PLS-SEM analysis involves several important steps, including calculating the outer loading for each indicator, checking the convergent validity through the average variance extracted (AVE) value, assessing reliability using Cronbach's Alpha and composite reliability, and ensuring discriminant validity so that the constructs can be clearly distinguished.

Outer Loading Results

The measurement model above shows that all indicators are valid (loading factor > 0.6) in measuring latent variables. The relationship between latent variables shows a significant positive influence, such as Entrepreneurial Leadership on Structuring Capability Strategy (0.679), Structuring Capability Strategy on Configuring Innovation Capability Strategy (0.883), and Configuring Innovation Capability Strategy on Innovation Performance (0.920). This model supports the research hypothesis with consistent and relevant results.

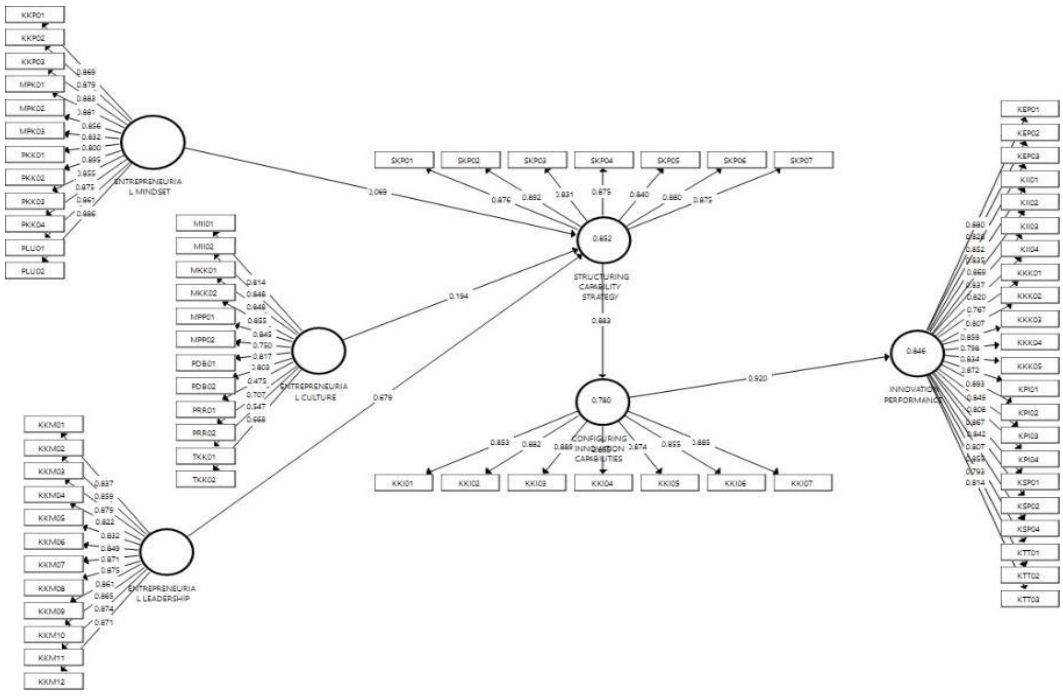

Figure 1.

Validity and Reliability Evaluation

Table 1.
Validity and Reliability Evaluation

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Configuring Innovation Capabilities	0.947	0.947	0.956	0.758
Entrepreneurial Culture	0.937	0.942	0.947	0.642
Entrepreneurial Leadership	0.967	0.968	0.971	0.736
Entrepreneurial Mindset	0.969	0.970	0.973	0.748
Innovation Performance	0.979	0.980	0.981	0.699
Structuring Capability Strategy	0.945	0.946	0.955	0.752

The results of validity and reliability testing in this study indicate that the model meets the criteria proposed by Hair et al. (2021) in Multivariate Data Analysis (8th ed.). Testing was carried out using Cronbach's Alpha, Composite Reliability (CR), rho_A, and Average Variance Extracted (AVE). All latent constructs in the model have Cronbach's Alpha values ranging from 0.937 to 0.979, which is far above the minimum threshold of 0.7. This shows very good internal consistency between indicators in measuring latent constructs.

Then, the Composite Reliability (CR) value also showed very strong results, with a range between 0.947 to 0.981, which indicates that the indicators in each construct have high reliability in representing the measured construct.

The rho_A measurement, which is an alternative to Cronbach's Alpha, produces values between 0.942 and 0.980, further strengthening the consistency of the reliability of the latent constructs. For convergent validity, the Average Variance Extracted (AVE) results show that all constructs have values above the minimum threshold of 0.5, with the lowest value in Entrepreneurial Culture at 0.642 and the highest value in Configuring Innovation Capabilities at 0.758.

The results of the analysis show that more than 50% of the variance of each construct is explained by its indicators, so that convergent validity has been met. By meeting all the validity and reliability criteria, this model can be relied on to support further analysis. High reliability and validity indicate that the data produced is relevant and accurate to support the research hypothesis and produce significant findings in the context of this study.

Mean and Standard Deviation of Latent Variable

Table 2.
Mean and Standard Deviation of Entrepreneurial Mindset Variables

Variables	Dimensions	Code	Mean	Standard Deviation	Mean Variable
Entrepreneurial Mindset	Recognizing Entrepreneurial Opportunities	MPK01	4,812	1,011	4,753
		MPK02	4,804	1,042	
		MPK03	4,725	1,020	
	Entrepreneurial Alertness	KKP01	4,681	0.62569444	
		KKP02	4,717	0.64722222	
		KKP03	4,754	1,020	
	Consideration of Business Logic	PLU01	4,761	0.58819444	
		PLU02	4,790	0.65555556	
	Entrepreneurship Guidelines	PKK01	4,703	0.61666667	
		PKK02	4,761	0.64513889	
		PKK03	4,797	0.68541667	
		PKK04	4,732	0.61736111	

Table 3.
Mean and Standard Deviation of Entrepreneurial Culture Variables

Variables	Dimensions	Code	Mean	Standard Deviation	Mean Variable
Entrepreneurial Culture	Encouraging Creativity	MKK01	4,754	0.60208333	4,624
		MKK02	4,739	0.64930556	
	Risk Taking	PRR01	4,101	1,131	
		PRR02	4,630	1,161	
	Failure Tolerance	TKK01	4,217	1,034	
		TKK02	4,681	1,035	
	Promoting Learning	PDB01	4,746	0.6201889	
		PDB02	4,746	0.62569444	
	Prioritize Innovation	MII01	4,696	0.61180556	
		MII02	4,761	0.68194444	
	Change Management	MPP01	4,855	0.60625	
		MPP02	4,565	1,007	

Table 4.
Mean and Standard Deviation of Entrepreneurial Leadership Variables

Variables	Dimensions	Code	Mean	Standard Deviation	Mean Variable
Entrepreneurial Leadership	Entrepreneurial Leadership	KKM01	4,732	0.62847222	4,742
		KKM02	4,761	0.69236111	
		KKM03	4,754	0.65208333	
		KKM04	4,717	0.61458333	
		KKM05	4,812	0.62291667	

		KKM06	4,768	0.62708333	
		KKM07	4,746	0.62013889	
		KKM08	4,717	0.64722222	
		KKM09	4,804	0.625	
		KKM10	4,681	0.61458333	
		KKM11	4,717	0.62569444	
		KKM12	4,696	0.67708333	

Table 5.
Mean and Standard Deviation of Structuring Capability Strategy Variables

Variables	Dimensions	Code	Mean	Standard Deviation	Mean Variables
Structuring Capability Strategy	Structuring Capability Strategy	SKP01	4,754	0.64097222	4,708
		SKP02	4,717	0.60277778	
		SKP03	4,775	0.63125	
		SKP04	4,739	0.68055556	
		SKP05	4,696	0.61805556	
		SKP06	4,623	0.64305556	
		SKP07	4,652	0.6125	

Table 6.
Mean and Standard Deviation of Configuring Innovation Capability Variables

Variables	Dimensions	Code	Mean	Standard Deviation	Mean Variable
Configuring Innovation Capability	Innovation Capability Configuration	KKI01	4,652	1.005	4,724
		KKI02	4,688	0.66805556	
		KKI03	4,732	0.68194444	
		KKI04	4,746	0.62569444	
		KKI05	4,746	0.62569444	
		KKI06	4,797	0.57430556	
		KKI07	4,710	0.61527778	

Table 7.
Mean and Standard Deviation of Innovation Performance Variables

Variables	Dimensions	Code	Mean	Standard Deviation	Mean Variable
	Context of Innovation Process in Exploiting Business Opportunities	KPI01	4,804	0.61944444	4,736
		KPI02	4,667	0.63819444	
		KPI03	4,804	0.64166667	
		KPI04	4,768	0.59861111	
	Internal Performance	KII01	4,761	0.59444444	
		KII02	4,732	0.66111111	
		KII03	4,826	0.60833333	

Innovation Performance		KII04	4,688	0.65694444	
	Technical Performance	Summit01	4,761	0.65625	
		Summit02	4,645	0.67291667	
		Summit03	4,804	0.54097222	
	Commercial Performance	KKK01	4,638	0.54166667	
		KKK02	4,790	0.57569444	
		KKK03	4,797	0.59791667	
		KKK04	4,710	0.59791667	
		KKK05	4,768	0.59861111	
	Social Performance	KSP01	4,688	0.63541667	
		KSP02	4,768	0.63819444	
		KSP04	4,645	0.67291667	
	Economic Performance	KEP01	4,739	0.51736111	
		KEP02	4,725	0.58958333	
		KEP03	4,659	0.63402778	

The results of the analysis show that all research variables have a high mean value, reflecting the respondents' positive perception of each variable. The entrepreneurial mindset variable has an average mean of 4.753, indicating that respondents assess the organization's ability to recognize opportunities, entrepreneurial alertness, business logic considerations, and entrepreneurial guidelines at a high level, with a low standard deviation, indicating consistency of answers.

The entrepreneurial culture variable has a mean of 4.624, which describes the entrepreneurial culture in the organization, such as encouraging creativity, risk taking, tolerance for failure, promotion of learning, and change management, which is considered quite strong by respondents with consistent perceptions.

Meanwhile, entrepreneurial leadership showed a mean of 4.742, which reflects a positive assessment of entrepreneurial leadership in the organization, including the leader's ability to motivate, make decisions, and lead change.

The structuring capability strategy variable has an average mean of 4.708, indicating that the strategy for managing and structuring organizational capabilities is considered very good by respondents.

The configuring innovation capability variable recorded a mean of 4.724, which indicates that the organization's ability to configure resources for innovation is considered high by respondents, with a low standard deviation indicating consistency of perception.

The innovation performance variable has a mean of 4.736, which indicates that the organization's innovation performance in various aspects, such as the context of the innovation process, internal performance, technical performance, commercial performance, social performance, and economic performance, is also considered to be at a very good level by respondents.

The results of the analysis of the Mean and Standard Deviation of Latent Variable from this study indicate that all research variables have positive perceptions from respondents, with a high level of consistency, indicating that the implementation of the concepts measured, such as entrepreneurial mindset, culture, leadership, capability strategy, and innovation performance, has been running well in the organization.

Inner Model Evaluation

Inner model evaluation, also known as structural model evaluation, aims to determine the presence of collinearity between constructs and the model's ability to make predictions (Sarstedt, Ringle, & Hair, 2017). Model prediction is carried out using several parameters, including the variance inflation factor (VIF) to evaluate collinearity, the coefficient of determination (R^2) to measure how much the independent variables can explain the dependent variable, cross-validation redundancy (Q^2) to measure the overall predictive ability of the model, effect size (f^2) to evaluate the impact of the independent variables on the dependent variable, and path coefficients to measure the strength and direction of the relationship between constructs in the model. VIF is used to detect multicollinearity, where high values indicate collinearity problems that can interfere with estimation. R^2 measures the extent to which the model is able to explain the variability of the dependent variable, while Q^2 shows the overall predictive ability of the model. The effect size f^2 indicates the strength of the influence of the independent variables on the dependent variable, and the path coefficient shows the strength and direction of the relationship between constructs. This evaluation is very important in SEM-PLS analysis because it ensures the strength of the model in explaining the relationship between variables and providing accurate predictions.

Variance Inflation Factor (VIF)

The results of the Variance Inflation Factor (VIF) analysis in this study indicate the potential for multicollinearity problems in several variables in the model being tested. High

VIF values were found in variables such as KEP01 (5.070), KK02 (5.527), and KKI02 (5.874), indicating that these variables have a very strong relationship with other independent variables. According to Gujarati (2003), a VIF value exceeding 10 clearly indicates multicollinearity, while a value below 5 is still considered acceptable. Hair et al. (2010) also added that a VIF value above 5 indicates a significant correlation between independent variables.

Table 8.
Outer Variance Inflation Factor (VIF)

VIF							
KEP01	5,070	KKK05	3,767	KPI02	5,699	MPP02	2.219
KEP02	4.133	KKM01	3.053	KPI03	3.912	PDB01	2,840
KEP03	3,867	KKM02	3,565	KPI04	3,662	PDB02	2,506
KII01	4,090	KKM03	3.957	KSP01	4.608	PKK01	2,841
KII02	4,509	KKM04	2,809	KSP02	3,871	PKK02	4,749
KII03	3.896	KKM05	3.190	KSP04	3,665	PKK03	3.292
KII04	3.240	KKM06	3.246	Summit01	4.675	PKK04	3.997
KKI01	2,981	KKM07	3,759	Summit02	3,087	PLU01	3,787
KKI02	3.468	KKM08	3.923	Summit03	3,643	PLU02	4.443
KKI03	3,708	KKM09	3.555	MII01	2,521	PRR02	1,862
KKI04	2.915	KKM10	3,514	MII02	3.228	SKP01	3.384
KKI05	3.446	KKM11	3,856	MKK01	3.813	SKP02	3.733
KKI06	2,907	KKM12	3.896	MKK02	3,714	SKP03	2,567
KKI07	3,507	KKP01	3,620	MPK01	4.265	SKP04	3.340
KKK01	3,024	KKP02	4.241	MPK02	3,701	SKP05	2,638
KKK02	4.071	KKP03	4.230	MPK03	3,097	SKP06	3.463
KKK03	5,527	KPI01	5,874	MPP01	3.043	SKP07	3.306
KKK04	3,530					TKK02	1,613

The results of the Inner Variance Inflation Factor (VIF) analysis displayed in the figure below show varying levels of multicollinearity between latent variables in the structural model. Variables such as Configuring Innovation Capabilities, Innovation Performance, and Structuring Capability Strategy have low VIF values (1,000), indicating minimal multicollinearity problems and indicating that these variables are not strongly correlated with other latent variables in the model, so their parameter estimates are more stable. However, Entrepreneurial Culture with a VIF of 11,640, Entrepreneurial Leadership with 7,349, and Entrepreneurial Mindset with 6,580 have high multicollinearity.

Coefficient R2

For the R^2 results, the table shows the R Square (R^2) and R Square Adjusted (R^2 Adjusted) values for three variables in the SEM PLS model, namely Configuring Innovation Capabilities, Innovation Performance, and Structuring Capability Strategy. R^2 is a coefficient of determination that shows how well the independent variables are able to explain the variance of the dependent variable. The higher the R^2 value, the greater the proportion of variance explained by the model. R^2 Adjusted is a version of R^2 that has been adjusted for the number of variables in the model, providing a more accurate measure, especially when the number of independent variables increases. In the Configuring Innovation Capabilities variable, the R^2 value of 0.780 and R^2 Adjusted of 0.779 indicate that 78% of the variance in this variable is explained by exogenous variables in the model, with a very small difference between R^2 and R^2 Adjusted, indicating the stability of the model. For the Innovation Performance variable, the R^2 value of 0.846 and the Adjusted R^2 of 0.845 indicate that 84.6% of the variance in this variable can be explained by exogenous variables, with a very small difference, indicating good stability. In the Structuring Capability Strategy variable, the R^2 value of 0.850 and the Adjusted R^2 of 0.847 indicate that 85% of the variance is explained by exogenous variables, with a small difference between R^2 and Adjusted R^2 indicating a significant contribution from the independent variables to the prediction of this variable. Overall, the high R^2 values in all three variables (above 0.75) indicate that the model has very good predictive ability, as well as strong stability because the Adjusted R^2 value is very close to R^2, indicating that this model does not experience overfitting.

Table 9.
Coefficient R2

	R Square	R Square Adjusted
Configuring Innovation Capability	0.780	0.779
Innovation Performance	0.846	0.845
Structuring Capability Strategy	0.850	0.847

Cross-Validated Redundancy (Q2)

Q2 is calculated using the blindfolding procedure in PLS, where its use is to measure how well the path model can predict the values in the analysis data, SSO reflects the total

variation in the data for each construct, while SSE shows the variation that cannot be explained by the model, with lower values indicating better model performance. Q^2 reflects the relevance of the model's predictions, where values above 0 indicate good predictive ability. The table results show that Configuring Innovation Capabilities has a Q^2 of 0.587, indicating that the model explains about 58.7% of the variation, while Innovation Performance has a Q^2 of 0.581, explaining 58.1% of the variation, Structuring Capability Strategy shows the best performance with a Q^2 of 0.629, explaining 62.9% of the variation, thus providing insight into how well the model can explain various constructs related to innovation and entrepreneurship.

Table 10.
Cross Validated Redundancy (Q2)

	SSO	SSE	Q^2 (=1-SSE/SSO)
Configuring Innovation Capabilities	966,000	399,075	0.587
Entrepreneurial Culture	1,380,000	1,380,000	
Entrepreneurial Leadership	1,656,000	1,656,000	
Entrepreneurial Mindset	1,656,000	1,656,000	
Innovation Performance	3,036,000	1,271,454	0.581
Structuring Capability Strategy	966,000	358,546	0.629

Effect Size F2

F^2 values greater than 0.35 are generally considered large, values between 0.15 and 0.35 are considered moderate, and values less than 0.02 are considered small. Based on this figure, the variables Configuring Innovation Capabilities and Structuring Capability Strategy have a very significant influence on the related variables. Meanwhile, the variables Entrepreneurial Culture and Entrepreneurial Mindset seem to have a very small impact.

Table 11.
Effect Size F2

	Configuring Innovation Capability	Entrepreneurial Culture	Entrepreneurial Leadership	Entrepreneurial Mindset	Innovation Performance	Structuring Capability Strategy
Configuring Innovation Capabilities					5,491	
Entrepreneurial Culture						0.017
Entrepreneurial Leadership						0.425
Entrepreneurial Mindset						0.008

Innovation Performance						
Structuring Capability Strategy	3,554					

CONCLUSION

This study aims to understand how strategic entrepreneurship factors affect the innovation performance of companies in the banking sector, especially in PT Bank X. The main focus of this study is to evaluate the influence of entrepreneurial mindset, entrepreneurial culture, entrepreneurial leadership, structuring capability strategy, and configuring innovation capabilities on innovation performance. The findings of this study aim to provide insight for the banking industry to improve competitiveness through a strategic entrepreneurship approach. The results of the study indicate that the leadership factor Entrepreneurship is the only significant factor in influencing capability development strategy at PT BankX. Visionary entrepreneurial leadership encourages exploration of business opportunities and creation of relevant innovations. This study supports previous findings by Gupta et al. (2004) which stated that entrepreneurial leadership plays an important role in building a culture of innovation and the courage to take risks. In PT Bank X, programs such as the Officer Development Program (ODP) and the Global Management Associate Program (GMAP) are designed to produce competent young leaders, with a focus on creativity, decision-making skills, and adaptation to technological changes.

However, the study also found that entrepreneurial mindset and entrepreneurial culture have not had a significant impact on capability development strategies at PT Bank X. One of the reasons is the low tolerance for risk in the banking sector. As stated by Ireland et al. (2003), measured risk-taking is essential for successful innovation, but strict regulations and limited funds make private banks like Bank X more cautious. In addition, the merger of five banks that formed Bank X also created cultural challenges. Differences in work ethics and organizational values hinder collaboration, which ultimately affects the ability to create innovation consistently. This finding is in line with research by Zahra and George (2002), which emphasizes that organizational cultural alignment is essential to support the development of innovation capabilities.

Another finding is that structuring capability strategy is proven to be significant in influencing the configuration of innovation capabilities. This result strengthens the dynamic capability theory by Teece et al. (1997), which states that a structured strategy allows companies to respond to changes in the business environment more effectively. In PT Bank X, the ability to allocate resources, integrate functions between units, and evaluate innovation strategies are the main drivers of success in creating relevant innovation capabilities.

Innovation capability configuration has also been shown to play a significant role in the company's innovation performance. The ability to design, implement, and evaluate sustainable innovation initiatives is essential in creating competitive products and services. This study supports the findings of Lawson and Samson (2001), which show that effective innovation capabilities enable companies to maintain competitive advantages in the market. In the context of PT Bank X, innovation in digital services such as online banking applications and improving transaction security systems are evidence of the success of innovation capability configuration.

However, this study also found that the challenge in building competitive differentiation is still an obstacle for PT Bank X. Compared to other banks in Indonesia, Bank X has not fully created unique added value. This is in line with the findings of Narver and Slater (1990), which state that market orientation and customer focus are important factors in creating innovations that are relevant to consumer needs.

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