

Effect of Ambidextrous Leadership and Business Agility on Firm Performance Moderated by Digital Capability

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ABSTRACT

The purpose of this research is to analyze effect of ambidextrous leadership and business agility on firm performance moderated by digital capability. The research used in this research is a form of associative research with a quantitative approach. Population in this study were employees of PT. Kava Jaya Mandiri. Based on calculations, sample in the study was 50 respondents. Hypothesis testing uses path analysis. The research results show that ambidextrous leadership has a significant effect on digital capability. Business agility has no significant effect on digital capability. Ambidextrous leadership has no significant effect on firm performance. Business agility has no significant effect on firm performance. Digital capability has a significant effect on firm performance. Ambidextrous leadership has a significant effect on firm performance which moderates digital capability. Business agility has no significant effect on firm performance which moderates digital capability.

Keywords: Ambidextrous Leadership, Business Agility, Firm Performance, Digital Capability

INTRODUCTION

he COVID-19 pandemic, which began to develop from the end of 2019 until now, has gradually begun to decline, but has had a

huge impact on various business activities in the world. This condition also presents a world that is fragile and has conditions that are completely uncertain regarding the applicable regulations, so that this situation causes new problems to emerge. Companies as business organizations are also required to have dynamic capabilities in dealing with business turbulence. These dynamic capabilities can be in the form of organizational flexibility, agility, or resilience, and organizations must be able to master turbulence. Organizational agility is the ability of the organization concerned to be fast and flexible in dealing with changes that occur dynamically and continuously (Darvishmotevali et al., 2017). Meanwhile, business resilience is the ability of an organization to survive and recover when faced with disruptive changes that threaten its survival.

Ambidextrous leadership as a top leadership approach in dealing with business turbulence (Bawono, 2022). Three important things in ambidextrous leadership, namely 1) ambidextrous has a significant influence on sales growth, company performance, innovation, market assessment and company survival, 2) ambidextrous is more relevant for companies that are in an environment full of uncertainty, 3) ambidextrous more relevant in large companies that have adequate resources than in small companies that have limited resources.

The development of the service business in Indonesia is growing rapidly over time. Shipping companies are a type of industry that operates in the world of logistics, tasked with serving the process of sending goods between islands, using sea transportation. This company has provided many benefits that can be felt by the Indonesian people regarding sending goods to outside the island. Considering that Indonesia is a maritime country, which consists of islands and all of them still do not provide land transportation services to stay connected. PT. Kava Jaya Mandiri is one of the companies that determines the seaworthiness of ships. Through his role as a professional in the field of ship maintenance and seaworthiness, he determines the success of other service companies in Indonesia. Good strategic management or operational management will be able to accompany the company towards future development. Through optimal planning, organizing, mobilizing and controlling steps, it will be able to support the achievement of the company's vision and mission.

The series of events and conditions of uncertainty experienced by Indonesia during the COVID-19 pandemic have left a number of business problems. Departing from this, PT. Kava Jaya Mandiri, in the midst of increasingly tight business competition, continues to strive to condition itself to be sustainable. The condition of the company, up to the latest developments, can be seen from sales results or income that have fluctuated in several work and marketing areas.

Based on data, it shows that the 8 provinces where work areas and clients or customers are located in the period 2017 to 2021 show different situations. However, in general, the company experienced fluctuations in income and some areas experienced very small or even zero sales. This condition requires the expertise of the leadership, in this case, the chief executive officer. The chief executive officer as the person who has the highest position in the company has

main duties including making major decisions related to the company, managing all company operations and resources, as well as playing the main role in managing communication between the board of directors, the company organization, as well as being the face of the company. In large companies, the chief executive officer plays a high-level strategic role and decisions that direct the company's growth on a large scale. However, in smaller companies, the chief executive officer is often more active and involved in day-to-day functions. The chief executive officer can set the tone, vision, and sometimes the organizational culture of the company in question.

The issue of leadership plays a close role with ambidextrous leadership, namely as the ability to encourage explorative and exploitative behavior by increasing or reducing variance in their behavior and flexibility between these behaviors. Central roles in this area belong to senior leaders, board members and general managers. Furthermore, in chief executive officer, ambidextrous has an important principle in leadership that enables ambidexterity. Companies need from leadership, namely the involvement of senior leadership teams in forward-looking strategic direction, explicit containment of tensions between innovation units and the core business in top management, and embracing the inconsistencies that arise from maintaining opposing strategic approaches.

Ambidextrous leadership is seen as the ability to encourage exploration and exploitation, namely behavior in individuals who are team members. Bosses encourage and stimulate the work team's creativity while ensuring that they remain efficient in running the business. Therefore, superiors are encouraged to combine flexible, situational and versatile leadership styles in guiding work teams to achieve goals. Ambidextrous leadership in this case is described in two main behaviors, namely 1) exploration, namely open behavior that encourages innovation, this behavior allows tasks to be carried out in different ways

through experimentation, 2) exploitation, namely closed behavior that encourages efficiency. These behaviors ensure compliance with goals, monitoring, corrective action, and setting specific guidelines. Leadership agility plays a role in developing organizational agility. This shows that leadership is an important factor that influences business agility (Hasibuan, 2017).

In an effort to face the dynamics of the business environment, companies need dynamic capabilities to adapt. Dynamic capabilities are described as part of the capabilities or competencies, which a company receives to produce new processes and products, to react to dynamic market situations. Digital capabilities as part of dynamic capabilities are an important requirement for achieving business success. In the digital economy, business success is largely determined by how well a company can explore and exploit digital technology. Meanwhile, it is believed that technology-based capabilities are seen as an organization's capacity to create and build new products and related processes (Wahyuni, 2020). It becomes a critical and essential building block for reconfiguring business models, operational processes and customer experiences. However, no matter how perfect technology is used in an organization, it still needs to be handled effectively and efficiently. Digital capability is defined as an organization's competency, expertise and talent to operate digital technology to develop new products or services (Purnama, 2020). So, the role of marketing agility in achieving company performance will be strengthened by digital capability as an important requirement in modern business.

The purpose of this research is to analyze effect of ambidextrous leadership and business agility on firm performance moderated by digital capability.

RESEARCH METHODS

The research used in this research is a form of associative research with a quantitative

approach. Associative research is research that aims to determine the relationship between two or more variables (Sinulingga, 2011). In this research, a theory will be built that can function to explain, predict, and control a phenomenon. Quantitative research emphasizes the analysis of numerical data processed using statistical methods. Basically, quantitative research is carried out in inferential research (in the context of hypothesis testing) and based on the conclusion of the results on an error probability of rejecting the null hypothesis. With quantitative methods, the significance of group differences or the significance of the relationship between the variables studied will be obtained (Ansori, 2020).

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2011). Population in this study were employees of PT. Kava Jaya Mandiri. Sample is part of the number and characteristics of the population. For this reason, samples taken from the population must be truly representative (Abdussamad, 2021). Sampling technique in this research used non-probability sampling. Non-probability sampling technique is a sampling technique that does not provide an equal opportunity or opportunity for each element or member of the population to be selected as a sample. Based on calculations, sample in the study was 50 respondents.

Hypothesis testing uses path analysis. Path analysis is a statistical analysis tool used to analyze patterns of causal relationships between variables with the aim of determining the direct and indirect effects, both simultaneously and individually, of several causal variables on an effect variable (Gujarati, 2001). When carrying out path analysis, first a path is formed which can be seen from the square root formed from the coefficient of determination value. After these stages have been carried out, each variable formed into the path analysis must have a significant direct influence on the

dependent variable. If one of the variables tested does not meet the requirements then that variable is eliminated from the path analysis test.

RESULTS

General Description

PT. Kava Jaya Mandiri is a privately owned business entity located in Surabaya which operates in the field of shipping inspection services. PT. Kava Jaya Mandiri has various non-destructive tests, including ultrasonic thickness test, ultrasonic flaw detector, magnetic particle test, liquid penetrant test, megger test, clock deflection test, vacuum test, load test, hardness test, vibration, and noise test. For ship repairs at shipyards in Surabaya, Gresik, Lamongan, and outside the city or the island. Currently PT. Kava Jaya Mandiri in the world of inspections has developed, with a branch office in Samarinda, East Kalimantan.

The need for testing on ships is increasing day by day because the number of ships

increases every year considering that Indonesia is a maritime country. Each ship has a survey schedule every year, including special surveys and annual surveys. To support this, PT. Kava Jaya Mandiri must have certified workers and calibrated equipment. Number of tools owned by PT. Kava Jaya Mandiri has more than one considering the large number of requests every day, this is different from the leak testing equipment that it has, there is only one that can operate, namely a vacuum box. The problem is that this tool is very heavy and requires more power. Given these shortcomings, the author plans to design a vacuum box that is lighter and more efficient. Considering the limitations of the vacuum box tool, the design of a vacuum box is an option that can be considered as a new tool for PT. Kava Jaya Mandiri needs. PT. Kava Jaya Mandiri in serving customer requests every day.

Hypothesis Test

Table 1. First Equation

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.756	5.090		1.327	.191
	Ambidextrous Leadership	.637	.159	.513	4.004	.000
	Business Agility	.001	.005	.015	.116	.908

a. Dependent Variable: Digital Capability

Ambidextrous leadership has a significant effect on digital capability, because $0.000 < \alpha 0.050$. At its core, ambidextrous is the ability to exploit current conditions by optimizing the operations of current business models while exploring opportunities to redefine those business models by taking pioneering risks. When a business is run well on both fronts, it is positioned to experience rapid and sustainable company growth. Ambidextrous is exemplified by chief executive officers who demonstrate a hunger to take risks that can redefine how businesses create value while reducing operational inefficiencies and implementing leading practices in today's business models.

Business agility has no significant effect on digital capability, because $0.908 > \alpha 0.050$. A company's ability to innovate in marketing today is dependent on the marketing organization's ability to move quickly enough to keep up with consumers who are always active and empowered by technology and whose expectations are changing rapidly. This is in line with economic pressure conditions which force companies to adapt quickly. This agility should also be accompanied by a strategy that is authentic, transparent, and intends to do good for their customers and the community.

Table 2. Second Equation

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.258	7.481		.034	.973
	Ambidextrous Leadership	.362	.266	.197	1.362	.180
	Business Agility	.003	.008	.054	.429	.670
	Digital Capability	.646	.210	.437	3.069	.004

a. Dependent Variable: Firm Performance

Ambidextrous leadership has no significant effect on firm performance, because $0.180 > \alpha 0.050$. Ambidextrous is the company's ability to carry out exploration and exploitation activities equally well between the two. For ambidextrous organizations, being able to balance exploration and exploitation allows the organization to be creative and easy to adapt to various situations at the same time. Development is increasingly rapid and from ambidexterity, which is on an organizational or company scale, down to a smaller scale, namely leaders or chief executive officers with the name ambidextrous.

Business agility has no significant effect on firm performance, because $0.670 > \alpha 0.050$. Economic turbulence is a global thing and is experienced or strongly felt by various business organizations. In facing continuous business environment turbulence and disruption, companies are required to be more agile and resilient. Business agility is a company's ability to change business processes and direction quickly and easily when faced with turbulence. Business agility is not just flexibility in running a business, it is more than that. Business agility is a combination of flexibility and speed in dealing with turbulence.

Digital capability has a significant effect on firm performance, because $0.004 < \alpha 0.050$. Technology enters all aspects of human life and due to its changing nature, it is important for everyone to reflect on the digital capabilities they possess, how these can help each person or organization in different situations and be developed further. Digital capabilities are skills, knowledge and understanding that help

someone to live, learn and work in a digital society.

Ambidextrous leadership has a significant effect on firm performance which moderates digital capability, because indirect effect ($0.513 \times 0.437 = 0.224$) $>$ direct effect (0.197). Firm performance is a measure for a company in realizing its business plan, especially in terms of income or sales. Firm performance is the achievement of a business organization both from a financial and non-financial perspective, such as market control, internal business processes, or learning for growth.

Business agility has no significant effect on firm performance which moderates digital capability, because indirect effect ($0,015 \times 0.437 = 0,006$) $<$ direct effect (0.054). Firm performance is the result of management activities. Parameters that are often used to assess the performance of a company are carried out using an approach where financial information is taken from financial reports or other non-financial reports as a manifestation of target achievement or business realization in a certain period.

CONCLUSION

The research results show that ambidextrous leadership has a significant effect on digital capability. Business agility has no significant effect on digital capability. Ambidextrous leadership has no significant effect on firm performance. Business agility has no significant effect on firm performance. Digital capability has a significant effect on firm performance. Ambidextrous leadership has a significant effect on firm performance which moderates digital capability. Business agility has no

significant effect on firm performance which moderates digital capability.

Declaration by Authors

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