

THE INFLUENCE OF STRATEGIC LEADERSHIP, DYNAMIC CAPABILITIES AND ORGANIZATIONAL AMBIDEXTERITY ON SUSTAINABILITY PERFORMANCE IN INDONESIAN REGIONAL-OWNED ENTERPRISES (BUMD)

Budiman¹, Yasmine Nasution²

^{1,2} Universitas Indonesia, Jakarta

¹ budimann0205@gmail.com, ² yasmine73@ui.ac.id

Abstract

Regional Owned Enterprises (ROE) in Indonesia have a strategic role in supporting regional economic development and providing important public services to the community. As a business entity owned by the local government, ROE aims not only to gain financial profit but also to improve social welfare and manage local resources efficiently. This research aims to analyze the influence of strategic leadership, dynamic capabilities, and organizational ambidexterity on the sustainability performance of Regional Owned Enterprises (ROE) in Indonesia. Strategic leadership where a leader has a clear vision and can direct the organization in optimizing the dynamic capability and ambidexterity of the organization to achieve sustainability performance in BUMD Indonesia. Dynamic capabilities are the capability of an organization to adapt and respond to changes in the business environment through motivation and adjustment of resources. Ambidexterity organizational has an important role in organizing to explore new opportunities (exploration) and maximize the utilization of existing resources (exploitation). This research uses a quantitative approach by distributing questionnaires to 100 ROE in Indonesia. Using the Structural Equation Model (SEM) method, the research shows that strategic leadership has a positive and significant effect on dynamic capabilities and organizational ambidexterity. Dynamic capability, organizational ambidexterity and strategic leadership have a positive and significant effect on the sustainability performance. The research results that the dynamic capability and organizational ambidexterity can also be mediating factors influencing the relationship between strategic leadership and the sustainability performance.

Keywords: Strategic Leadership, Dynamic Capabilities, Organizational Ambidexterity, Sustainability Performance, BUMD, ROE

Abstrak

Badan Usaha Milik Daerah (BUMD) Indonesia memiliki peran strategis dalam mendukung pembangunan ekonomi daerah dan menyediakan layanan publik yang penting bagi masyarakat. Sebagai entitas bisnis yang dimiliki oleh pemerintah daerah, BUMD bertujuan tidak hanya untuk memperoleh keuntungan finansial tetapi juga untuk meningkatkan kesejahteraan sosial dan mengelola sumber daya lokal secara efisien. Penelitian ini bertujuan untuk menganalisis pengaruh kepemimpinan strategis, kapabilitas dinamis dan organizational ambidexterity terhadap kinerja keberlanjutan di Badan Usaha Milik Daerah (BUMD) Indonesia. Kepemimpinan strategis merupakan seorang pemimpin yang memiliki visi yang jelas serta dapat mengarahkan organisasi dalam mengoptimalkan kapabilitas dinamis dan organizational ambidexterity untuk mencapai kinerja keberlanjutan pada BUMD di Indonesia. Kapabilitas dinamis merupakan kemampuan organisasi untuk beradaptasi dan merespon perubahan lingkungan bisnis melalui inovasi dan penyesuaian sumber daya. Organizational ambidexterity memiliki peran penting dalam berorganisasi untuk mengeksplorasi peluang baru (exploration) dan memaksimalkan pemanfaatan sumber daya yang ada (exploitation). Penelitian ini menggunakan pendekatan kuantitatif melalui penyebaran kuesioner kepada 100 BUMD di Indonesia. Dengan menggunakan Structural Equation Model (SEM), hasil penelitian menunjukkan bahwa kepemimpinan strategis berpengaruh positif dan signifikan terhadap kapabilitas

dinamis dan organizational ambidexterity. Dan kapabilitas dinamis, organizational ambidexterity dan kepemimpinan strategis berpengaruh positif dan signifikan terhadap kinerja keberlanjutan. Hasil penelitian bahwa kapabilitas dinamis dan organizational ambidexterity juga dapat memediasi pengaruh kepemimpinan strategis terhadap kinerja keberlanjutan.

Kata Kunci: Kepemimpinan Strategis, Kapabilitas Dinamis, Organizational ambidexterity, Kinerja Keberlanjutan, BUMD.



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INTRODUCTION

Regionally-Owned Enterprises (BUMD) are business entities owned by the government. The area, which the purpose is as wrong one source of income original area (PAD). But on the reality that Regionally owned enterprise. Which there is during this not yet able to provide significant contribution to local revenue (PAD), in fact more cash injections from the government area than profit which in can. Condition the become burden for APBD. So that what which become objective the founding Regionally owned enterprise is as wrong one source local government revenues were not achieved.¹

According to Sanaky,² There are functions and roles owned by BUMD, namely implementing government policies in the field of economics and regional development; collecting funds for financing regional development; encouraging community participation in the business sector; meeting the needs of goods and services for the public interest; and finally becoming pioneer activity and business which not enough in demand private. Remember importance function and the role of BUMD, in the management of BUMD which is directed and clear, transparency is needed in its management. Transparency is openness in carry out decision-making process and openness in presenting material and relevant information about the company. So that transparency as the availability of unlimited information, relevant information that can be relied on about periodic performance, financial position, investment opportunities, governance, mark, and risk company public.³ Besides that, Article 7 Regulation Government Regulation Number 54 of 2017 concerning BUMD states that BUMD is established with 3 (three) objectives. First, to provide benefits for the regional economy; second, to organize public benefits in the form of providing quality goods and/or services to fulfill the needs of the

¹ S.A.R. Sanaky, "Transparency in Management of Village-Owned Enterprises in the Framework of Optimizing Contributions to the Regional Economy," *Batulis Civil Law Review* 2, no. 2 (2021): 126, <https://doi.org/10.47268/ballrev.v2i2.688>.

² Sanaky.

³ Sanaky.

community according to the conditions, characteristics and potential of the region concerned based on the rules manage company which good. And third, to obtain profit and/or profit. Has many policies and efforts made to increase profitability of BUMD. However thus, because various constraint, which faced Regionally owned enterprise in a way general, Regionally owned enterprise not yet show results. Which good like contribution profit in the area sometimes no stable so that must can in improve again.⁴ The main challenge faced by BUMD is how to improve sustainability performance, especially in the midst of a dynamic and ever-changing business environment.⁵

Factors that often become problems in BUMD in Indonesia are related to dynamic capabilities, *organizational ambidexterity* and strategic leadership on sustainability performance. Problems common problems faced by BUMD in Indonesia, namely: a). Limitations in developing dynamic capabilities, many BUMD experience difficulties in developing dynamic capabilities, namely the ability to identify, respond and adapt to the number of external environments such as regulatory changes or technological advances. b). Governance issues, many BUMD do not yet have adequate accountability and transparency systems. c). Strategic leadership that is less effective, namely, strategic leadership in BUMD is often not optimal in encouraging innovation and sustainability. d). Bureaucratic organizational structure, The organizational structure in BUMD is generally bureaucratic and rigid, thus inhibiting flexibility in making changes. e). Minimum use of technology, many BUMD are still behind in the use of modern technology. Without supporting technology, companies find it difficult to develop dynamic capabilities to respond to change quickly and efficiently. f). Dependence on policy government, Regionally owned enterprise very depends on regulation and local government policies. g). Lack of organizational culture that supports innovation, organizational culture in Regionally owned enterprise often time the support innovation and learning sustainable. Without culture that support innovation, companies find it difficult to foster the dynamic capabilities needed to adapt to changes in the market and *external environment* .

⁴ A. Budhisulistiyawati, Y.T. Muryanto, and A. Sri, "Limited Liability Companies to Realize Principles," *Private Law* 3, no. 2 (2015): 56–66.

⁵ A. Wibowo, "Development of Regionally-Owned Enterprises (BUMD) in Indonesia," *Advances in Economics, Business and Management Research* 140, no. 23 (2020): 460–63, <https://doi.org/10.2991/aebmr.k.200513.090>.

LITERATURE REVIEW

Sustainability Performance

Sustainability performance is a performance that is measured based on three dimensions, that is dimensions economy, environment and social.⁶ Organization must achieving balance between these three dimensions to achieve long-term sustainability. Sustainability performance encompasses the long-term success of an organization that is economically viable, environmentally responsible and socially just. Sustainability performance is measured through draft *triple bottom line*, Which involving three dimensions main: economy, environmental and social. This concept emphasizes that organizational performance is not only assessed in terms of economic profit, but also from how the organization impacts the environment and society.⁷ According to Ambilichu et al⁸ Sustainability performance is the integration of financial and non-financial objectives into corporate strategy, which includes reporting to stakeholders on social and environmental impacts and long-term risk management.

Dynamic Capabilities

According to Popadiuk⁹ Dynamic capabilities are the ability to absorb and adapt or modify, *organizational ambidexterity*, ensuring the ability to learn, optimize and balance. Both are important for companies to stay in the market, grow and perform well so that success is achieved for sustainability performance for the company. Dynamic capabilities are organizational capabilities that enable companies to adjust, develop and configure their resources and competencies to adapt to rapid environmental changes.¹⁰ Dynamic capabilities are the company's ability to innovate, adapt to change And create product or service Which beneficial for customer.^{11,12}

⁶ S.H.A.C. Forte, M.D.F.R. Silva, and M.N.Ferreira Neto, "Determinants of Organizational Ambidexterity in Academic Performance in Private Higher Education Institutions," *RAM. Revista de Administração Mackenzie* 25 (2024): 240195.

⁷ J. Elkington, *Cannibals with Forks: The Three Cores of 21st Century Business* (Capstone, 1997).

⁸ C.A. Ambilichu, K. Omoteso, and L.S. Yekini, "Strategic Leadership and Firm Performance: The Mediating Role of Ambidexterity in Small and Medium-Sized Professional Services Firms," *European Management Review* 20, no. 3 (2023): 493–511.

⁹ S. Popadiuk, A.R.S. Luz, and C. Kretschmer, "Dynamic and Ambidextrous Abilities: How Are These Concepts Related?," *Revista de Administração Contemporânea* 22, no. 5 (2018): 639–60.

¹⁰ B. Kump et al., "Towards a Dynamic Capabilities Scale: Measuring Organizational Sensing, Leveraging, and Transforming Capacities," *Industrial and Corporate Change* 28, no. 5 (2019): 1149–72.

¹¹ D.J. Teece, M.A. Peteraf, and S. Leih, "Dynamic Capabilities and Strategic Management," in *Oxford Handbook of Strategy*, vol. 1 (Oxford: Oxford University Press, 2014), 330–55.

¹² M. Farzaneh et al., "Dynamic Capabilities and Innovation Ambidextrousness: The Role of Intellectual Capital and Innovation Orientation," *Journal of Business Research* 148 (2022): 47–59.

Organizational Ambidexterity

Organizational ambidexterity is an organization that must be able to balance between *exploration* and *exploitation*. *Exploration* involves activities that are oriented on innovation, seeking opportunities, and taking risks. Conversely, *exploitation* involves utilizing and refining existing resources, increasing efficiency and optimizing existing processes.¹³ *Organizational ambidexterity* is the ability of an organization to manage *trade-offs between exploratory and exploitative* activities simultaneously. So that *ambidextrous companies* are better able adapt with change environment external And can maintain Power long-term competitiveness.¹⁴

Strategic Leadership

Kotter¹⁵ differentiates between management and leadership, emphasizing that strategic leadership focuses more on setting direction, creating a vision of the future and inspiring person For reach objective term long the. Strategic leadership must be able to manage change and direct the organization in a complex and changing environment. Strategic leadership as a leader's ability to influence members of the organization in making decisions that are strategic and support achievement objective organization. For that leader must have the ability for manage source power, which there is in a way effective, as well as capable For facing uncertainty.^{16,17}

¹³ H. James, *Strategic Management: The Theory and Practice of Corporate Strategy* (Boston: Harvard Business Review Press, 1991).

¹⁴ C.A. O'Reilly III and M.L. Tushman, "The Ambidextrous Organization: Managing Evolutionary and Revolutionary Change," *California Management Review* 38, no. 4 (1996): 8–30.

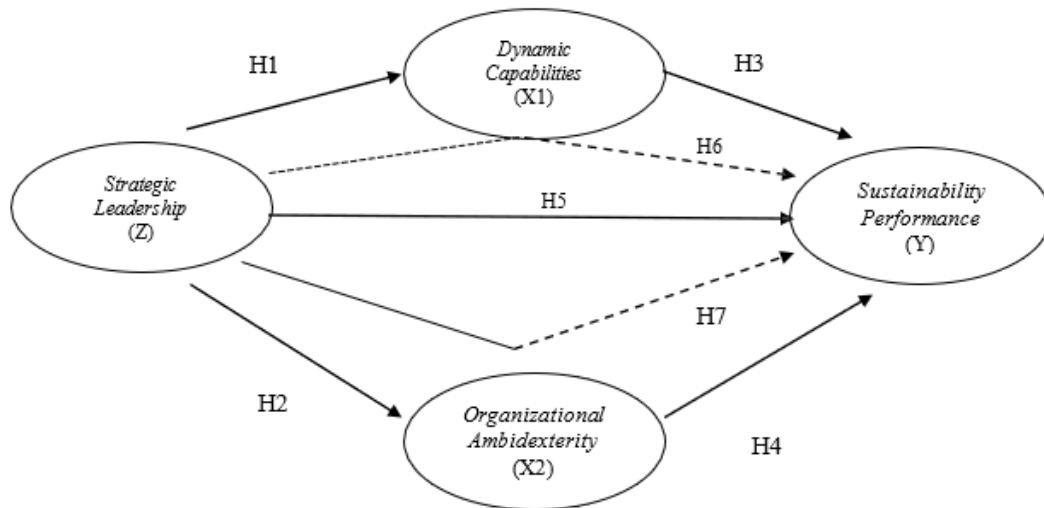
¹⁵ J.P. Kotter, *Forces for Change: How Leadership Differs from Management* (New York: Free Press, 1990).

¹⁶ R.D. Ireland and M.A. Hitt, "Achieving and Sustaining Strategic Competitiveness in the 21st Century: The Role of Strategic Leadership," *Academy of Management Executive* 13, no. 1 (1999): 43–57.

¹⁷ M. Asif, "Strategic Leadership and Ambidextrous Learning: Exploring the Role of Dynamic Capabilities and Intellectual Capital," *International Journal of Quality and Service Sciences* 12, no. 1 (2020): 1–14.

MODEL AND HYPOTHESIS

Based on discussion on can concluded researcher has determine variable which will be studied so that this research model can be described as follows:



Picture 1. Model Hypothesis Research

Description

- = Influence Direct
 - - - - - = Influence No Direct

Development Hypothesis Research

Hypothesis development based on research from previous literature, based on the number of variables in the literature review section. The formulation of the hypothesis is to answer the research questions raised in this research.

1. The Influence of Strategic Leadership on Dynamic Capabilities

The interaction between strategic leadership and dynamic capabilities is critical to organizational success. Leaders who are adept at sensing opportunities can better adapt their strategies to rapidly changing environments, leading to increased organizational agility. By leveraging the ability to leverage source power, for leader can make decision which appropriate about resource allocation, ensuring that investments are aligned with strategic objectives.^{18,19,20} In addition, leaders who excel at reconfiguring capabilities can drive successful organizational transformation, ensuring that

¹⁸ K.M. Eisenhardt and J.A. Martin, “Dynamic Capabilities: What Are They?,” *Strategic Management Journal* 21, no. 10–11 (2000): 1105–21.

¹⁹ Teece, Peteraf, and Leih, “Dynamic Capabilities and Strategic Management.”

²⁰ J. Quansah et al., “Strategic Leadership and Organizational Performance: The Role of Dynamic Capabilities and Innovation,” *Journal of Strategic and International Studies* 12, no. 3 (2022): 45–67.

organization still competitive.^{21,22} Strategic leadership involves making long-term decisions, creating a clear vision and leading the organization in the face of uncertainty. Effective strategic leaders are able to encourage organizations to adapt to the environment quickly and efficiently.²³ So the following hypothesis is built:

H1: Strategic Leadership has a influence positive and significant on Dynamic Capabilities

2. The Influence of Strategic Leadership on Organizational *Ambidexterity*

Strategic leadership can support organizations in achieving *ambidexterity*, especially through development and implementation policy. Which allow organization to simultaneously explore new opportunities while exploiting existing resources. A strategic leader must be able to create flexible organizational conditions, but remain focused on long-term goals.²⁴ Strategic leadership is element important for influence *ambidexterity* organization for simultaneously exploring new opportunities (exploration) and utilizing existing resources (exploitation) so that the organization can run well and efficiently.²⁵ So the following hypothesis is built:

H2: Strategic Leadership has a influence positive and significant on Organizational *Ambidexterity*.

3. The Influence of Dynamic Capabilities on Sustainability Performance

Dynamic capabilities *refer* to a company's ability to sensing, seizing, and reconfigure its resources in response to a changing environment.²⁶ So that the company is able to integrate, build, and reconfigure internal and external competencies to overcome environment which changed with fast. Sensing involving identification and interpretation of opportunities and threats in the external environment. Companies with sensing capabilities which strong be in position which more good for recognize trend which emerge and adapt their strategies.²⁷

²¹ D.J. Teece, "Explaining Dynamic Capabilities: The Nature and Foundations of (Sustainable) Firm Performance," *Strategic Management Journal* 28, no. 13 (2007): 1319–50.

²² P. Leinwand, M. Ramesh, and M.L. Tushman, "The New Frontier of Strategic Leadership: Leading for Transformation and Growth," *Harvard Business Review* 100, no. 5 (2022): 56–65.

²³ R. Strand, "Strategic Leadership in Corporate Sustainability," *Journal of Business Ethics* 123 (2014): 687–706.

²⁴ J.J.P. Jansen, F.A.J. Den Bosch, and H.W. Volberda, "Exploratory Innovation, Exploitative Innovation, and Performance: Effects of Organizational Antecedents and Environmental Moderators," *Management Science* 52, no. 11 (2006): 1661–74.

²⁵ G. Yukl, *Leadership in Organizations*, 8th ed. (Pearson, 2013).

²⁶ D.J. Teece, G. Pisano, and A. Shuen, "Dynamic Capabilities and Strategic Management," *Strategic Management Journal* 18, no. 7 (1997): 509–33.

²⁷ S.A. Zahra and G. George, "Absorptive Capacity: A Review, Reconceptualization and Extension," *Academy of Management Review* 27, no. 2 (2002): 185–203.

This proactive approach helps align organizational actions with long-term sustainability goals. Sustainable performance encompasses the long-term success of the organization. Which worthy in a way economy, responsible answer to environment, And fair in a way social.²⁸ Dynamic capabilities when company capable adapt with market changes by optimizing resources, it will be very possible for the company to gain financial access.²⁹ So the following hypothesis is built:

H3: Dynamic Capabilities has a influence positive and significant on Sustainability Performance.

4. The Influence of Organizational *Ambidexterity* on Sustainability Performance

According to Zhu & Pheng, *ambidextrous innovation* is ability, the company carries out exploration innovation. Exploration innovation is making breakthroughs in the field of knowledge and creating new knowledge, so that with exploration innovation the company will carry out new learning that focuses on fulfilling its final demand. can make product/service new, open market new, and to obtain customer new. According to Sun et al³⁰ in context development sustainable, innovation exploration not only helps companies gain competitive advantages but also expands social impact because companies will think about the company's image for the community so that its existence can continue to be recognized and promote sustainable development.

According to Liu et al,³¹ exploitative innovation means utilizing various production factors and continuously reducing pollution and energy consumption to improve existing production technology and production processes. Thus, by updating and repeating products, companies can provide better products and services to compete and reduce the uncertainty of market developments. In addition, exploitative innovation can also improve resource utilization and transformation efficiency, reduce production costs with economies of scale, increase competitive advantages, and achieve further advantages in mature markets. Thus, the following hypothesis is built:

H4: Organizational *Ambidexterity* has a influence positive and significant on Sustainability Performance.

²⁸ Elkington, *Cannibals with Forks: The Three Cores of 21st Century Business*.

²⁹ Jay B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 17, no. 1 (1991): 19–120.

³⁰ S. Sun et al., "Dynamic Capabilities and Firm Performance: The Mediating Role of Organizational Innovation," *Journal of Business Research* 98 (2019): 124–34.

³¹ Y. Liu, L. Wang, and X. Xu, "The Impact of Dynamic Capabilities on Organizational Performance: The Mediating Role of Strategic Innovation and Organizational Learning," *Strategic Management Journal* 43, no. 5 (2022): 912–31.

5. The Influence of Strategic Leadership on Sustainability Performance

Strategic leadership is key to achieving long-term sustainability in organizations. Leaders who have a vision for sustainability are able to drive an organizational culture that supports sustainability initiatives, and can integrate sustainable practices throughout business operations.³² Strategic leadership contributes on sustainability performance by providing framework that helps leaders to integrate sustainability into organizational strategy. A leader must capable measure and report performance sustainability for ensure accountability and improvement in performance.³³

This the following hypothesis is constructed :

H5: Strategic Leadership has a influence positive and significant on Sustainability Performance.

6. The Mediating Role of Dynamic Capabilities on the Influence of Strategic Leadership on Sustainability Performance

Dynamic capabilities enable organizations to integrate strategic vision with operational capabilities, adapt processes and resources based on environmental needs and change strategies to improve efficiency, innovation and competitiveness in the long term. Dynamic capabilities include the ability of an organization to identify opportunities (*sensing*), utilise opportunity (*seizing*) and (*reconfiguring*) utilise source power. Which exist to maintain competitiveness.³⁴ Dynamic capabilities enable companies to more easily adapt sustainability strategies to changes in the external environment.³⁵

Dynamic capabilities ensures that vision which in set by strategic leadership can done with good so that can increase performance sustainability in organizations and companies. Strategic leadership also plays a role in building sustainability performance, which helps ensure that the entire organization supports and understands the importance of sustainability. So the following hypothesis is built:

H6: Dynamic Capabilities mediate the positive influence of Strategic Leadership on Sustainability Performance.

³² L. Metcalf and S. Benn, *Sustainability Leadership: A Case Study Approach* (London: Routledge, 2013).

³³ M.J. Epstein and A.R. Buhovac, *Making Sustainability Work: Best Practices in Managing and Measuring a Company's Social, Environmental, and Economic Impacts* (Berrett-Koehler Publishers, 2010).

³⁴ Teece, "Explaining Dynamic Capabilities: The Nature and Foundations of (Sustainable) Firm Performance."

³⁵ Strand, "Strategic Leadership in Corporate Sustainability."

7. The Mediating Role of Organizational *Ambidexterity* on the Influence of Strategic Leadership on Sustainability Performance

Organizational ambidexterity refers to the ability of an organization to simultaneously explore (innovate new products or services) and exploit (optimize existing processes). Ambidexterity organization becomes an important mechanism to implement the leader's strategic vision into concrete sustainability performance. So when the company is able to explore new opportunities and existing resources simultaneously, sustainability performance can be achieved more effectively.³⁶

So that the organization's *ambidexterity* on strategic leadership and sustainability performance can be carried out well through efforts to create a balance between exploration. And exploitation. This covers ability organization for develop new innovations that support sustainability while optimizing resources and the process that exist to achieve higher efficiency.³⁷ Strategic leadership between organizational *ambidexterity* and sustainability performance by directing exploration initiatives (e.g., innovation product or service new) so that support sustainability. So that companies can ensure that exploitation activities can also be implemented optimally for operational efficiency that has an impact on the economic sustainability of the organization and company.³⁸ So the following hypothesis is built:

H7: Organizational *Ambidexterity* mediate the positive influence of Strategic Leadership on Sustainability Performance.

RESEARCH METHOD

Population, Sample and Unit Analysis

Based on data from BPS and the Ministry of Home Affairs Country, currently there are 1,008 BUMD in Indonesia. Of that number, there are 215 BUMD which are the best BUMD in Indonesia in 2024 based on the assessment version of *Top Bussiness* Indonesia magazine. Of that number, this research was conducted on 100 BUMD. The unit of analysis of this study is BUMD with respondents as managers in each BUMD. That is an entity or unit that will be analyzed in a research. The unit of analysis determines at what level the data will be collected and analyzed.³⁹

³⁶ C.A. O'Reilly III, "Ambidextrous Organizations: Past, Present, and Future," *Academy of Management Perspectives* 27, no. 4 (2013): 324–38.

³⁷ R. Qammar and R.Z.U. Abidin, "The Mediating and Moderating Role of Organizational Ambidextrous and Innovation Climate Between Leadership Style and Employee Performance," *Journal of Information Management* 7, no. 1 (2020): 1–9.

³⁸ C.B. Gibson and J. Birkinshaw, "Antecedents, Consequences, and the Mediating Role of Organizational Ambidexterity," *Academy of Management Journal* 47, no. 2 (2004): 209–26.

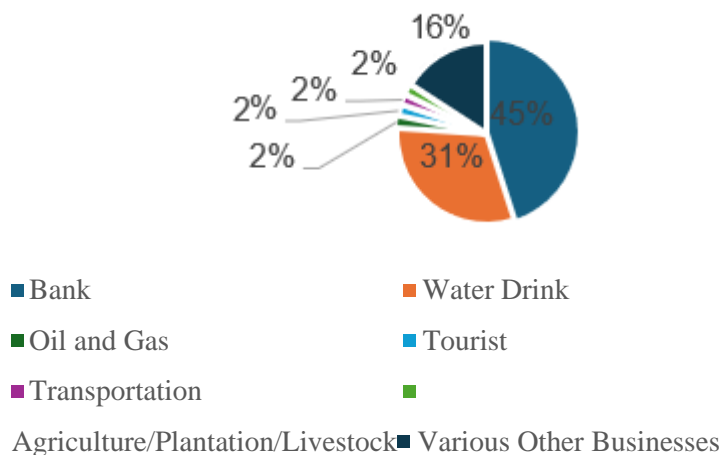
³⁹ U. Sekaran and R. Bougie, *Research Methods for Business: A Skills Development Approach*, 7th

The questionnaire was delivered to each manager with likert scale 1-6 and analysis is done use *Structural Equation Modeling* (SEM).

RESEARCH RESULTS

Profile of BUMD based on the Field Business BUMD

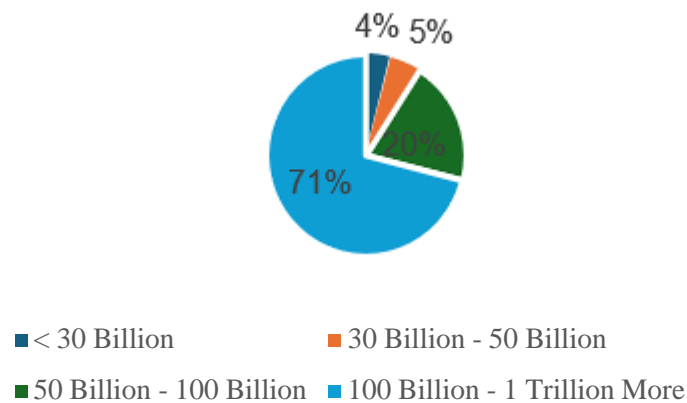
In accordance with data which in get from results collection questionnaire, then profile BUMD based on BUMD business sector shows that the majority of BUMD comes from the banking sector as much as 45%, followed by the drinking water sector as much as 31%. The rest comes from other various business sectors as much as 16%. For more details, the BUMD profile is shown by the following pie diagram:



Picture 2. Diagram profile based on field business BUMD

Profile of BUMD Based on BUMD Scale

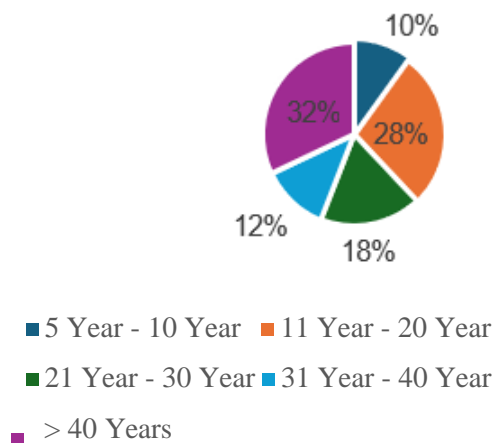
In accordance with the data obtained from results collection questionnaire, then the profile BUMD based on scale Regionally owned enterprise show that majority Regionally owned enterprise with scale Regionally owned enterprise 100 Billion – 1 Trillion More as much as 71%, and followed BUMD scale 50 Billion – 100 Billions as much as 20%. The rest with a BUMD scale of 30 billion - 50 billion as much as 5%. For more details, the BUMD profile is shown by the following pie chart:



Picture 3. Diagram profile based on BUMD scale

Profile BUMD Based on How Long the BUMD Has Been Established

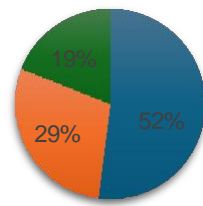
In accordance with the data obtained from results collection questionnaire, then the profile BUMD based on the length of time the BUMD has been established shows that the majority of BUMDs have been established for more than 40 years, as many as 32%, followed by BUMDs that have been established for 11 years - 20 years, as many as 28%. The rest is the length of time the BUMD has been established 21 Years – 30 Year as much as 18%. For more details, the profile of this BUMD is shown by the following pie chart:



Picture 4. Diagram profile based on how long the BUMD has been established

Profile BUMD Based on Respondent's Last Education

In accordance with the data obtained from results collection questionnaire, then the profile Based on the education of respondents, the majority of BUMD respondents have an education level of S1 (Bachelor) as many as 52%, level S2 (Master) as much as 29% And education others as much as 19%. For more details, the respondent profile is shown by the following pie chart:

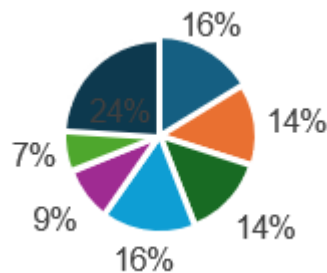


■ S1 (Bachelor) ■ S2 (Master) ■ Other

Picture 5. Diagram profile based on respondent's last education

Profile BUMD Based on Field Position Respondents

In accordance with the data obtained from results collection questionnaire, then the profile BUMD based on the respondent's field of office shows that the majority of BUMD in other fields of office as much as 24%, followed by the field of finance as much as 16%. The rest in the field of HR as much as 14%. For more details, the respondent profile is shown by the following pie diagram:

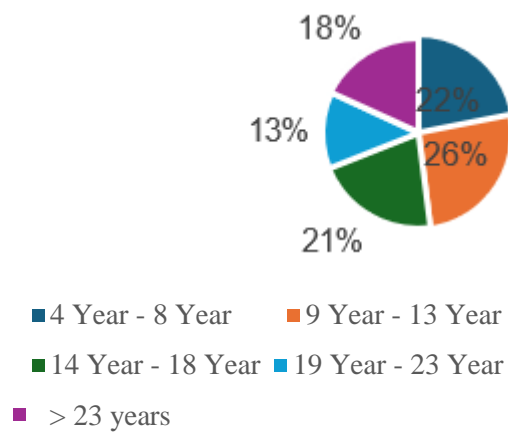


■ Finance ■ Operational/Business ■ Marketing
 ■ HR ■ Risk ■ Law
 ■ Other

Picture 6. Diagram profile based on field position respondents

Profile BUMD Based on Length of Service at BUMD

In accordance with the data obtained from results collection questionnaire, then the profile BUMD based on the length of time working at BUMD shows that the majority of BUMDs have experience long Work that is 9 Year – 13 Year as much as 26%, and followed with long work 4 Year – 8 Year as much as 22%. The rest with long Work 14 Year – 18 Year as much as 21%. For more details, the respondent profile is shown in the pie chart as follows



Picture 7. Diagram profile respondent based on Length of Service at BUMD

Descriptive Analysis

Statistics

Table 1. Descriptive Statistics of Dynamic Capabilities Construct

<i>Descriptive Statistics</i>					
	N	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
SE1	100	3	6	5.14	.766
SE2	100	3	6	5.11	.852
SE3	100	3	6	5.23	.802
SE4	100	3	6	5.09	.793
SE5	100	3	6	5.01	.879
SE6	100	3	6	5.07	.807
SE7	100	3	6	5.21	.782
SE8	100	3	6	5.11	.852

<i>Descriptive Statistics</i>					
	N	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
SE9	100	2	6	5.16	.838
SE10	100	3	6	5.18	.809
SZ1	100	3	6	5.28	.766
SZ2	100	3	6	5.03	.834
SZ3	100	3	6	5.26	.719
SZ4	100	3	6	5.00	.829

SZ5	100	3	6	5.02	.829
SZ6	100	3	6	5.19	.734
SZ7	100	3	6	5.21	.820
SZ8	100	3	6	5.19	.813
SZ9	100	3	6	5.13	.774
CF1	100	3	6	5.20	.778
CF2	100	3	6	5.09	.818
CF3	100	3	6	5.26	.812
CF4	100	3	6	4.95	.925
CF5	100	2	6	5.22	.848
CF6	100	3	6	5.23	.763
CF7	100	2	6	5.06	.839
CF8	100	3	6	5.22	.811
CF9	100	3	6	5.15	.757
Valid N (listwise)	100				

Source: Processed Data with SPSS (2024)

In table 1, the descriptive statistics of the Dynamic Capabilities construct show that on average respondents gave evaluation "Agree" against to all indicators. The three strongest indicators that have the highest average are SZ1, SZ3 and CF3. In this shows that the average respondent has "agreed". While the three weakest indicators are SE5, SZ4 and CF4.

Table 2. Descriptive Statistics of Organizational Ambidexterity Construct

<i>Description Statistics</i>					
	N	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
OAR1	100	3	6	5.19	.775
OAR2	100	3	6	5.03	.834
OAR3	100	3	6	5.00	.778
OAR4	100	3	6	5.22	.786
OAR5	100	3	6	5.01	.870
OAR6	100	3	6	5.19	.813
OAR7	100	3	6	5.19	.775
OAR8	100	3	6	5.13	.837

OAT1	100	3	6	5.25	.809
OAT2	100	3	6	5.00	.910
OAT3	100	3	6	5.29	.756
OAT4	100	3	6	5.10	.798
OAT5	100	2	6	5.10	.823
OAT6	100	3	6	5.21	.844
OAT7	100	3	6	5.08	.813
Valid N (<i>listwise</i> <i>r</i>)	100				

Source: Processed Data with SPSS (2024)

In table 2, the descriptive statistics of the Organizational *Ambidexterity construct* show that average respondent gave evaluation "Agree" to all indicator. Three strongest indicator Which Have average highest is OAR4, OAT1 And OAT3. In this shows that the average respondent has "agreed". While the two weakest indicators are OAR3 and OAT2.

Table 3. Descriptive Statistics of Strategic Leadership Construct

<i>Descriptive Statistics</i>					
	N	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
VL1	100	3	6	5.20	.752
VL2	100	3	6	5.06	.814
VL3	100	3	6	5.22	.786
VL4	100	3	6	5.25	.726
VL5	100	3	6	5.03	.870
SD1	100	3	6	5.22	.786
SD2	100	3	6	5.04	.777
SD3	100	3	6	5.22	.799
SD4	100	3	6	5.32	.815
SD5	100	3	6	4.89	.920
SI1	100	3	6	5.28	.805
SI2	100	3	6	5.24	.740
SI3	100	3	6	5.06	.802
SI4	100	3	6	5.24	.767

SI5	100	3	6	5.08	.825
Valid N (listwise)	100				

Source: Processed Data with SPSS (2024)

In table 3, the descriptive statistics of the Strategic Leadership construct show that average Respondent gave evaluation "Agree" to all indicator. Three strongest indicator Which Have average highest is VL4, SD4 And SI1. In this show that the average Respondent Already "agree" For apply leadership strategic good in a way both individuals and within organizations. While the weakest indicator is SD5.

Table 4. Descriptive Statistics of Sustainability Performance Construct

<i>Descriptive Statistics</i>					
	N	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
ECP1	100	3	6	5.17	.805
ECP2	100	3	6	5.07	.769
ECP3	100	3	6	5.19	.813
ECP4	100	3	6	5.13	.861
ECP5	100	3	6	5.07	.807
ENP1	100	3	6	5.28	.815
ENP2	100	3	6	5.04	.828
ENP3	100	3	6	5.27	.723
ENP4	100	3	6	5.20	.790
ENP5	100	3	6	5.07	.844
SP1	100	3	6	5.29	.820
SP2	100	3	6	5.14	.766
SP3	100	3	6	5.22	.773
SP4	100	3	6	5.23	.777
SP5	100	3	6	5.05	.857
Valid N (listwise)	100				

Source: Processed Data with SPSS (2024)

In table 4, the descriptive statistics of the Sustainability Performance construct show that the average respondents gave “Agree” rating for all indicators. The three strongest indicators that have the highest average are ENP1, ENP3 and SP1. In this case, it shows that the average respondent has “agreed”. While the weakest indicator is ENP2.

Testing

After pre-testing is done test, all variables are reliable and the *Average Variance Extracted* (AVE) value has met the validity test with a value above 0.5. To test reliability, use the *Composite Reliability value* above 0.7 so that it meets the reliability requirements. With this can be said all constructs this fulfills test validity and reliability.

Table 5. AVE Value and Composite Reliability

Variables Latent	AVE	Validity Evaluation	Composite Reliability	Reliability Evaluation
Dynamic Capabilities	0.543	Valid	0.971	Reliable
<i>Sensing</i>	0.565	Valid	0.921	Reliable
<i>Seizing</i>	0.597	Valid	0.922	Reliable
<i>Reconfiguring</i>	0.557	Valid	0.919	Reliable
<i>Organizational ambidexterity</i>	0.541	Valid	0.946	Reliable
<i>Exploration</i>	0.558	Valid	0.910	Reliable
<i>Exploitation</i>	0.571	Valid	0.903	Reliable
Strategic Leadership	0.562	Valid	0.951	Reliable
<i>Visionary Leadership</i>	0.588	Valid	0.877	Reliable
<i>Strategic Decision Making</i>	0.585	Valid	0.875	Reliable
<i>Strategic Influence</i>	0.598	Valid	0.881	Reliable
Sustainability Performance	0.566	Valid	0.951	Reliable
Economy	0.586	Valid	0.876	Reliable
Environment	0.596	Valid	0.880	Reliable
Social	0.620	Valid	0.890	Reliable

Source: Data Processing with SmartPLS 3.0 (2024)

Discussion Test Hypothesis

Based on the results of the hypothesis test in table 6. it can be concluded that all variables have a T-Statistic value greater than 1.96. Strategic leadership has a positive and significant effect on dynamic capabilities. Strategic leadership has a positive and significant effect on *organizational ambidexterity*. Dynamic capabilities has a positive and significant effect on sustainability performance. *Organizational ambidexterity* has a positive and significant effect on sustainability performance. Strategic leadership has a positive and significant effect on sustainability performance. Dynamic capabilities can mediate the indirect effect of Strategic Leadership on Sustainability Performance. *Organizational ambidexterity* can mediate the indirect effect of Strategic Leadership on Sustainability Performance.

Table 6. Results Test Hypothesis

Hypothesis	Influence Between Variables	Path Coefficient	T Statistics	p value
H1	Strategic Leadership -> Dynamic Capabilities	0.991	323,234	0.000
H2	Strategic Leadership -> Organizational Ambidexterity	0.986	278,381	0.000
H3	Dynamic Capabilities -> Sustainability Performance	0.227	2,057	0.011
H4	Organizational Ambidexterity -> Sustainability Performance	0.374	2,711	0.007
H5	Strategic Leadership -> Sustainability Performance	0.392	2,484	0.013

Hypothesis	Influence Between Variables	Path Coefficient	T Statistics	p value
H6	Strategic Leadership -> Dynamic Capabilities -> Sustainability Performance	0.224	3,356	0.000
H7	Strategic Leadership -> Organizational Ambidexterity -> Sustainability Performance	0.369	2,710	0.000

Source: Data Processing with SmartPLS 3.0 (2024)

The Influence of Strategic Leadership on Dynamic Capabilities

Based on results test hypothesis on Table 6, show there is influence positive and the significant of strategic leadership on dynamic capabilities. In this case, strategic leadership proven own influence positive and significant on dynamic capabilities organization. So that strategic leaders have the ability to monitor and interpret dynamic changes in the external environment. This is in accordance with the concept of dynamic capabilities, namely ability organization For identify opportunity (*sensing*), *seizing* and reconfiguring resources to respond to environmental opportunities and threats.⁴⁰ Leaders which capable utilise dynamic capabilities can respond change market more effectively and create more adaptive and innovative strategies that ultimately increase organizational performance and company.⁴¹ Leaders who leverage dynamic capabilities can be more responsive to *external opportunities and challenges*, and are able to direct the organization on continuous innovation and strategic change.⁴²

In this case, it increases the effectiveness in strategic decision making, resource management and the company's long-term performance.⁴³ Therefore, the first hypothesis proposed is that strategic leadership influence on dynamic capabilities. Results test statistics which done to data that obtained from respondents based on field position on Regionally owned enterprise in Indonesia show that all indicator which is made tool measuring For strategic leadership own correlation which strong. Matter this can be seen from all *factor loading values* above 0.7. The value AVE (*Average Variance Explained*) of the strategic leadership variable that is 0.562, Which means variable the can explain 56.2% variance of all its indicators. Furthermore, the results of the hypothesis test produced a determination *coefficient value of R- Square* (R^2) for the dynamic capabilities variable of 0.982 which is classified as substantial or strong. Strategic leadership as variable independent has mark T- *Statistics* is worth 323,234 or more tall from 1.96, as well as the p- *value* or sig. 0,000, not enough from 0.05. This means that the strategic leadership variable has a positive and significant effect on dynamic capabilities.

The Influence of Strategic Leadership on Organizational Ambidexterity

Based on results test hypothesis on Table 6, show there is influence positive and the significant of strategic leadership on *organizational ambidexterity*. The importance of the role of strategic leadership in the context of increasing competitiveness in the company. In this case,

⁴⁰ Teece, "Explaining Dynamic Capabilities: The Nature and Foundations of (Sustainable) Firm Performance."

⁴¹ Asif, "Strategic Leadership and Ambidextrous Learning: Exploring the Role of Dynamic Capabilities and Intellectual Capital."

⁴² Eisenhardt and Martin, "Dynamic Capabilities: What Are They?"

⁴³ Teece, "Explaining Dynamic Capabilities: The Nature and Foundations of (Sustainable) Firm Performance."

strategic leaders are able to encourage organizations to balance exploration and exploitation. Leader which strategic play role key in balancing both aspects so as to ensure that the organization can innovate and remain efficient in its operations.⁴⁴ Leader strategic play role central in facilitate *ambidexterity* by creating an environment that supports innovation while maintaining the sustainability of organizational operations.⁴⁵ Leaders who are successful in integrating organizations that are successful in implementing *ambidexterity*, then leaders can play role key in build *organizational ambidexterity* in company. Often times have Which can look after balance between innovation and efficiency, so that allow organization develop in environment business which competitive and keep going changed.^{46,47}

Results test statistics which done to data, which obtained from respondent based on time. Work in regionally owned enterprise Indonesia show that all indicator which made into tool measure for *organizational ambidexterity* has a strong correlation. This can be seen from all *factor loading values* above 0.7. The value AVE (*Average Variance Explained*) of the strategic leadership variable is 0.562, which means that the variable can explain 56.2% of the variance of all its indicators. Furthermore, the results of the hypothesis test produce a *coefficient of determination* value of R- *Square* (R^2) for the *organizational ambidexterity* variable of 0.972 which is classified as substantial or strong. *Organizational ambidexterity* as an independent variable has a T- *Statistics* value of 278.381 or higher than 1.96, and a p-value or sig. 0.000, less than 0.05. This means that the strategic leadership variable has a positive and significant effect on *organizational ambidexterity*.

The Influence of Dynamic Capabilities on Sustainability Performance

Based on results test hypothesis on Table 6, show there is influence positive and significant dynamic capability on sustainability performance. Dynamic capabilities enables organization For more quick to adapt with change which fast and uncertain. By adapting, organizations can be more effective in responding to sustainability challenges, such as regulatory environment which new or change in hope consumer to product which friendlier.⁴⁸ Organizations with stronger dynamic capabilities can formulate more effective sustainability strategies by

⁴⁴ Forte, Silva, and Neto, "Determinants of Organizational Ambidexterity in Academic Performance in Private Higher Education Institutions."

⁴⁵ O'Reilly III and Tushman, "The Ambidextrous Organization: Managing Evolutionary and Revolutionary Change."

⁴⁶ O'Reilly III, "Ambidextrous Organizations: Past, Present, and Future."

⁴⁷ Forte, Silva, and Neto, "Determinants of Organizational Ambidexterity in Academic Performance in Private Higher Education Institutions."

⁴⁸ D.J. Teece, "Complementarity: Open Innovation and the Dynamic Capabilities Framework," *Strategic Management Review* 1, no. 2 (2020): 233–53.

aligning long-term goals across both the firm and the organization.⁴⁹ The relationship between dynamic capabilities and sustainability performance own role crucial in reach performance sustainability with enables organizations to innovate, adapt and utilize resources optimally.⁵⁰

Results test statistics which done to data which obtained from respondent based on the length of service at BUMD Indonesia shows that not all indicators used as measuring tools for dynamic capabilities have a strong correlation. This can be seen from all mark *factor loading* in on 0.7. The value AVE (*Average Variance Explained*) variable dynamic capabilities is 0.543, which means that the variable can explain 54.3% of the variance of all its indicators. Furthermore, the results of the hypothesis test produce a determination *coefficient value of R-Square* (R²) For variable sustainability performance as big as 0.975 Which classified substantial or strong. Dynamic capabilities as an independent variable has a value T- *Statistics* is worth 2.057 or higher than 1.96, and the p-value *or sig.* 0.011, smaller than 0.05. This means that the dynamic capabilities variable has a positive and significant effect on sustainability performance. Dynamic capabilities enable organizations to proactively adapt to change, like regulation environment new or trend market which changed.⁵¹ In this case, this is important for companies that operate under government regulation and are expected to support regional development.

The Influence of *Organizational Ambidexterity* on Sustainability Performance

Based on results test hypothesis on Table 6, show there is influence positive and significant *organizational ambidexterity* on sustainability performance. *Organizational ambidexterity* allows organizations to exploit current resources (sustainable innovation and operational efficiency), which ultimately improves sustainability performance in the company.⁵² *Organizational ambidexterity* allows companies to quickly to adapt And endure in long-term with meet economic needs, social and environment. So that company capable balancing innovation and efficiency that can continue to grow sustainably by minimizing environmental impacts while increasing profitability Gibson & Birkinshaw.⁵³

Results test statistics which done to data Which obtained from Respondent by field business on Regionally owned enterprise in Indonesia show that all indicator Which made into measuring instrument for *organizational ambidexterity* has a strong correlation. This can be seen

⁴⁹ Teece, "Explaining Dynamic Capabilities: The Nature and Foundations of (Sustainable) Firm Performance."

⁵⁰ Kump et al., "Towards a Dynamic Capabilities Scale: Measuring Organizational Sensing, Leveraging, and Transforming Capacities."

⁵¹ Kump et al.

⁵² C.A. O'Reilly III, "Ambidextrous Ability as a Dynamic Capabilities: Resolving the Innovator's Dilemma," *Research in Organizational Behavior* 28 (2008): 185–206.

⁵³ Gibson and Birkinshaw, "Antecedents, Consequences, and the Mediating Role of Organizational Ambidexterity."

from all *factor loading values* above 0.7. The value AVE (*Average Variance Explained*) of the *organizational ambidexterity variable* is 0.541, which means The variable can explain 54.1% of the variance of all its indicators. Furthermore, the results of the hypothesis test produce a *coefficient of determination* value of R- *Square* (R^2) For variable sustainability performance as big as 0.975 which classified as substantial or strong. *Organizational ambidexterity* as an independent variable has a value T- *Statistics* is worth 2,711 or more tall from 1.96, and mark p-*value* or sig. 0.007, smaller from 0.05. This means that variable *organizational ambidexterity* influence positive and significant on sustainability performance.

The Influence of Strategic Leadership on Sustainability Performance

Based on results test hypothesis on Table 6, show there is influence positive and significant strategic leadership on sustainability performance. Effective strategic leadership involves decision making that considers the long term on the environment and society. Strategic leaders who pay attention to sustainability will tend to make decisions that balance economic, environmental and social goals so that it will improve sustainability performance Freeman & McVea.⁵⁴ The relationship between strategic leadership and sustainability performance is very important because, as stakeholders, leaders must maintain good relationships with stakeholders such as customers, suppliers, government and society. So as to create the support and collaboration needed to achieve sustainability performance.⁵⁵

Results test statistics Which done to data Which obtained from Respondent based on the scale of BUMD in Indonesia shows that all indicators are made into measuring instruments for strategic leadership have a strong correlation. This can be seen from all *factor loading values* in on 0.7. The value AVE (*Average Variance Explained*) variable strategic leadership which is 0.562, which means that the variable can explain 56.2% of the variance of all its indicators. Furthermore, the results of the hypothesis test produce a *coefficient of determination* value of R- *Square* (R^2) for the sustainability performance variable of 0.975 which is classified as substantial or strong. Strategic leadership as an independent variable has a T- *Statistics value* of 2.484 or higher than 1.96, and a p-value *or* sig. 0.013, smaller than 0.05. This means that variable strategic leadership influence positive and significant on sustainability performance.

⁵⁴ R.E. Freeman and J. McVea, "A Stakeholder Approach to Strategic Management," in *The Blackwell Handbook of Strategic Management*, ed. M. Hitt, R.E. Freeman, and J. Harrison (Oxford: Blackwell Publishing, 2001), 189–207.

⁵⁵ M.E. Porter and M.R. Kramer, "Strategy and Society: The Relationship Between Competitive Advantage and Corporate Social Responsibility," *Harvard Business Review* 84, no. 12 (2006): 78–92.

Dynamic Capabilities Mediate the Influence of Strategic Leadership on Sustainability Performance

Based on the results of the hypothesis test in Table 6, the results of the research indicate that dynamic capabilities can mediate the indirect effect of strategic leadership on sustainability performance. In this case, dynamic capabilities enable organizations to manage change efficiently and the important role of strategic leaders in ensuring the organization's ability to adapt and innovate in achieve good results and can improve sustainability performance in organizations and companies. Dynamic capabilities strengthen connection between leadership strategic and performance sustainability. This enables organizations to utilize dynamic capabilities effectively so that they can support the achievement of corporate sustainability goals.

Results test statistics which done to data which obtained from respondent by field business Regionally owned enterprise in Indonesia show that all indicator which made into tool measure for dynamic capabilities has correlation which strong. Matter this can seen from all values *factor loading* above 0.7. The value AVE (*Average Variance Explained*) of the dynamic capabilities variable is 0.543, which means that the variable can explain 54.3% of the variance of all its indicators. Furthermore, the results of the hypothesis test produce a determination *coefficient value* of R- *Square* (R^2) for the sustainability performance variable of 0.975 and strategic leadership of 0.986 which is classified as substantial or strong. Dynamic capabilities can mediate the indirect effect leadership strategic on performance sustainability, Because T - *Statistics* 3,356 higher than 1.96 and *P-Value* 0.000 is smaller than 0.05. This means that dynamic capabilities variables can mediate the indirect effect strategic leadership on sustainability performance.

Organizational Ambidexterity Mediate the Influence of Strategic Leadership on Sustainability Performance

Based on the results of the hypothesis test in Table 6, the results of the study indicate that *organizational ambidexterity* can mediate the indirect effect of strategic leadership on sustainability performance. In this case, *organizational ambidexterity* includes the ability to explore new opportunities and optimize existing resources so that the role of strategic leaders can support sustainability performance in the organization. *Ambidexterity* allows companies to remain flexible in responding to external changes, like regulation sustainability or expectation consumer to not quite enough answer social. *Organizational ambidexterity* becomes an important element in integrating strategic leadership and sustainability performance. In this case, *organizational ambidexterity* can mediate this relationship by creating strategies into the

business that support sustainability. Then organizations that are able to carry out exploration and exploitation in a balanced manner will have a competitive advantage in facing environmental changes.

Results test statistics which done to data which obtained from respondents based on length of service at BUMD show that all indicators used as measuring instruments for *organizational ambidexterity* mediating the influence of strategic leadership on sustainability performance have a strong correlation. This can be seen from all *factor loading values* above 0.7. The value AVE (*Average Variance Explained*) value of the *organizational ambidexterity variable* is 0.541, which means that the variable can explain 54.1% of the variance of all its indicators. Furthermore, the results of the hypothesis test produce a *coefficient of determination R-Square* (R^2) value for the sustainability performance variable of 0.975 and strategic leadership of 0.986 which is classified as substantial or strong. *Organizational ambidexterity* can mediate the indirect influence strategic leadership on sustainability performance, because the *T-statistic* is 2.710 more height of 1.96 and *P-Value* 0.000 more small from 0.05. This means that the *organizational ambidexterity variable* can mediate the indirect effect of strategic leadership on sustainability performance.

CONCLUSION

Strategic leadership, dynamic capabilities and *organizational ambidexterity* has a positive influence on sustainability performance of BUMD. Directly, each variable of strategic leadership, dynamic capabilities and *organizational ambidexterity* has an effect on the sustainability performance. Besides That, strategic leadership influence positive on dynamic capabilities and also organizational ambidexterity. So it can be said that dynamic capabilities and also *organizational ambidexterity* mediate the relationship between strategic leadership and sustainability performance.

From the results of this research, it can be said that for BUMD in Indonesia to continue to improve it's sustainability performance, it must be considered how BUMD leaders can implement strategic leadership while developing capabilities within the organization. And to maintain sustainability long term, it needs to be maintained *organizationally ambidexterity* to maintain focus in the short and long term.

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