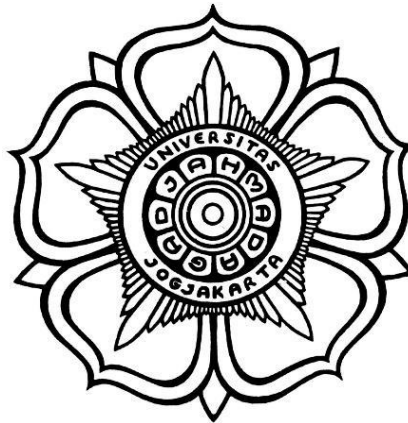


**STRATEGIC LEADERSHIP ROLE  
IN FACING TRUE AMBIGUITY UNCERTAINTY  
CASE STUDY OF PT DENSO INDONESIA**

**THESIS**

As a partial fulfilment for a Master's Degree

Study Program in Master of Management



Submitted by  
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To  
**FACULTY OF ECONOMICS AND BUSINESS  
GADJAH MADA UNIVERSITY**

**2022**

**STRATEGIC LEADERSHIP ROLE IN FACING TRUE  
AMBIGUITY UNCERTAINTY  
CASE STUDY OF PT DENSO INDONESIA**

..

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**On June , 2022**

**and has been declared to fulfil all requirements**

**Examiner Arrangement**

**Examiner I**

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UNCERTAINTY  
CASE STUDY OF PT DENSO INDONESIA**

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2nd Witness, the member of the thesis examination team :

.....

3rd Witness, the member of the thesis examination team :

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## **SURAT PERNYATAAN BEBAS PLAGIASI**

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Yogyakarta, May 2022

Anisa Yudiawati Dasaranti

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## ABSTRACT

The Indonesian government responded to the COVID-19 pandemic by issuing a policy to maintain social distance by prohibiting large-scale gatherings. Due to decreased demand and the social and physical distance requirements, a lot of businesses closed and many terminated or laid off their staff. Strategic management research also focuses on leadership during a time of uncertainty and great leaders need to act and act decisively during these times. The focus of this research is to conduct an analysis of the successful implementation of PT Denso Indonesia's strategic leadership in remaining resilient during the COVID-19 pandemic. Adaptive and entrepreneurial leadership principles were utilized to examine leaders' and the company's activities during the pandemic. The adaptive and entrepreneurial leadership theory was introduced by reviewing employees' needs and company resources to anticipate policies or regulations related to COVID-19.

This research is a qualitative study utilizing thematic analysis. The study data were obtained through interviews with senior executives of PT Denso Indonesia in top management positions via online video conference sessions. The result analysis of the two principles of adaptive and entrepreneurial leadership collaborating with resources-based view and dynamic capability view serves as the basis for the creation of company regulations to create competitive advantage and business resilience at PT Denso Indonesia.

**Keywords:** uncertainty, pandemic-related, strategic leadership, VRIO, dynamic capability view, adaptive leadership, entrepreneurial leadership

## ABSTRAK

Pemerintah Indonesia menanggapi COVID-19 dengan mengeluarkan kebijakan untuk menjaga jarak seperti menghindari pertemuan berskala besar atau kerumunan. Karena penurunan permintaan dan keinginan untuk menjaga jarak sosial dan fisik, banyak bisnis menutup fasilitas maupun memberhentikan karyawan mereka. Penelitian manajemen strategis ini berfokus pada kepemimpinan untuk menghadapi ketidakpastian. Para pemimpin perlu bertindak tegas selama masa ketidakpastian ini. Fokus penelitian ini adalah untuk melakukan analisis keberhasilan implementasi kepemimpinan strategis oleh PT Denso Indonesia untuk menjaga ketahanan bisnis selama masa pandemi COVID-19. Prinsip kepemimpinan adaptif dan kewirausahaan digunakan untuk mengeksplorasi pemimpin dan aktivitas perusahaan selama masa pandemi ini. Teori kepemimpinan adaptif dan kewirausahaan diperkenalkan ke perspektif manajemen yang lain dengan meninjau kebutuhan karyawan dan sumber daya perusahaan, sehingga kebijakan atau regulasi tercipta sebagai tindakan dalam menghadapi COVID-19.

Penelitian ini merupakan penelitian kualitatif dan dianalisis menggunakan analisis tematik. Metodologi yang digunakan untuk memperoleh data adalah melalui wawancara dengan pimpinan PT Denso Indonesia pada posisi manajemen puncak. Wawancara dilakukan dengan aplikasi *video-conference*. Hasil analisis dua prinsip kepemimpinan adaptif dan kepemimpinan kewirausahaan yang dipadukan dengan pandangan berbasis sumber daya dan pandangan kapabilitas dinamis menjadi dasar bagi pembuatan peraturan perusahaan untuk menciptakan keunggulan kompetitif dan ketahanan bisnis di PT Denso Indonesia.

Kata kunci: ketidakpastian, krisis pandemi, kepemimpinan strategis, VRIO, pandangan kemampuan dinamis, kepemimpinan adaptif, kepemimpinan kewirausahaan



## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background**

Intense competition and increasingly dynamic business conditions have driven organizations to deal with a high degree of business uncertainty, both from internal and external of their organizational environments. Whether it originates from the general atmosphere or the markets, uncertainty is one factor that any organizations have to live with (Adobor, 2021). The fast-changing and uncertain business environments in this twenty-first century require all organizations to be agile and responsive to the ever-changing dynamics. Organizations may be unprepared for certain uncertainties which arise due to unpredictable events with a high impact, such as the COVID-19 pandemic, which is one example of a high-impact event that is currently happening. Given the unpredictable nature of crises, organizations are often caught unawares since pandemics are unlike other emergencies such as communal tensions or natural disasters. The response in an emergency situation continues only for the duration of the crisis, followed by the recovery efforts (Salunkhe, 2021).

The COVID-19 pandemic has caused an unprecedented challenge around the globe. It disrupted businesses and affected economic systems. It also has created significant disruptions for many enterprises at the national and international levels,

exposing uncertainties to firms' operational, tactical, and strategic undertakings. COVID-19 pandemic is an example of an event that happened and changed the world (Kholaf & Ming, 2022). Since the outbreak of COVID-19, the global economy has been undergoing a significant restructuring (Tapas & Pillai, 2021). The Indonesian government reacted weeks after the first case of COVID-19 in the country and President Joko Widodo immediately mandate the establishment of the COVID-19 National Response Task Force.

The government needed to have a broad, comprehensive, collaborative approach to deal with the COVID-19 outbreak and the Indonesian government established various policies under President Joko Widodo's leadership. These regulations concerned with COVID-19 handling, communication and coordination of policy stakeholders, and approach overlap among institutions. Indonesia has numerous institutions which execute various national and local policies as a vast country with a decentralized government. As a result, COVID-19 policies and their implementations may vary from one region to the next. Several essential guidelines that have become a concern in Indonesia due to the government's overlapping policies will be discussed.

The Indonesian government had issued a call for physical and social distancing measures. On March 16, 2020, President Joko Widodo gave a speech encouraging people to work, pray, and study at home. COVID-19 cases were thought to be best suppressed through social or physical distance. This was an attempt to maintain a gap of approximately one meter and avoid large crowds.

Physical distancing was used to mitigate or prevent the transmission of COVID-19 (Kompas, 2020). Prevention was the most sensible course of action since the COVID-19 vaccine had not yet been created.

The Indonesian government also issued a regional lockdown measure in the form of PSBB (Large-Scale Social Restrictions) and PPKM (Enforcement of Restriction on Community Activities). The deployment of PSBB & PPKM within specific areas was considered to be significantly more practicable than implementing a lockdown across the entire country. The Presidential Decree No. 11 of 2020 concerning the Establishment of a Public Health Emergency and Government Regulation No. 21 of 2020 regarding Large-Scale Social Restrictions are referenced in implementing PSBB & PPKM. Upon authorization of the Indonesian Health ministry, PSBB & PPKM may be enforced in specific areas. Additionally, the COVID-19 responder can submit a PSBB & PPKM request. Nearly all regions in Indonesian, both provinces, and regencies, introduced regional PSBB & PPKM, based on the severity of COVID-19 infection rates in the area. As of early June 2020, provinces and regencies had already implemented PSBB & PPKM (CNN Indonesia, 2020). Despite the implementation, a reduction in the daily COVID-19 case rate was not guaranteed. PSBB & PPKM, on the other hand, appeared to be able to manage COVID-19 distribution in a given area.

One of the effects of COVID-19 felt by communities is worker layoffs by many firms. The COVID-19 outbreak had severely impacted workers' hours and income. Due to decreased demand and the social and physical distancing regulations, businesses had closed their facilities and terminated or laid off their

staff. As a result, over 1.2 million employees from 74,439 enterprises, both in formal and informal industries, had been instructed to stay at home or put off (The Jakarta Post, 2020). According to Statistics Indonesia, 7.05 million people were unemployed out of 133.56 million total workforces, while over 55 percent of those employed were in the informal sectors (Badan Pusat Statistik, 2021). During the second period of 2020, the COVID-19 issue was predicted to have eliminated 6.7 percent of global working hours, or 195 million full-time jobs (International Labour Organization, 2021)

In the environment setting, a period of great uncertainty had to be dealt with. Continuous debates emerged whether existing strategies that had been established for a long time were still relevant. After all, many leaders had stated that they were entering a difficult period amid such trying circumstances. The fact is that uncertainty can reveal an organization's leadership. Solid leaders must be able to respond quickly and forcefully in any situation. Research in strategic management has demonstrated that market uncertainty affects firm value creation and allocation (J. Barney, 1991). Strategic management research has also focused on leadership to deal with uncertainty. Uncertain situations can reveal the organizations and their leaders. Great leaders need to act decisively during these times. Leaders' decisions will serve as a role model for everybody in the organization, determining whether the company thrives in a calamity or suffers irreversible damage due to uncertainty.

On this aspect, two theoretical analyses could be carried out, namely resource-based view (RBV) analysis (J. Barney, 1991) and dynamic capabilities

view (DCV) theory (D. J. Teece, 1997). In RBV analysis, leaders could ascertain that due to COVID-19, leaders could manage the firm's resources to achieve four attributes, namely valuable, rare, inimitable, and organized—also known as VRIO (J. B. Barney, 2001). For such resources and capabilities, firm managers were required to undertake initiatives to develop them to counter the effects of the COVID-19 pandemic and the associated economic lockdown measures. Simultaneously, managers had to apply DCV-based thinking, namely, sensing, seizing, and reconfiguring (D. J. Teece, 1997). Managers had to figure out what resources and capabilities their firms would require. Once the exact points of external stimuli were ascertained, organizational structure and design had to be prepared to seize the requirements of the environmental stimuli. Finally, administrative processes and systems had to be reconfigured to create and enhance the required firm resources and capabilities to respond to the crisis (Bhattacharyya & Thakre, 2020). Thus, both RBV and DCV perspectives are significant identifying great leadership and ability to strive toward a business resilience.

The concept of leadership is regarded very differently now than it was even only a few decades ago. The idea that a single exceptional person can generate results simply by stating that they exist is considered to be an outdated one. The practice of leadership is now more commonly done in groups. In order to accomplish goals and implement changes, managers and other people in leadership positions collaborate closely with their employees. Business uncertainty is expected as a result of changing economic situations. Changes in demand, government policy, technology, and other factors can contribute to business uncertainty. Though

natural disasters or events that cause significant and often abrupt damage or misery, like the current COVID-19 outbreak, might undoubtedly influence the business, this is an uncommon occurrence or true ambiguity of uncertainty. Leaders can impact various factors that affect organizational performance, including making decisions on competitive strategy, organizational structure, and management programs. Top executives typically bear the primary responsibility and authority for choices on competitive strategy and the creation or adjustment of corporate programs, procedures, and structures. To ensure that a strategy, improvement program, or management system is implemented effectively, executives at all levels of the business must work together. Given how unpredictable and unstable business environment can be, leaders often struggle to keep up with the fluctuations. To survive and succeed in business, one must be more than just a top performer. To handle any arising obstacles, corporate leaders must embrace new methods and techniques, and that is where adaptive leadership enters in.

Adaptive leadership is more critical than ever in an age of rapid transition and volatility. In today's environment, a leader must be able to continuously handle altering landscapes and complicated challenges to be an excellent leader. The notion of adaptive leadership was developed by Professor Ronald Heifetz and Marty Linsky. Adaptive leadership presents multiple options and a continuous engagement between leaders and groups of people (D. J. Teece, 1997). In another term, adaptive leadership is a type of leadership that focuses on a particular goal and how to achieve it. It's not about dominating or directing people, but rather about motivating them to work together to achieve common goals.

When faced with a challenge, individuals with a great sense of action plan for entrepreneurship and the skills to seize opportunities arising from the challenge are presented with the opportunity to assume the role of leaders, with the expectation that the challenge will foster a similar savvy, intellectually agile mindset among others. When it comes to enhancing organizational performance and creating value, entrepreneurial leadership is most concerned with encouraging innovation through proactive risk-taking measures. Consequently, entrepreneurial leadership attempts to generate uniqueness that adds value and opens up new opportunities during uncertainty and volatile circumstances more than any other leadership styles.

This research included several points suggested for future research into adaptive leadership by Ronald Heifetz and Marty Linsky in 2009. It examined adaptive leadership in different contexts, such as within an emotional intelligence principle, organizational justice principle, development principle, and character principle. Entrepreneurial leadership by Chris Roebuck in 2014 was explored as well. The study investigated leaders' ability to be role models for collaboration and value creation, being a leadership ambassador and an advocate of integration. This strategic leadership research was undertaken at PT Denso Indonesia, an automotive component manufacturer and a Foreign Capital Investment Venture involving private Japanese and Indonesian firms that produce spark plugs for cars and buses, air conditioners, magnetos, and 14 other products. PT Denso Indonesia employs 4,196 people across two facilities (Bekasi Plant and Fajar Plant). They commit to constantly producing exceptional products by integrating local employees and

foreign staff with excellent talents and ongoing development (DENSO Indonesia Website, 2021).

## **1.2 Problem Statement**

The overarching strategy of a leader is to make judgments on the organizational structure, management programs, and competitive strategies. The major responsibility and authority for choices about competitive strategy, as well as the design or adjustment of formal programs, procedures, and structures, typically resides with the top executives of an organization. However, in order to ensure that a strategy, improvement program, or management system is effectively implemented, it is necessary for leaders at all levels of the organization to work together in a coordinated effort. This is especially important given the current situation, which is the COVID-19 pandemic era. Based on a preliminary interview with one of PT Denso Indonesia employees, it was discovered that PT Denso Indonesia issued a regulation during COVID-19 pandemic in the form of suspension of soft loans instalment for its employees. Prior to COVID-19, the company implemented a soft loan system by deducting the loan instalments from employees' monthly salaries. Since the suspension was initiated, the monthly salaries were received in full without deduction. With nearly five thousand employees gaining the benefits from this policy, if half of the employees were taking this loan facility, it might negatively impact the company. However, PT Denso Indonesia proceeded with the implementation despite the potential



challenges. The strategic decisions of the leader of PT Denso Indonesia during the COVID-19 pandemic became a phenomenon worth investigating. The circumstance cultivated an adaptive strategic leadership role and entrepreneurial leadership to adapt to the uncertainty and the effectiveness to create a competitive advantage for the company and business resilience. This study was conducted to examine the roles of leadership style in facing uncertainty.

### **1.3 Research Questions**

The research aims to answer the questions as follows:

1. What are leaders' capabilities involved in creating business resilience and have leaders treated employees as valuable, rare, inimitable, and well-organized resources?
2. How do leaders execute adaptive leadership and entrepreneurial leadership principles while working for the organization?

### **1.4 Research Objectives**

Based on the problem statement and research questions, the objectives of this study are as follows:

1. To identify whether the leaders of the company use company resource to create business resilience for the company and treat employees as valuable, rare, inimitable, and well-organized.

2. To point out strategic leadership existence in relation to the principles of adaptive leadership and entrepreneurial leadership quality within leaders of the company.

### **1.5 Research Purpose**

The purpose of this research is to identify adaptive leadership and entrepreneurial leadership in gaining a competitive advantage in business and create business reliance during pandemic COVID-19. Leaders need to have an adaptive and entrepreneurial quality in times of uncertainty. Without these abilities, the organization could face great challenges and loss, even go bankrupt. This research's purpose is to seek adaptive leadership and entrepreneurial leadership qualities in an organization that treats people as its assets and find a strategy that maintain employees happiness and productivity during the COVID-19 pandemic.

### **1.6 Research Benefits**

This research is expected to provide benefits as follows:

1. For organizations

The results of this research demonstrate strategic leadership effectiveness in organizations. It may be used as a form of decision-making consideration by top-level management in facing an uncertainty, especially top-level managers to the middle-level of

management positions. The results can serve as a trigger that organizations need to have in their leaders.

2. For researchers and academic institutions

This study may provide a deeper understanding of concepts which may pique the interest of other scholars and lead to future research, including other different business fields.

### **1.7 Research Scope**

The research was conducted with employees of PT Denso Indonesia as the informants. Since the main responsibility of strategic approaches lies with the management level and there are many departments in PT Denso Indonesia, the research was limited to the top-level and mid-level management of the company. The primary data for this research were obtained from in-depth interviews with several employees in top-level positions as well as mid-level to low-level positions. The top-level positions include managers with the capability to issue strategic decisions for the company and are perceived as experienced employees, thus their technical skills, leadership, and team management skills are the main attributes of value at this level. The mid-level positions include employees with more than four-year work experience at PT Denso Indonesia. Interview results were analysed by using thematic analysis by systematically identifying, organizing, and offering insights into the patterns of meaning (themes) across a dataset. The secondary data were obtained from various printed or online media sources. The main theories used in this research were resource-based view theory (VRIO framework), the dynamic

capability view theory (DCV), adaptive leadership theory, and entrepreneurial leadership theory.

This research was limited to finding out the ability of managers in implementing adaptive strategic leadership and entrepreneurial leadership style in facing the uncertainty of COVID-19 pandemic and leaders' strategic decisions to create competitive advantage for the company which focused on providing benefits to employees. This research also discussed several solutions based on literature reviews, examining courses of action that would best suit the organization.

## **1.8 Writing System**

This research is divided into five chapters with summary of each chapter as follows:

### **Chapter I Introduction**

This research included several points suggested as future research to explore adaptive leadership in different contexts, such as in an emotional intelligence principle, organizational justice principle, development principle, and character principle. In addition, entrepreneurial leadership by leaders as a role model for collaboration and values, serving as leadership ambassador, as well as advocate for integration and alignment. The COVID-19 pandemic cultivated an adaptive strategic leadership role and entrepreneurial leadership to adapt to the uncertainty as well as the ability to create

a competitive advantage for the company and business resilience.

This strategic leadership research was undertaken at PT Denso Indonesia.

## **Chapter II    Theoretical Basis**

This chapter contains the theoretical underpinnings that were utilised in this investigation. The resource-based perspective theory, the dynamic capabilities view theory, adaptive leadership theory, and entrepreneurial leadership theory were the four main theories used in this investigation. Specifically, the purpose of this investigation was to determine the relationship between the above theories and the traits present in leaders.

## **Chapter III   Research Method**

This chapter details qualitative descriptive approach of collecting and analysing descriptive data as the research method. The qualitative descriptive analysis method, which gathered and described qualitative data, was used as the data collection method. In-depth interviews were used to collect the qualitative data. The interviews were recorded and subsequently transcribed into written documents. Thematic analysis was used to examine the transcripts.

## **Chapter IV    Research Result and Discussion**

This chapter consists of the description and discussion based on interviews with informants. The adaptive leadership and entrepreneurial leadership were identified and their alignment with VRIO and Dynamic Capability View would create business resilience to survive the pandemic and identify undetectable risk in the future at Denso, proven by the absence of riots or large-scale protests that might be highlighted by the media regarding companies that did not meet the needs of their employees.

## **Chapter V    Conclusion**

This chapter consists of the conclusions where employees as valuable assets, though common and also imitable, are coordinated according to the company's needs to survive the pandemic and that adaptive collaborate with entrepreneurial leadership create business resilience to survive the pandemic.

**Bibliography** This section contains the references and reading materials used in writing this research paper.

**Appendix**      This section contains additional detailed and necessary explanations in writing this thesis, including the interviews' transcripts, data analysis, and other materials.

## **CHAPTER 2**

### **THEORETICAL BASIS**

#### **2.1 Theoretical Basis**

##### **2.1.1 Adaptive Leadership**

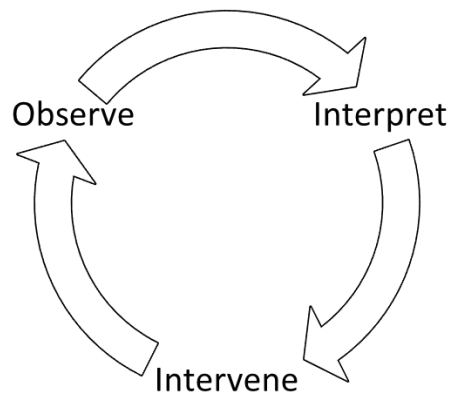
Understanding the key role of volatility in organizational life requires understanding organizations as complex adaptive systems (Adobor, 2021). Organizations must be viewed as complex adaptive systems to bring disorder, uncertainty, and present leadership in uncertain circumstances. With the COVID-19 pandemic, strategic leaders must implement different leadership models that are in line with the need to adapt to the "new normal". Complexity leadership (CL), which is based on complexity science, appears to be the most appropriate leadership style for leading in volatile and uncertain times. Uhl-Bien (2007) developed Complexity Leadership Theory (CLT) in reference to the leadership difficulties in managing complex adaptive systems. CL is a type of shared leadership in which leadership responsibilities are distributed rather than vested in a single person (Carson, 2007). Administrative leadership, adaptive leadership, and enabling leadership are the three dimensions of CL (Uhl-Bien, 2007). To summarize, complexity leadership is shared leadership that accepts complexity and unpredictability while also allowing people to exercise self-leadership.

Adaptive leadership is the process of organizing individuals to face and overcome difficult problems (Heifetz, 2009). Articulating goals, allowing



interactions, strengthening team dynamics, fostering cooperation, and promoting experimentation and innovation" are all priorities for adaptive leaders. From generating self-organizing organizations to developing a servant leadership style, adaptive leadership focuses on organizational management (Highsmith, 2014). Groups and individuals may have competing goals, and it is frequently the battle between these opposing viewpoints that leads to new ideas and solutions. The creation of adaptive leadership is aided by certain organizational settings. Adaptability, learning, and innovation are the results of adaptive leadership. Because complex adaptive systems occur at every level of the hierarchy, managers at all levels must adopt adaptable mindsets while performing their traditional functions (Adobor, 2021).

Adaptive leadership is a three-step process that includes: observing occurrences and trends all over each other; interpreting what the leader sees (constructing theories about what was really progressing); and creating interventions to evaluate the results and understandings to identify the adaptive challenge that has been identified (Heifetz, 2009). The adaptive leadership cycle can be seen in Picture 2.1.



**Picture 2.1 Adaptive Leadership Cycle**

The observation process starts with data gathering and problem definition (the what), then proceeds on to interpretive stages (the why), and finally to alternative methods to act as a sequence of interventions within the business, community, or society (the what next) (Heifetz, 2009). The goal of adaptive leadership is to make observations as unbiased as possible. Getting off the dance floor onto the balcony is one of the most effective ways to accomplish this. It allows leaders to get some distance, watch themselves and others while they are in the thick of things, and notice patterns in what's going on that are difficult to notice if leaders are locked on the ground floor. A vital initial step is to gather all of the data that is available to see, discover, and uncover. It's not easy to keep track of what's going on. When a leader is in the thick of things in an organization, it's difficult to keep an objective eye on things.

Interpreting is more difficult than observing. When a leader hypothesizes aloud and reveals the impressions they're obtaining from their observations, they risk enraging those who have developed opposing viewpoints. They will want the

leader to accept whatever "truth" they want. The goal is to make leader interpretations as true and accurate by taking into account as many sensory data as possible. Examine for nonverbal cues and emotion, as well as what isn't being expressed, in addition to what individuals are expressing and doing clearly. At any given time, adaptive leaders may find themselves actively holding multiple interpretations regarding a certain observation open (Heifetz, 2009). It's difficult to hold many meanings in leaders' thoughts at the same time because our natural instinct is to do so.

Successful interventions are based on how the situation is interpreted in terms of the adaptive, conflictive, and systemic qualities of the organization's problem. Individuals are inspired to take up an adaptation task when they are exposed to effective interventions. People can perceive how the leader's perspective is significant to their combined efforts because well-designed interventions offer context; they relate the leader's interpretation to the objective or task on the table. Good interventions take into account the leader organization's resources as well. The more intervention tool kits available, the wider the variety of interventions that leaders will be able and willing to implement, and the more likely they would achieve the desired outcomes.

The adaptive approach, just like any other style of leadership, comes with its own unique set of guiding principles, each of which is essential to the successful implementation of adaptive leadership. They are emotional intelligence, organizational justice, development, and transparency.

#### 2.1.1.1 Emotional Intelligence

Many studies have highlighted the significance of emotional intelligence in leaders. Successful leaders, according to (Goleman, 1998), always have excellent emotional intelligence. (Caruso, 2002) also underlined the need of emotional intelligence in successful leaders. The ability to recognize and control one's own and others' emotions, in theory, increases organizational efficiency, and emotional intelligence may improve a leader's ability to deal with opportunities and challenges that they and the company face. Emotional intelligence definition is the ability to recognize our own and others' feelings, to motivate ourselves, and to effectively manage emotions between ourselves and our connections (Goleman, 1998). Emotional intelligence was the capacity to reason about emotions and of emotions to enhance thinking. It includes the abilities to accurately perceive emotions to assist thought, to understand emotions and emotional knowledge and to regulate emotions to promote emotional and intellectual growth reflectively (Mayer, 2004).

The emotional intelligence theory proposed by Boyatzis and Goleman are self-awareness, self-management, social awareness, and relationship management as the four main clusters of EI skills that have emerged from this emotional intelligence paradigm (Goleman, 2001). For both individual and social abilities, the four clusters comprise an identification and regulation cluster. The competencies in each cluster are listed in Table 2.1, along with their definitions.

**Table 2.1 Emotional Intelligence Competencies**

| Cluster                 | Competency                 | Definition   |
|-------------------------|----------------------------|--|
| Self-awareness          | Emotional self-awareness   | Ability to recognize one's own emotional state   |
|                         | Accurate self-assessment   | Being aware of one's own talents, shortcomings, and performance  |
|                         | Self-confidence            | Having a positive sense of one's own value and ability   |
| Self-management         | Emotional self-control     | Ability to keep track of and regulate his or her emotional moods and emotional impulses                          |
|                         | Transparency               | Keeping high standards of honesty and integrity is essential.  |
|                         | Adaptability               | When dealing with change, to be adaptable  |
|                         | Achievement orientation    | Ability to establish high expectations for oneself and then meet or exceed those requirements                    |
|                         | Initiative                 | Taking action on what has to be done before they are asked to do so  |
|                         | Optimism                   | Having an optimistic mindset and persevering in pursuit of goals despite difficulties                            |
| Social awareness        | Empathy                    | Perceiving and comprehending what others are experiencing  |
|                         | Organizational awareness   | Emotional currents and power connections within a group can be read  |
|                         | Service orientation        | The ability to recognize the needs of others and to give services that suit those needs                          |
| Relationship management | Developing others          | Identifying and assisting others in their development needs  |
|                         | Teamwork and collaboration | Understanding, cooperating, and sharing with other team members while maintaining mutual respect and cooperation |
|                         | Conflict management        | Disagreements can be resolved through negotiation and compromise   |
|                         | Change catalyst            | Change management is the process of initiating or managing change  |
|                         | Inspirational leadership   | Individuals are inspired and guided, and they are expected to follow without being forced                        |
|                         | Influence                  | Using persuasive strategies that are both effective and efficient  |

### 2.1.1.2 Organisational Justice

Plenty of the actions that leaders in an organization must make involve around policy matters of fairness and just treatment of employees. Organizational justice has become a key research topic in industrial and organizational psychology over the last ten years. (Cropanzano & Randall, 1993) defined organizational justice

as "the just and moral treatment of individuals inside an organization." It is closely linked to leadership and decision-making processes. Leaders are supposed to design organizational structures that are perceived as fair, compassionate, and transparent by their employees. The actions made by leaders in a just and moral organization should show equal rights of minorities and concern for their well-being.

Organizational justice research has a long history, and multiple classification approaches have been proposed throughout the years. Organizational justice is important because it has been linked to important organizational processes such as commitment, citizenship, job satisfaction, and performance. Furthermore, according to the authors' most recent research, leadership style, decision-making, and organizational equality are all interwoven. In organizational environments, the justice of procedures followed for the allocation or distribution of outputs can be described by two subjective perceptions: distribution of the output (product) or justice in distribution, and the justice of methods followed for the allocation or distribution of outputs (Colquitt, 2001). Distributive justice is the first of these two types of justice, while procedural justice is the second.

#### 1. Distributive Justice

The trade-off between both the employee and the company is the bedrock of distributive justice (McLean Parks & Kidder, 1994). Employees are interested in how resources are distributed across the organization. Employees' perceptions of the distribution's fairness are stated as distributive justice (Greenberg, 1993). Employee happiness and performance improve as a result of distributive justice, as does non-

attendance and resignation rates, as well as the development of a participative organizational culture (Lawler & Jenkins, 1992).

## 2. Procedural Justice

Employee impressions of the methods used while making organizational decisions are referred to as procedural justice (Williams, 1999). In other words, it's a question of fairness when it comes to determining results employing methodologies, tools, and processes (Folger & Cropanzano, 1998). Employee loyalty to the company, trust in management, diversity inside the organization, and work satisfaction all improve as a result of procedural justice (Martin & Bennett, 1996; Mossholder, Bennett, Kemery, & Wesolowski, 1998). A lack of procedural justice, on the other hand, leads to a greater urge for resignation and a larger level of conflict (Cropanzano & Baron, 1991).

## 3. Interactional Justice

Interactional justice emphasizes the role of interpersonal actions in the execution of organizational operations. There are two sub-dimensions to interactional justice (Greenberg, 1990) The first of them is termed as "interpersonal justice," and it relates to the courteous, respectable, and respectful acts that are displayed when putting procedures into place or reviewing results. Respectful behavior is shown when someone is polite and respectable. The next of these so-called sub-dimensions is called "informational justice," and it contains of explanations given to individuals. More specifically, it refers to explanations given to individuals regarding

why a particular method was favored or why a particular result was distributed in the manner that it was (Colquitt, 2001).

#### 2.1.1.3 Development

Leadership creation is the practice of personal growth that people go through to become more effective in their leadership jobs. During formal learning interventions such as lectures or workshops, this can happen. Leadership development is concerned with how individuals grow their talents and capabilities and how they become more effective in their network of contacts with others and the application of their skills in a specific context. Development as a leader is an on-going process of personal growth. This is reflected in its intrapersonal focus, which considers the development of individual leaders as well as their personal "human capital" (Day, 2001). Leader development, according to McCauley and Van Velsor (2004), is one facet of organizational development. Leadership development has been defined as the extension of an organization's capacity to carry out the fundamental leadership responsibilities required for collective efforts, such as providing direction, establishing alignment, and retaining commitment; and (McCauley and Van Velsor, 2004, p. 22). When it comes to the individual, they define leader development as the extension of a person's potential to be effective in leadership roles and processes (McCauley and Van Velsor, 2004, p. 2).

From the perspective of an organization, a number of studies demonstrate that leadership can have an impact on the performance of the company (Agle, 2006; Waldman, 2004). There has been a significant increase in the amount of money



spent on leadership development (Martineau and Hannum, 2003). A similar commitment is seen in the research literature, where leadership development has indeed been studied from a training design perspective, a programming perspective, as well as a practice perspective. The underlying goal underpins all of these interventions to build processes that increase the number of persons in an organization who are capable of assuming leadership responsibilities and engaging successfully in leadership processes. According to Houghton and DiLiello (2009), The field of leadership development has seen a slew of studies throughout the years, which we have grouped into three categories. There are knowledge development perspective, identity-development perspective, and action-taking perspective.

#### 1. Knowledge development perspective

One of the earliest lines of research emphasized on knowledge development, particularly the personal talents and competencies that leaders required in order to perform their roles more effectively (Ausubel, 1968). In this study, the researchers looked at cognitive development, which is the idea that people's data was then analyzed by taking in new information, connecting it to what they already know, and developing schema or psychological models that help them make an understanding of a complex world. The knowledge development viewpoint gained traction, and an entire sector of training and development sprang up around it as a result. Russell and Kuhnert (1992) noted that it was particularly popular for recognizing specific leadership and managerial qualities as well as for explaining the process of learning (Russell and Kuhnert, 1992)

## 2. Identity-development perspective

When compared to the knowledge development approach, which is based on cognition, a crucial portion of identity development is based on social construction, which suggests that individuals "become" leaders as a result of the interactions they form with others around them (Ibarra, 2015). Social identity theory (Tajfel and Turner, 1986) is the foundation for this perspective, which holds that identity has a social component that is tied to the social positions that a person plays and his or her affiliation with the categories that he or she adheres to. Social contact is where identity-building happens, as individuals communicate images that signify how they perceive themselves and how they wish to be perceived by others in their classification. As they see their own conduct and the reactions of others, whether they are accepting or rejecting these representations, they develop their own self-conceptions (Swann, 1987). Increasingly influential within the leadership and promotion opportunities literature more broadly (Ibarra, 2004; Lord and Hall, 2005), this perspective plays to the belief that leaders are not only formally designated bosses, but it can also be the individuals who impact others informally through their comments and actions (Ibarra, 2004; Lord and Hall, 2005)

## 3. Action-taking perspective

A third point of view highlights the importance of action-taking as a core component of leadership development as a core element of leadership development. According to this viewpoint, development occurs through

hands-on experience, with leaders taking on hard assignments and engaging in stretching activities (McCall, 1988; McCall Jr, 2004). Over the years, several theories of training and development have been developed that are based on this action-first perspective. According to Revans (1983), action learning is a technique for developing individuals in companies that "uses the job as a vehicle for learning" (Revans, 1983). (Pedler, 1997). It is possible to gain insight into why there is often a disconnect between what people say and what they do through Argyris and Schon's (1974, 1978) "theories of action," and the theory of situated learning (Brown and Duguid, 2002) can understand how things build knowledge and experience through a social learning phase. Informal learning (Marsick and Watkins, 2001) and natural learning are two other well-known ideas. Furthermore, in addition to these theoretical viewpoints, there have been a body of experimental studies that have found evidence of a link between various characteristics of action-taking and the performance of managers and leaders.

#### 2.1.1.4 Transparency

In order to succeed, the leader must be entirely transparent and ready with admitting a mistake and calling a halt when something isn't performing. An adaptive leader welcomes change, but he or she also embraces variety and finds a way to make it work for the benefit of the entire organization. In order to establish trust instead of simply trying to persuade others of a point of view, numerous behavioral scientists believe that leaders must sustain transparency in their strategy and

activities in order to have a leadership effect over their clients or followers. In order to be trustworthy, executives should express an opinion based on their areas of expertise. Since leaders are not expected to merely "send along" information, but rather to have informed opinions and some level of competence on the issues and challenges being discussed, this is critical to maintaining transparency and trust. Library directors may disagree with some of the difficult decisions that must be taken during difficult times, and it is OK for them to express their own educated opinions so long as they do not keep them hidden from the public. Once things begin to improve, this will be the opportunity for setting new goals and developing new methods.

When it comes to openness, trust is both the precursor and the result. For a sense of trust and accountability to be established, it is vital to be transparent. Having faith indicates that one is willing to accept the risks associated with acting on the basis of the reliance of another (Stanley, 2005). It is possible for constituents to develop trust in an organization based on their perception of the organization's level of transparency. This perception can be achieved when an organization openly communicates with its constituents, shares information with its constituents, and creates opportunities for constituents to learn. According to Palanski. (2011), people are more likely to be transparent when they have confidence that not everyone will abuse the authority they have gained as a result of their improved information. An organization's members must be trusted to exchange information with one another. When organizations are transparent, it indicates that they will go the "extra mile" to assure that stakeholder are well-informed (for example, by

providing relevant, simple educational experiences), and studies suggest that a company's extra effort will be rewarded. Transparency has the ability to benefit not only the staff, customers, and partners of a company, but also the entire community. The fundamental benefit that transparent organizations reap is increased trust in their operations. Trust is the belief in the dependability and integrity of an exchange partner's actions and words (Ahearne, 2007). Trust has been addressed as a benefit of transparency among leaders and followers (Vogelgesang and Lester, 2009), between a firm and its publics (Chua, 2012; Jahansoozi, 2006), and between government institutions and their constituents (Vogelgesang and Lester, 2009). (Halachmi and Greiling, 2013). Moreover, openness within and between individuals, teams, and businesses has been shown to have a systemic impact on overall levels of trust in a community (Blomgren and Sundén, 2008).

As a responsible business management practice transparency can positively benefit employees, customers and partners, the organization, and society.

#### 1. Employee benefits

Information can be shared freely among teams and departments, as well as from the top-down and from the bottom up, in organizations that are internally transparent. Employees who are more involved in their jobs and who perform better as a result of an open policy of internal knowledge exchange are more likely to be promoted (Vogelgesang and Lester, 2009). Employee engagement is increased as a result of employees having a better grasp of how particular role fits into the overall strategic direction of the firm, as well as because employees have a greater trust in management

(Vogelgesang and Lester, 2009). Employees benefit from increased trust as a result of greater openness, which helps us make greater decisions in line with the direction of the company (Street and Meister, 2004).

## 2. Customers and partners benefits

Those that are externally transparent are likely to share knowledge with stakeholders, including their current and prospective consumers, key suppliers, investors, and business partners. Whether the company's brand is considered transparent, it is drawn from what organizations have achieved rather than what they would prefer to accomplish (Bernstein, 2009). Customers who have much more positive attitudes toward the brand (Arens, 2011), interpret the firm as more reliable (Brown and Michael, 2002), consider greater price fair treatment and fairness (Carter and Curry, 2010), have higher customer satisfaction (Eggert and Helm, 2003), and perceive greater value in the firm's products (Carter and Curry, 2010) benefit from organizations that are open with their external stakeholders (Bhaduri and Ha-Brookshire, 2011).

## 3. Organizational benefits

Organizations that are transparent both internally and externally are thought to have a competitive advantage over their competitors (Halter and de Arruda, 2009). Halter and de Arruda (2009) found that transparency increases an organization's overall understanding of the competition. This allows firms to better differentiate their product offers to targeted consumers as a result (Carter and Curry, 2010). This value is further

enhanced as a result of increased engagement and cooperation between stakeholders (Jahansoozi, 2006). Additionally, when compared to non-transparent firms, transparent organizations are often more devoted to their stakeholders, resulting in healthier key stakeholders (Jahansoozi, 2006) and improved overall business practices (Halter and de Arruda, 2009). Efforts to increase openness within organizations result in less haphazard decision making (Granados and Gupta, 2013), as well as more ethically acceptable (Halter and de Arruda, 2009) and socially responsible decision making.

#### 4. Societal benefits

Organizations are evaluated by their stakeholders based on more than simply their sales and earnings. The notion of the "triple bottom line" is becoming increasingly popular because it allows stakeholders to compare and evaluate enterprises from a broader perspective that takes into account economic, ecological, and social aspects. Many firms who have included the triple bottom line agenda into their communication strategy and reporting metrics have stated that transparency is a key motivator for their efforts (Elkington, 1998, 2004). When firms engage in open business practices, the entire community benefits. As a result of transparent companies providing relevant and easy opportunities to learn to stakeholders, it becomes easier to identify untruths that would otherwise have gone unnoticed. According to Vaccaro and Sison (2011), better transparency leads to increased consumer education, which results in an

equal balance of forces between the company and its stakeholders (Cheng, 2011).

### 2.1.2 Entrepreneurial Leadership

Entrepreneurial tendencies are associated with product and process innovation, which results in the introduction of new products and services to the market. The ability of the company to innovate is strongly reliant on its intellectual and potential capabilities. When resources are limited, creativity manifests itself in the form of seeking out unusual solutions to issues and exploring novel ways of conducting business in uncommon environments. These include employing existing resources to develop distinctive, creative, and original opportunities that were previously neglected as a result of the company's restricted concentration on its core business.

Entrepreneurial leadership is a new paradigm arising from the disciplines of leadership and entrepreneurship. Despite the fact that both the domains of leadership and entrepreneurship have amassed substantial bodies of study spanning several decades, the concepts have attained little conceptual consensus on their own (Bygrave and Hofer, 1991). Entrepreneurial leadership is defined to reach a common purpose, a group of people must be organized in a proactive entrepreneurial manner, which includes minimizing risk, inventing to take advantage of possibilities, accepting individual responsibility, and facilitating change in a changing situation to benefit the organization (Roebuck 2004).



In order for a massive organization to function effectively, a system must be in place to coordinate and align all of its entrepreneurial activities. However, understanding what the organization will be attempting to achieve provides an individual leader a head start. However, this must be coordinated to what everyone else is doing or the partnership would be ineffective. This is discussed in greater depth from the organization's perspective (Roebuck, 2014). Individual entrepreneurial leadership behaviour that assists an organization in focusing and aligning the efforts of all leaders in a synchronized approach includes role model for collaboration and values, being a leadership ambassador, and driving integration and alignment.

#### 2.1.2.1 Role Model for Collaboration and Values

Act as a leader who is guided by a set of values, and those values must be representative of those held by the majority of rational individuals (Roebuck, 2014). Most notably, the leader's team and their personal beliefs, which are likely to be the same as those they apply with their family and friends, because value is needed to be collaborate and it is impossible to have different value for every occasion.

The leader must first demonstrate that they are willing to work proactively in collaboration and partnership with other parts of the organization to achieve what the organization wants and that they are willing to put the common good ahead of their own personal interests in situations where the common good means the success of the organization. Second, when dealing with people, the leader must

maintain decency and honesty at all times (Roebuck, 2014). This behavior is critical because it is likely to be emulated by your team and, over time, established as a set of norms that the team must follow in the future.

#### 2.1.2.2 Being a Leadership Ambassador

Leader actions do not represent themselves alone, leader also represents of their team, company culture, and their entire organization. It is critical for leader, both as contributors and as representatives of the entire organization, to remain steadfast in their convictions and to do what is right even when it is tough or controversial.

Even for first-line managers, their perspectives on the culture, strategy, vision, values, and objectives of the organization will be essential to the belief that their teams have in those aspects of the organization. When considering this at the board level, the significance increases. In addition, how they feel about their company outside of the workplace will have an effect on the company's brand. Leaders have the duty to act as ambassadors, aggressively spreading the word both internally and outside about what they and their company are seeking to accomplish and why, this is a responsibility that they have (Roebuck, 2014). Every employee actively championing the organization is a very powerful instrument that can contribute tremendous value to the organization's potential brand and performance, provided they can also persuade the rest of their team to do so. It will only happen

if employees are fully captivated by their top leaders and the organization, which will only happen when they are truly engaged.

#### 2.1.2.3 Integration and Alignment

Whenever possible, integration and overall alignment should be followed because it will maximize the effectiveness of the team, and ultimately of the entire organization. According to Roebuck, the goal is for everyone to align their activity and attention on what is truly important, resulting in a more widespread and coordinated application to having the same priorities throughout the organization. In addition, integration of what are currently disjointed operations, communications, or organizational structures is being pursued in order to assure more effective delivery of the organization's desired goal. Again, this alludes to the idea of simplicity, according to which leaders should endeavour to decrease complexity whenever possible.

#### 2.1.3 Resource-based View Theory

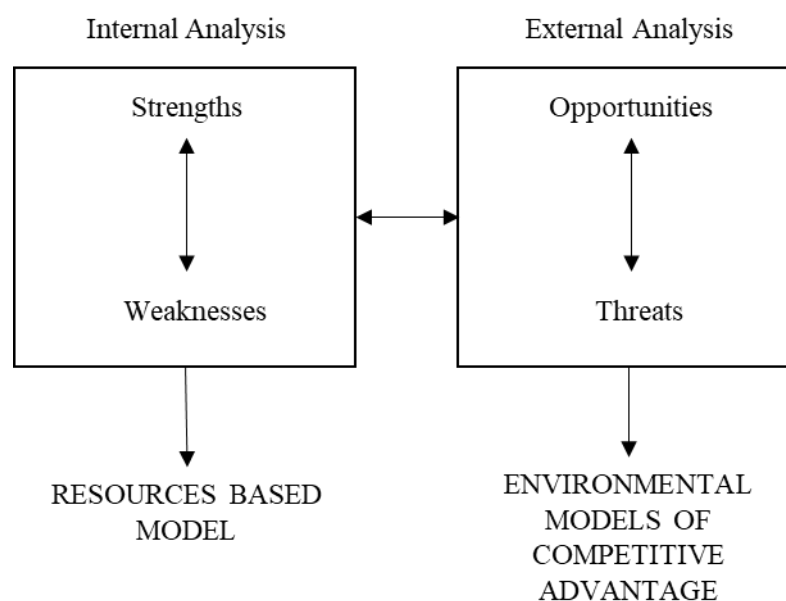
A company's strategy is described as a collection of actions that it does in order to gain an advantage over its competitors and generate profitability in the process (Thompson, 2014). It is critical for the success and long-term viability of a company that its strategy be developed; consequently, developing a company's strategy is a critical duty for management in order to ensure the firm's long-term viability. The strategy of a company is developed with caution in order to acquire a

competitive edge. The state in which a corporation can provide higher value to its consumers at a cheaper price than its competitors is characterized by Thompson (2014) as a strategic advantage. A valued product is one that clients believe is worthwhile of their money. A corporation could package its product with a competitive pricing, good features, exceptional after-sales service, or higher quality in order to retain consumers and beat its competition.

According to Barney and Clark (2007), a competitive advantage is the difference between the advantages gained by a consumer when they acquire a goods and services and the economic cost incurred by the company in order to manufacture the commodity or service. As a result of the company's efforts in the shape of value creation, the advantages received by customers are produced. When it comes to businesses, profit is an illustration of what constitutes value. A company that is able to provide value to its consumers on a consistent basis would develop long-term mutual relationships that would contribute to a more sustainable competitive advantage. The production of a good or service that gives additional advantages for the same cost, or even the same benefits at a lower cost, than its rivals is required for a company to develop greater value and competitive advantage. When a firm adopts a value-creating strategy, and its rivals are unable to replicate and copy this plan, the company has acquired a lasting competitive advantage.

It has become a key focus of research in the discipline of strategic management to better understand the sources of long-term competitive advantage that organizations might achieve (Porter, 1985; Rumelt, 1984). For much of this

study, a single organizational framework has been employed to organize the findings (Hofer & Schendel, 1978). Firms can achieve persistent competitive advantages, according to the framework illustrated in Picture 2.2, by adopting strategies that capitalize on their internal strengths while also responding to environmental possibilities, while also mitigating external threats and preventing internal weaknesses. When it comes to sources of sustained competitive advantage, the majority of research has concentrated on either isolating a firm's opportunities (O) and threats (T) (Porter, 1980), describing its strengths (S) and weaknesses (W) (Hofer & Schendel, 1978), or analyzing how these are matched to choose strategies.



**Picture 2.2 The relationship between SWOT analysis and RBV model (Barney, 2007)**

The SWOT analysis, according to Valentin (2001), is a conventional method of gaining insights into ways of creating and sustaining a successful fit between a commercial enterprise and its surroundings. When identifying cultural obstructions and benefits, as well as external government duties and

responsibilities, as well as internal firm difficulties, the SWOT analysis is applied.

As reported by Glaister and Falshaw (1999), SWOT analysis was determined to be one of the most often employed sets of tools and analysis methodologies for strategic planning in businesses in the United Kingdom. SWOT analysis, according to Panagiotou (2003), is utilized more frequently than every strategic planning tool.

As seen through the lens of the resource-based view (RBV) of the company, the foundation of every organization's sustainable competitive advantage is built on its diverse resources and/or capabilities. A resources can be considered of as either a tangible or intangible asset, including financial capital, machinery, brand names, and manufacturing knowledge, among other things (Barney, 1991). Furthermore, it can be either human or non-human (Lado and Zhang, 1998). According to Barney (1991), the RBV theory is defined as a set of two alternate assumptions used in the analysis of competitive advantage origins. It is assumed that enterprises within an industry may be heterogeneous in nature of the strategic assets they control, which is the first assumption of this model. Second, this model posits that these resources are not fully transferable among enterprises, and as a result, heterogeneity might persist for a lengthy period of time in the market.

The development of a conceptual perspective that begins with the notion that organizational resources may be heterogeneous in nature is important in order to comprehend sources of persistent competitive advantage. Of fact, not all company resources have the potential to provide long-term competitive benefits to the organization. For a firm resource to have this potential, it must possess four characteristics: it must be valuable (V), in the sense that it exploits opportunities

and/or neutralizes threats in the firm's environment; it must be reliable (R), in the sense that it can be relied on; it must be flexible, in the sense that it can be tailored to meet the needs of the firm; it must be uncommon among a firm's existing and potential competitors to be effective. Also it must be imperfectly imitable (I), and there cannot be any strategically comparable replacements for this resource that are valued but neither rare nor imperfectly imitable and can be organized (O). As a result, these characteristics of business resources can be viewed as empirical indications of how varied and static a firm's resources are, and hence how helpful these assets are for establishing persistent competitive advantages.

Despite the fact that a firm has a wide range of resources, not all resource has the capacity to provide it with a long-term competitive edge. A potential resource must meet four criteria in order to be considered, which are valuable, rare, inimitable, and be organized (Barney, 2007).



**Picture 2.3 The relationship between resource heterogeneity and immobility with VRIO and sustained competitive advantage (Barney, 2007)**

#### 2.1.3.1 Valuable Resources

Resources of a company can only be a source of sustained competitive advantage if they are of high value (J. Barney, 1991). Resources are useful when

they enable a company to develop or implement strategies that demonstrate its efficiency and effectiveness. Resources are valuable whenever they contribute to the creation of something people want at a price agreed to pay (Collis and Montgomery, 1995); valuable resources enable the firm to do activities that generate economic value (Fiol, 1991); valuable resources have the ability to generate income and minimize risks (Collis and Montgomery, 1995); valuable resources have the ability to generate profits and prevent losses (Miller and Shamsie, 1996). The term "resource" is used in the wide meaning by Bowman and Ambrosini (2007) to include actions and capacities. As a result, resources cannot be considered valuable in and of themselves.

Companies' performance can be improved only if their strategies take advantage of opportunities or eliminate threats. Firm attributes may possess additional factors that could classify them as sources of competitive advantage, but these attributes only become resources when they are used to exploit opportunities or neutralize threats in a firm's environment. Given the requirement that firm attributes must be valuable in order to be considered resources, there is a strong complementarity between environmental models of competitive advantage and the resource-based model of sustainable competitive advantage. As a result, these environmental models aid in the identification of company qualities that exploit opportunities and/or neutralize risks, and the specification of which business attributes can be viewed as assets. Once this is determined, the resource-based model proposes what additional characteristics these resources should have in order to provide sustainable competitive advantage in the marketplace.



The question of valuable resources is whether a company's resources and competencies enable it to adapt to environmental dangers or opportunities. A company's valuable resources must be sufficient to generate economic value and raise the willingness of customers to pay, as well as to reduce its costs, or to do both.

#### 2.1.3.2 Rare Resources

The ability to utilize a valuable company resource in the same way is shared by a large number of companies, resulting in the implementation of a common strategy that affords no one firm a strategic advantage (J. Barney, 1991). The same methodology can be applied to bundles of valued business resources that are used in the conception and implementation of strategic initiatives. Some methods necessitate a specific combination of physical, human, and organizational capital resources in order to be successfully implemented. Managerial skill is one firm resource that is essential in the execution of practically all business plans (Hambrick, 1987). As long as this particular collection of organizational resources is common, a substantial number of firms will be able to conceptualize and incorporate the aforementioned strategies, and none of these approaches will provide a sustainable competitive advantage, even if the resources in question are of high value to the firm. If the majority of competitors possess the same valuable resource, it is likely that they will explore its use in a comparable manner, hence applying the same value creation strategy. It is unlikely that any corporation would

benefit from holding a valuable resource in this way, and so would not gain a competitive edge (Barney and Zajac, 1994).

The topic of how scarce a valued company resource must be in order for it to have the potential to generate a competitive advantage is a challenging one to answer. When a firm's valued resources are totally unique among a group of competing and potentially competitive firms, it is not difficult to understand that such resources will provide at the very least a competitive advantage, with the potential to generate a prolonged competitive advantage. Nevertheless, it may be conceivable for a small number of enterprises in an industry to control a valuable resource while still generating a competitive advantage for the rest of the industry. It is generally agreed that a valuable resource has the potential to provide a competitive advantage in an industry as long as the number of firms that hold it is smaller than the number of firms required to generate ideal competition dynamics in that industry (Hirshleifer, 1980).

#### 2.1.3.3 Inimitable Resources

In many cases, firms with sufficient firm resources will be corporate strategy innovators, as they will be in a position to comprehend of and start engaging in approaches that other firms could either not possibly understand of or could not implement, or could not do both, since these other firms lacked sufficient company resource (J. Barney, 1991). Another way to characterize the first-mover advantages that accrue to companies that have resource advantages in their

respective markets is to note that valuable and scarce organizational resources can be sources of sustainable competitive advantage. This is one way to characterize the first-mover advantages that accrue to organizations. However, significant and unique organizational resources can only serve as a source of a sustainable competitive advantage if businesses that do not own these resources are unable to acquire them through any other means. Only then will these resources be able to serve as a source of a persistent advantage over competitors.

The possibility for competitiveness would be eliminated if valuable and scarce resources were easily replicable by competitors. Resources are more difficult to imitate if they are path dependent (Vergne and Durand, 2011) or there is an uncertain relationship between both the resources that enhances competitiveness (Barney, 1995) or they are socially complex, for instance, if they are further than the ability of the firm to manage and modify them in a systematic (Wills Johnson, 2008).

The question of imitability is whether enterprises that do not have access to a resource will be at a competitive disadvantage in getting or creating it. Because their resources enable them to conceive and engage in tactics that other companies could not imagine or implement caused by a lack of available resources, organizations that possess valuable or rare resources can benefit from a first mover advantage and function as innovators. On the other side, valuable and uncommon resources can assist corporations in maintaining their competitive edge only if competitors are unable to get these assets by direct replication or substitution of the resources.

#### 2.1.3.4 Organization

Companies gain a competitive edge through the way they operate and interacts their strategic and non-strategic resources (Pan, 2007), utilizing organizational processes to produce what might be considered intermediate products among primary resources and the firm's final goods (Amit and Schoemaker, 1993). Throughout their existence, businesses have the opportunity to enhance their organizational processes and procedures. When this path dependency effect is combined with the fact that resources and capabilities or routines are ambiguous and complicated, these mechanisms are hard to imitate, increasing the firm's capacity to effect competitive advantage (Teece, 1997).

When it comes to organization, one must ask whether a company's other rules and procedures are organized to promote the exploitation of its precious, unique, and difficult-to-copy resources. In companies that are structured in a way that allows them to capitalize on the potential afforded by valuable, rare, and unique resources, they can become a source of competitive advantage for the company. Organizing methods aid businesses in establishing and maintaining a competitive advantage. Firms' formal reporting framework, explicit control mechanisms, and reward programs enable them to maximize the competitiveness of their resources and competencies, among other things. The combination of these components is referred to as complementing resources and capabilities since they have a limited potential to provide competitive advantage when used alone. It is only when used in conjunction with other resources and competencies that they can enable a company to realize its full potential for sustainable competitive advantage.

#### 2.1.4 Dynamic Capability View

Based on the resource-based view (RBV), an organization must own resources that are valued, scarce, inimitable, and non-substitutable in order to acquire a competitive advantage (J. Barney, 1991). The reality that a company's resources are heterogeneous is the basis of RBV, which allows it to survive throughout time. This hypothesis, on the other hand, focuses on how businesses can generate tremendous earnings and profits in a static environment (J. B. Barney, 2001). The dynamic capabilities perspective (DCV), evaluates how to produce future resources or adjust the current valued stock of resources in a quickly changing environment, focuses on this (D. J. Teece, 1997).

It is the processes by which businesses acquire and collect new skills and abilities, as well as the forces that constrain the degree and orientation of this process, that are important for dynamic capabilities (D. J. Teece, 1997). Successful firms, according to their perspective, are those that can establish "timely responsiveness and fast and flexible innovation, as well as the managerial capability to effectively organize and mobilize internal and external skills" (D. Teece & Pisano, 1994). As a result, strategic management's primary duty is to evaluate external forces and how to react, integrate, and restructure internally and externally resources and talents to deal with these transitions.

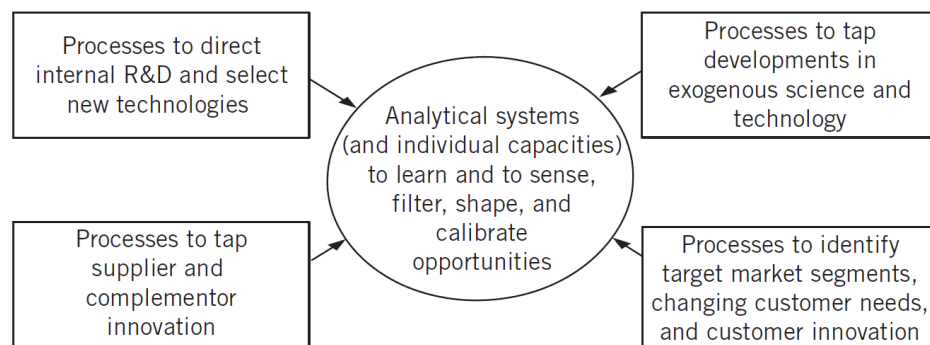
According to Covin and Slevin (1991), a dynamic entrepreneurial organization should consider the following critical components to achieving sustained competitive advantage: recognizing opportunities and threats, grabbing these possibilities, and finally reorganizing the resources of an organization (Helfat

and Martin, 2015). Organizations with a less formal hierarchical, organic structure that allows flexibility outperform those with a standard organizational structure in highly chaotic environments (Burns and Stalker, 1961). The proper tool for creating coherence among organizational skills and environmental change is dynamic managerial capabilities (Helfat and Martin, 2015). Dynamic management talents emerge as a result of the organizational environment, and changing work settings can guide and support these capabilities (Correa, 2019). Fainshmidt. (2017) backed up this claim, claiming that a more dynamic the sector is in a present organization, the further likely it is to build greater asset management competencies and thrive during a crisis.

The dynamic capability view takes a process-oriented method to performance, recognizing the interplay between an organization's internal and external environments, as well as the fact that capabilities can evolve, bundle, reform, interact, and atrophy over changes in relation to or anticipation of these changes (Furnival, 2019). Dynamic capabilities can be conceived of as contributing to three clusters of actions and adjustments: (1) identifying and evaluating an opportunity (sensing); (2) mobilizing resources to manage an opportunity and capture the value from using it (seizing); and (3) ongoing renewal (transforming) (D. J. Teece, 1997).

#### 2.1.4.1 Sensing

Sensing is concerned with the organization understanding ideas and changes in the environment that need to be addressed. This comprises points of view, perspectives, technology advancements, and external requirements such as constantly changing rules, ongoing innovations from stakeholders, suppliers, and changing demand for services (Furnival, 2019). This work includes analyzing and tracking internal and external technical advances, as well as assessing explicit and latent client wants. Learning, understanding, and creative engagement are all part of the process. Sensing is an intrinsically entrepreneurial set of skills that entails scouting for technology prospects, exploring marketplaces, and listening to clients, as well as scanning the rest of the company environment. Sensing necessitates management understanding and vision or even a proxy for it in the form of an analytical approach (D. J. Teece, 1997).

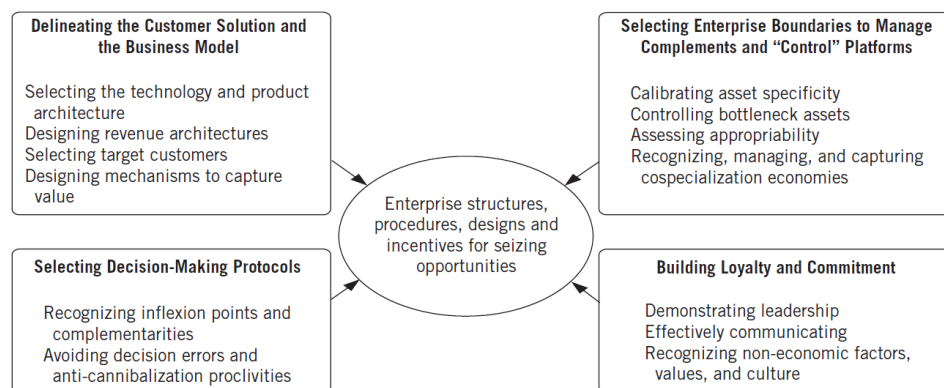


**Picture 2.4 Sensing Framework**

#### 2.1.4.2 Seizing

Seizing is a term that refers to the processes and systems that ensure that strategic decisions and resources are executed in these emergent opportunities

inside organizations (D. J. Teece, 1997). This involves decisions to improve services or systems, such as decisions based on service-user complaints, recommendations, or staff ideas. "Seizing" was used to describe the three components of organizational culture: management commitment, workforce commitment, and customer commitment. These three dimensions refer to an organization's internal climate and judgment processes for (dis)assembling capabilities in reaction to and anticipation of identified possibilities, instead of the routines and activities that may immediately help in shaping and reconfiguration (Furnival, 2019). Seizing guarantees that teams and employees feel free to propose ideas and raise concerns, knowing that they will be considered carefully and fairly, and also that feedback will be given publicly if an idea is not pursued further. Furthermore, this item implies that it is the responsibility of all members of the team to participate to developing and seizing possibilities, rather than just a few senior or significant jobs.

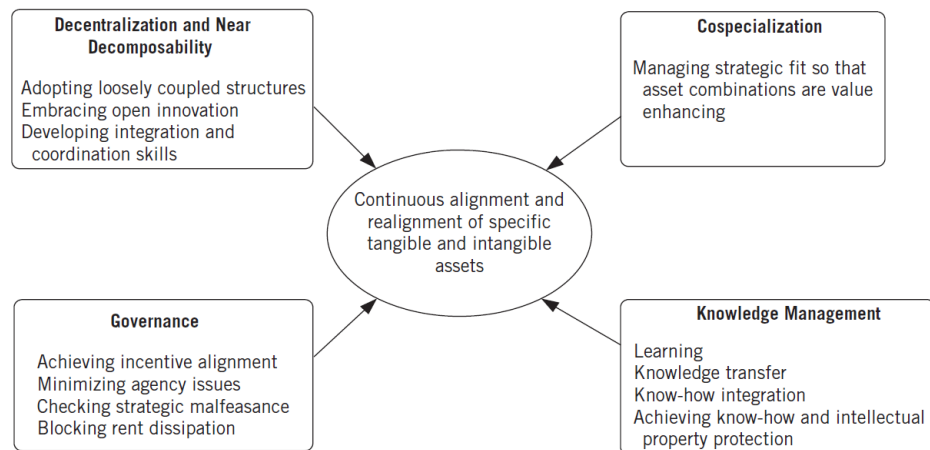


**Picture 2.5 Seizing Framework**



#### 2.1.4.3 Reconfiguring

Organizational routines that implement and execute major decisions by altering current systems or gaining new ones are referred to as reconfiguration (D. J. Teece, 1997). This entails establishing new methods and rules while also making incremental adjustments to current ones. This describes the procedures and processes that users create and evaluate improvement efforts, such as the usage of lean improvement methodologies, as well as the development and assessment of strategies and tactics using assessment systems and practices. Process innovation and development, data and performances, and policy and governance are all intimately tied to the ion taking and mechanisms to confirm and ensure that progress is being made inside an organization (Furnival, 2019). When confronted with radical new prospects, transformative qualities are most evident. They are, however, required on a regular basis to ease the rigidities that result from capital formation, sops, and insider theft of rent streams over time. To attain the optimum strategic "fit," a company's assets must be kept in sync: firm with the environment, structure with plan, and commodities with each other (D. J. Teece, 1997). To maintain evolutionary fitness, complementarities must be regularly managed (and re-configured as needed) to avoid losing value if market leverage shifts to favor external supplements.



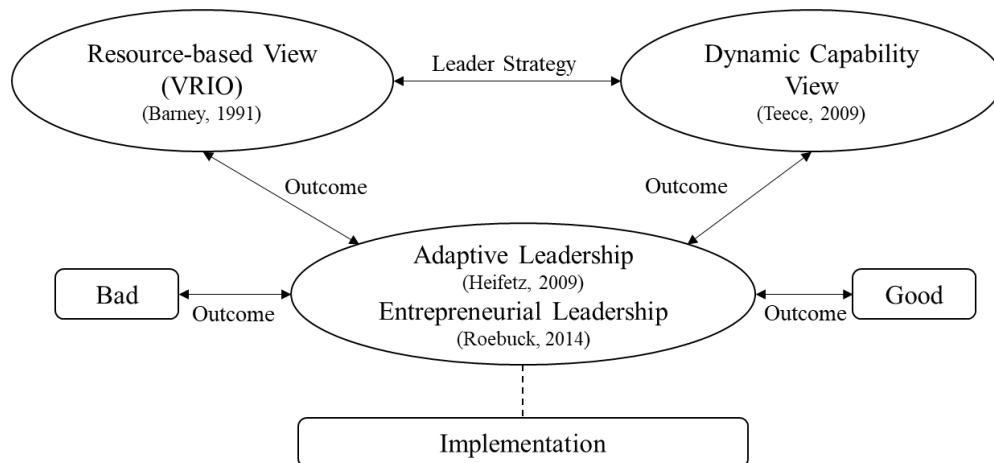
**Picture 2.6 Reconfiguring Framework**

## 2.2 Research Framework

This research emphasized studies of adaptive leadership and entrepreneurial leadership in a company or organization. The existence of both are needed when facing uncertainty like today COVID-19 pandemic. This situation is inevitable and impacted many companies globally. This phenomenon is analyzed by using the resource-based view theory and the dynamic capability view theory.

The idea for aligning these theories was derived from the ideal outcome of leader ability to maintain people in organization using the VRIO framework followed by showing the ability to prepared to seize the requirements of the people in organization at COVID-19 pandemic era. The successful outcome of these two activities is a creating business resilience which focusing in employees benefit to finally creating sustainable competitive advantage. The worst scenario might happen when leader could not perform quality of adaptive leadership and

entrepreneurial leadership. The relationship between these three theories is shown in the Picture 2.7:



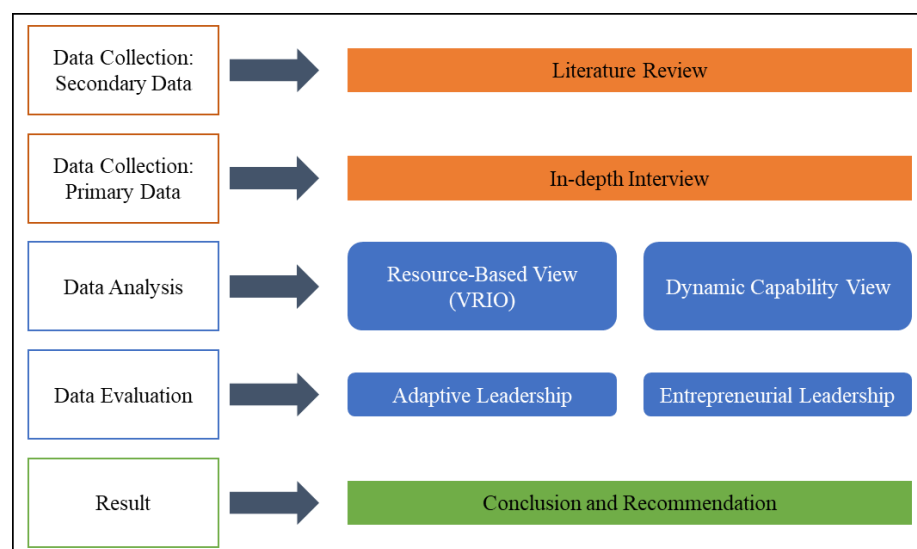
**Picture 2.7 Research Framework**

## CHAPTER 3

### RESEARCH METHOD

#### 3.1 Research Design

In order to answer research questions, this study used a descriptive approach. Descriptive design focuses on completely and clearly characterizing research objects in sequential and systematic manner to generate a comprehensive research picture. The picture of social surroundings or phenomena of social reality was presented in the descriptive study. Qualitative research is a study that results in descriptive data, either written or spoken, such as via interviews or observation. The qualitative descriptive approach of collecting and analysing descriptive data is generally used to develop conclusions about an event or a social phenomenon.



**Picture 3.1 Research Design Framework**

## **3.2 Data Collection Method**

### **3.2.1 Population**

The object of this research is a company named PT Denso Indonesia, an automotive component manufacturer and a Foreign Capital Investment Venture involving a private Japanese firm and an Indonesian firm. The population of this research is one individual in top-level management positions and two individuals in middle-level management position of PT Denso Indonesia.

### **3.2.2 Sample**

This research used a purposive sampling techniques. A purposive sampling process was adopted to identify and select the research participants from three professional groups. Purposive sampling suggests that the samples in this research were not obtained on random basis; samples were selected based on key characteristics relevant to research questions (Saunders, 2019). There are nine types of purposive sampling, which are maximal variation sampling, homogeneous sampling, typical case sampling, extreme case sampling, critical case sampling, theory or concept sampling, opportunistic sampling, snowball sampling and confirming and disconfirming sampling (Creswell, 2012). The researcher chooses heterogeneous or maximum variation sampling to select participants with sufficiently diverse characteristics and provide the maximum variation possible in the data collected. It enables author to collect data to describe and explain the key themes that can be observed.

Primary data were obtained through in-depth interviews with informants. One informant was selected from the top-level managerial position and two informants in middle-level position to represent the whole population. Three informants were considered sufficient to represent the whole population in both levels since, based on preliminary interviews with the one of the employees at PT Denso Indonesia, the job descriptions and responsibilities between one employee to another at the same level are similar. Secondary data were obtained to support primary data through literature reviews and online media sources.

### **3.3 Research Instrument**

The instruments used to answer research questions are in-depth interviews. Interviews were utilised to acquire information from informants from their own points of view. Each informant was interviewed one-on-one using an online meeting platform such as video conferencing software and face-to-face interaction. Semi-structured interviews were used in this study. A list of questions was prepared on a specific topic, but the informants were free to respond to these questions as they deemed fit (Saunders, 2019).

Semi-structured interviews were used in this study, and they were conducted with the participants. The author has prepared a list of questions pertaining to a given topic, but the interviewee has the freedom to choose how to respond to these inquiries (Saunders, 2019). The following is the overall framework of the interview that was conducted:

## 1. Introduction

The interview began with an introduction of the author's identity, the purpose of the research, and the eagerness of informant to participate in the research by spending approximately one hour of their time in an interview.

## 2. Personal data of informant

The author started from asking name, gender, age, current position in the company, working lifetime, and how long he/she working as a leader at the company

## 3. Questions about the resource-based view theory (VRIO framework)

The author started to ask the informant' opinion and point of view about the application of VRIO in the company. The main idea of this part is to identify whether the leader see the employees as key resource to achieve competitive advantage and create business resilience.

## 4. Questions about the Dynamic Capability View theory

The author started to ask the informant' opinion and point of view about their capability in managing people and the company during uncertain time of COVID-19 pandemic.

## 5. Questions about the Adaptive Leadership theory

The author asks questions about the leader application of adaptive leadership in day-to-day work. The main idea to this part is to identify whether the informant implement adaptive leadership framework in daily work.

## 6. Questions about the Entrepreneurial Leadership theory

The author asks questions about the leader application of entrepreneurial leadership in day-to-day work. The main idea to this part is to identify whether the informant implement entrepreneurial leadership framework in daily work.

Because the research concerned with day-to-day working experience and relationships with their leaders and organizations—which some individuals may perceive as sensitive matters to be asked about—informants were encouraged to be flexible while answering interview questions.

### **3.4 Data Analysis Method**

Qualitative descriptive analysis method, which gathered and described qualitative data, was used as the data analysis method. In-depth interviews were used to collect qualitative data. The interview was recorded and subsequently transcribed into written documents. Thematic analysis was used to examine the interview transcripts. Thematic analysis is a method of interpreting qualitative data that involves systematically discovering, categorizing, and inferring patterns of meaning (themes) across a set of data (Braun and Clarke, 2006). The research conclusion is drawn from the themes formed by the interview results.

### **3.5 Case Profile**

The profile, description, and information about PT. Denso Indonesia—the subject of this study—were acquired from the company's website and public documents in the following section.



### 3.5.1 Company Profile

PT Denso Indonesia, which was established in 1975, is an automotive component manufacturer and a Foreign Capital Investment Venture involving a private Japanese firm and an Indonesian firm. The companies is a joint venture between Denso Corporation and PT Astra Otoparts Tbk, a subsidiary of PT Astra International. Apart from PT Denso Indonesia, several companies in Denso Indonesia Group include PT Denso Sales Indonesia, PT Hamaden Indonesia Manufacturing, PT TD Automotive Compressor Indonesia, and PT Denso Manufacturing Indonesia.

PT Denso Indonesia manufactures automotive components in two facilities located in Bekasi, West Java. The products are not only distributed in Indonesia, but exported to other countries in Asia, Australia, America, and Europe.

**Table 3.1 Denso Products**

| Bekasi Plant | Fajar Plant    |
|--------------|----------------|
| AI. Radiator | ACG-S          |
| Bus A/C      | AISS           |
| Car A/C      | Spark Plug     |
| Condensor    | Starter        |
| Radiator Fan | Alternator     |
|              | VCT            |
|              | SIFS           |
|              | Master Cluster |
|              | Oxygen Sensor  |
|              | WSS            |
|              | ECU 4 WV       |
|              | Sonar ECU      |
|              | ECU 2 WV       |

PT Denso Indonesia employs 4,196 people across two facilities, Bekasi Plant and Fajar Plant. They commit to constantly producing exceptional products

by integrating natives and foreigners with excellent talents and ongoing development (“DENSO Indonesia Website,” n.d.).

### 3.5.2 Mission, Vision, and Values

The mission of PT Denso Indonesia is quoted as follow:

*“Contributing to a better world by creating value together with a vision for the future.”*

The tagline of PT Denso Indonesia is align with its foundation, quoted as follow:

*“Crafting the Core. Creating things that are important to people with great care and continuously refining them”*

Using this tagline, they express their desire to continue developing and improving products that are meaningful to people. Their resolve to take on difficulties without being afraid of change and to continue pushing the frontiers of what is achievable.

The philosophy of PT Denso Indonesia illustrates their identity and passion to align with the tagline of Denso. The philosophy is expressed as Picture 3.2.



**Picture 3.2 Denso Philosophy**

Source: Denso's Website

## 1. Foresight

### a. Vision

When considering what are required by the community as a whole and what commitment they may make, PT Denso Indonesia should always consider how to surprise and impress their customers. This necessitates a clear vision of their very own destiny as well as the ambition to be a leader in the industry.

### b. Creativity

When attempting to achieve a goal, there is a propensity to cling to previous experiences. PT Denso Indonesia fosters the development of new ideas and the exercise of creativity by looking at situations from a variety of angles.

c. Challenge

To display the spirit of growth in economic activities, an unyielding will and high objectives are necessary, which they have in abundance. They help each other by providing encouragement to take on unique demands and not be intimidated by the obstacles that may hold them back, but to always be up to the task at hand and to persevere in their efforts.

2. Credibility

a. Quality First

PT Denso Indonesia prioritizes quality beyond all other considerations to earn the trust of clients and end-users. Each employee must be reliable, and the entire organization must work together to achieve success.

b. On-site Verification

In order to address a problem, an understanding of the situation must be sought by visiting the site and establishing the underlying reason. Subsequently, they can work on developing a suitable solution.

c. Kaizen, Continuous Improvement

An effort to reach higher levels of achievement in every setting needs to be made, as well as an effort to do better today than yesterday and better tomorrow than today, creating little but steady progress over time (kaizen).

### 3. Collaboration

#### a. Communication

It is the goal of PT Denso Indonesia to communicate effectively to bridge the gap among hierarchical levels. In order for interaction to be effective throughout the organization, it must first accurately identify the conditions and various viewpoints, followed by a process of mutual understanding.

#### b. Teamwork

In carrying out its business, PT Denso Indonesia collaborates with other companies. It is critical, therefore, that employees are passionate participants who contribute their best efforts within a team environment that encourages mutual understanding.

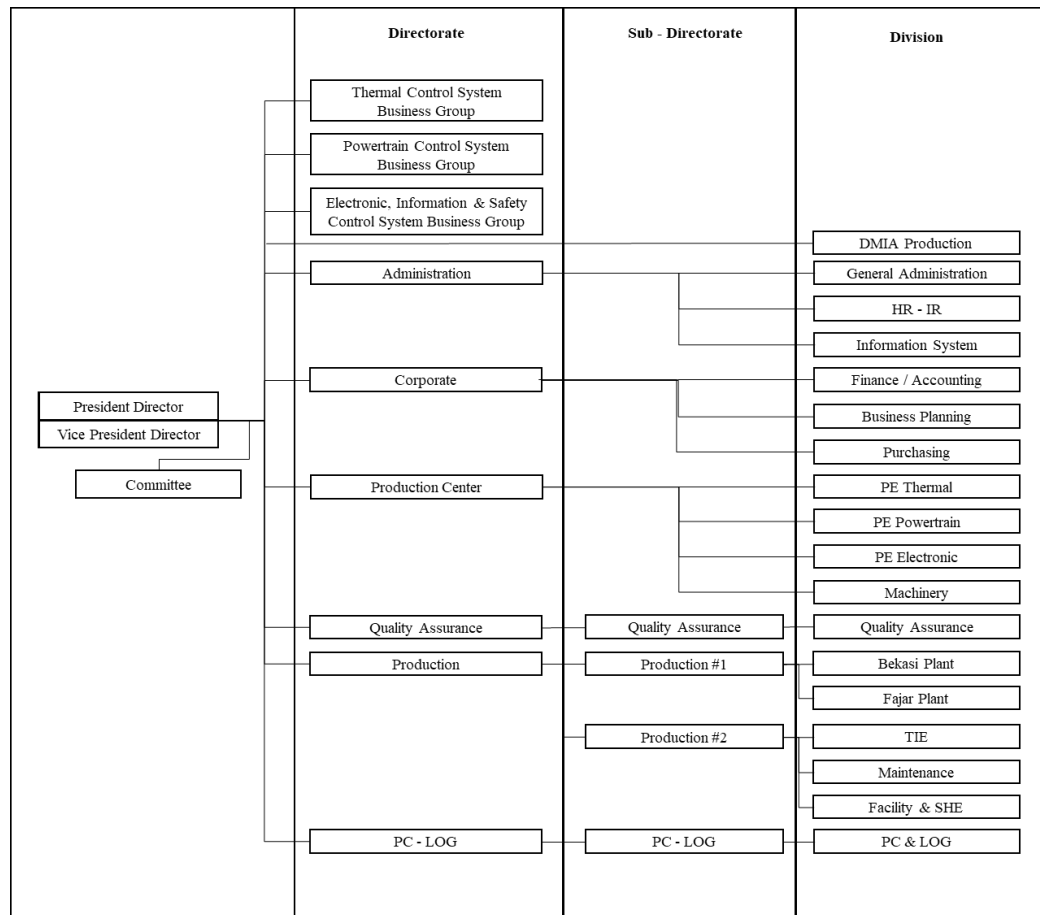
#### c. Human Development

To reach employees' full potential, the organization must encourage self-expression while creating an atmosphere that encourages and maximizes the growth of each individual.

#### 3.5.3 Structure and Policies

PT Denso Indonesia assigns duties and responsibilities to each level of the organization's hierarchy in its organizational structure. The structure that follows is the general organizational structure that applies to all customer projects. This

structure also represents the path taken by an individual throughout his or her career at the organisation



**Picture 3.3 Denso Organization Structure**

PT Denso Indonesia emphasises its people as important assets of the company. They believe every person has their own strength and skills to support the company goals in creating competitive advantage. During the COVID-19 pandemic, the company had developed policies to survive the uncertainty and also help their employees to get through pandemic.

## **CHAPTER 4**

### **RESEARCH RESULT AND DISCUSSION**

#### **4.1 Data Description**

The first stage in utilizing thematic analysis to analyse data (Braun and Clarke, 2006) is to become acquainted with the data itself. The interviews for this study were conducted in Bahasa Indonesia, the mother tongue of both the interviewer and the informants. In this research, the audio recordings were played back and converted into written words in Bahasa Indonesia, which were subsequently translated into English, the written language of the study. The English interview transcriptions can be referred in Appendix 1. After transcribing the interview results, the author read repetitively to get familiar with the data and look for meaning and patterns from each answer. The author used more of semantic method (on-the-surface) rather than latent method to generate initial codes.

The primary data was obtained by interviews from three informants of Denso Indonesia. The informants were one people from directorate level, two persons from division level. These informants have met sample qualification as stated in the chapter III. The interviews were conducted by using Microsoft Teams application, an organization video-conferencing application, which lasted around half hour to one hour for each respondent.

**Table 4.1 Informants Data of Gender, Age, and Working Experience**

| Respondent Name | Job Level  | Gender | Age          | Working Life at Denso |
|-----------------|--|--------|--------------|-----------------------|
| A               | Administration Directorate                                   | Male   | 50 years old | 2 years               |
| B               | General Administration Division<br>Assistant General Manager | Male   | 53 years old | 26 years              |
| C               | Corporate Planning Division<br>Assistant General Manager     | Male   | 50 years old | 26 years              |

All informants differ in terms of working life at PT Denso Indonesia. For the directorate level, the individual had only worked for 2 years at the company due to the strategy from parent company. Astra Oto Parts (AOP), a company with holding ownership in PT Denso Indonesia, requires the presence of its representation as a leader, hence there is a representative to fill the position of Director or Vice President at PT Denso Indonesia. The informant in Assistant General Manager position had worked at the company for more than twenty years and started their position from lower level until they achieved a higher position with higher responsibility in the company structure.

The next stage in analysing data was developing codes. Interview replies were classified and summarized to derive patterns from data that would be further processed to create codes. The codes created were both data-driven and theory-driven. The scripts were then used to search and develop prospective themes. The codes were not mainly developed based on the frequency of similar responses out of the answers, but also included outlier responses that were unusual among



respondents yet unique and in the end could add another line to the generated themes.

#### 4.1.1 Resource-based View (VRIO)

In accordance with what is depicted in the study design presented in chapter III, the resource-based view (VRIO) theory is the one that is applied as the initial theory to analyze the data. The fundamental question that underpins the resource-based perspective hypothesis is whether or not the informants have accurately judged their organization to be one that regards them as valuable, rare, inimitable, and assets that are managed in an efficient manner in organization. In order for the organization to achieve a sustained competitive edge, it must first identify assets that are precious, unique, and difficult to replicate, then exploit those assets and appropriately manage them.

1. Valuable  $\leftrightarrow$  Not valuable
2. Rare  $\leftrightarrow$  Not rare
3. Inimitable  $\leftrightarrow$  Imitable
4. Organized  $\leftrightarrow$  Not organized

##### 4.1.1.1 Valuable

Based on interview results, all leaders who became informants saw all employees in the company as an important asset in the continuity of activities in the company, especially during the current pandemic. To stay in line with Denso's

principles, namely safety and quality come first, where companies need to maintain the health of their employees as a safety aspect so that companies can then maintain sustainability at Denso and also make a positive contribution to creating business resilience.

**Table 4.2 Codes for Valuable (VRIO)**

| Codes                               | Interview Response   |
|-------------------------------------|--|
| Employees is a company asset        | Denso is one of its owners or shareholders, Astra International. According to Astra International, the principle is that employees are the company's assets (Informant A)                  |
|                                     | The employee is a valuable asset, roughly speaking. On the one hand, we still have to manage. But on the one hand, we also have to be realistic (Informant B)                              |
|                                     | Yes, so from the management's point of view, what I said earlier, employees are the most important asset. (Informant C)  |
| Employees need to be taking care of | When the company quoted earlier, it lost sales, the company had to think about the condition and fate of its employees they need to be taking care of by the company, right? (Informant B) |
|                                     | So, like before, for example, we have to protect our employees' immunity and we all have to take care of them and ourselves (Informant C)  |

#### 4.1.1.2 Rare

Based on interview result with the informants, all informants see that all the employees do not have rarity in technical skills. Each leader at Denso considers all employees to have their own uniqueness because from the employee selection stage they have unique standards according to the needs at Denso, but with the proportion of Denso employees where 60% of them are production operators filled with high school/vocational level graduates. So, if there is an abnormality, they will easily be replaced with anyone as long as they have a good attitude and comply with SOPs.

**Table 4.3 Codes for Rare (VRIO)**

| Codes                | Interview Response  |
|----------------------|---|
| Easy to replace      | There is a term called Power Shift where different people can do it in different places, meaning that they can replace the job that is currently being done by their friends and so on (Informant A)                    |
|                      | The operator level if you make a mistake it will be very easy to replace because all high school / vocational graduates are needed because what is needed is only attitude and compliance and undergo SOP (Informant B) |
|                      | Now the employees can help other departments that lack people in a certain department, so just change as needed (Informant C)   |
| Many human resources | There are a lot of operator level in us, so its dominant for the company (Informant B)  |
|                      | When someone has Covid. Because we have a large number of employees we rotate (Informant C)   |

#### 4.1.1.3 Inimitable

Based on interview results with informants, all leaders see that their employees' technical skills are not as hard-to-imitate, especially with technology. With the COVID-19 pandemic, companies are awakened by the fact that many of the company's activities and resources can be replaced by machines. With the use of machines that replace human functions, changes in human assets can be easily imitated by technology.

Companies are doing big shifts and adapting to existing technology, such as utilizing all applications in Office365 such as teams meetings, automation and data collection that everyone is required to be able to utilize. Where previously employees carried out their activities manually, without technology, now technology can replace the manual process so that with the use of technology like this in the future for the administrative level everyone can be replaced.

**Table 4.4 Codes for Imitable (VRIO)**

| Codes                       | Interview Response   |
|-----------------------------|--|
| Imitable by technology      | Actually, if the administration can be done. Things like that only need a system of technological effort, especially IT must support that, yes, but like it or not, changes must be made (Informant A)   |
|                             | Right now we are forced to have new technology, for example online meetings, yes, working from home is a new experience for me and what is valuable, especially if we talk about it in the future, we will definitely get used to this technology (Informant C)  |
| Many people with same skill | It could be yes or no because nowadays many people have skills. But you could say it's not like that, for example there are people who have some skills that now everyone has, but it turns out that there are skills that Denso actually needs but that person doesn't have them, so they can't join us (Informant B) |

#### 4.1.1.4 Organization

Based on interview results with the informants, the way every leader can work and manage his organization during the pandemic has something in common. Where every leader applies a Power shift system, namely the ability or skill of a person must be mastered by more than one person so that if something unwanted (covid) occurs, the entire process or work can still be done by someone else.

In addition, every highest leader from the directorate/department is required by the BOD to be able to review and reform the existing internal structures, which in the next few years, if there are uncertain conditions, the company will be more prepared to reform the structure as well as a commitment. DENSO has been focused on quality, safety, and sustainability since its founding 70-plus years ago. Reborn 21 as one of the foundations in reform activities, focuses on the managerial level where every management is required to make improvisations that focus on cost efficiency and productivity up. The Table 4.5 shows the codes for organization in VRIO.

**Table 4.5 Codes for Organization (VRIO)**

| Codes       | Interview Response  |
|-------------|---|
| Power shift | We use term called Power Shift, where office level staff/admin have to go to the factory to support production. That is one of the things that regulates the whole organization so that it is not fat and efficient. with the aim that people have two skills so they can back up each other if there is an unfortunate condition in the organization (Informant A) |
| Reformation | To strengthen existing structures and build new structures, there are long-term reforms for the next 3 to 5 years. So, there is an emergency activity and a restructuring that was reformed, one of which was restructuring, we summarize it in the reborn twenty one activity. (Informant B)   |

#### 4.1.2 Dynamic Capability View

The second theory in analysing data is the theory of dynamic capabilities view. The main idea of this theory is to identify whether the leaders are capable in managing its people, develop their resource for the benefit of their employees, and create a regulation to create business resilience. In accordance with previous theory of resource-based view (VRIO), the assets mentioned in analysing organisation capabilities are the employees of the company. The analysis of leader capabilities started from sensing the employees need, seizing the needs with company resources, and reconfiguring them into policy to create business resilience.

##### 4.1.2.1 Sensing

Based on interview results with the informants, since the beginning of COVID-19 becoming a world concern, Denso initiated to listen to the voices of employees so that the synergy between the company and employees is maintained, this is done by strengthening communication through unions through bipartite

meetings & conduct engagement surveys. Where the bipartite meeting is a negotiation between employees and management represented by the union on the results of input from all employees who are voiced through section representatives.

Where the results of the bipartite will be considered by management in making changes or making policy. With this, Denso can take preventive action during the COVID-19 pandemic era so that employees remain safe, their needs are met, and the company is sustainable to meet its targets.

**Table 4.6 Codes for Sensing**

| Codes             | Interview Response  |
|-------------------|---|
| Survey            | It's called a survey, it just so happens that the company has just conducted it. There is also an engagement survey like that (Informant B)   |
| Talk to employees | Covid is massive, right, so the needs of employees are more or less the same as the needs of all, medicine masks and others, so when you talk to employees, you already know that (Informant A)             |
|                   | Besides that, we have a culture for free talk. There is also one of the tools to find out what employees complain about, what do employees want (Informant B)   |
|                   | Establish communication, if in a factory or company as big as Denso there is a union to know the needs of employees. In terms of communicating with employees, yes, we ask the union for help (Informant C) |

#### 4.1.2.2 Seizing

Based on interview results with the informants, after knowing the requests and also employee perspectives through bipartite meetings and also the results of communication between management and employees, the leaders who became informants conducted an analysis of the company's ability to fulfill these requests. If the request is judged to still be fulfilled because of the company's supporting resources, it can then be submitted to the BOD level to be realized into a policy that will be applied to all lines of the company.

**Table 4.7 Codes for Seizing**

| Codes                | Interview Response  |
|----------------------|---|
| Analysing capability | The basis we use is that the foundations are quality, cost and delivery and morals to know the company's capabilities (Informant A)   |
|                      | In the midst of stagnant sales and the company's ability during the pandemic, how do we maintain quality, yes, we maintain the quality of workers and product quality, right? With a small number, but the quality of production continues, the work spirit is still there, right (Informant B) |
| Propose to BOD       | The results of the analysis of these factors are used as a benchmark for making policies to be brought to a meeting with the board of directors (Informant A)   |
|                      | From HR, it is usual to propose to BOD asking for approval (Informant C)  |

#### 4.1.2.3 Reconfiguring

Based on interview results with the informants, during the COVID-19 condition, the company had time to make major policies such as delaying soft loans, medical facilities & yearly bonuses. Soft loans are soft loans that are designed to help employees with urgent needs such as home repairs and the like, where the interest on this loan is 0% and can be paid in instalments according to the ability of the employee every month & the minimum payment is according to the loan nominal. In the COVID Era, employees get convenience from the company because these soft loans are not billed for several months to maintain the stability of the needs of employees and their families during the COVID-19 era. Medical facilities are health facilities where employees can make reimbursements if there are medical actions outside of treatment or hospitalization for employees and their families. These medical facilities before the COVID era were only allowed on the basis of a referral or letter from a doctor, but during the COVID-19 era the company allowed employees to reimburse this facility for anything related to COVID-19 such as

supplements, vitamins, masks and others without a letter. recommendation from a doctor.

Even though the company is going through a difficult time due to very declining sales, the company is still committed to the Yearly bonus in this COVID era, which is still paid even though it is in half the amount compared to the results of the negotiations or the previous year.

**Table 4.8 Codes for Reconfiguring**

| Codes                        | Interview Response  |
|------------------------------|---|
| Delaying payment (soft loan) | Delay in payment of cooperative debt (Informant A)  |
|                              | If our employees don't have money, how can they maintain immunity for themselves and their families? So that's what we issued the policy yesterday. We don't collect the employee's debt first, so we delay the collection for 3 months (Informant C)   |
| Medical Facilities           | Health facilities such as giving vitamins directly or our employees are allowed to buy vitamins related to increasing immunity which can be claimed to the company if normal conditions are not allowed, if there is no prescription from a doctor, but because this is an abnormal condition, we invite it to be claimed (Informant A) |
|                              | We issue a policy that is the drug money ration. That's why the medicine has covid or there is no covid, it still comes out, it's just that before Covid we had electricity only for medical health (Informant C)   |
| Yearly bonus                 | Even though the bonus is paid, we still give a bonus even though it is not as beautiful as normal conditions. So, we pay the bonus, even though it's only half of the normal condition (Informant B)  |

#### 4.1.3 Adaptive Leadership

The third theory in analysing data is the theory of adaptive leadership. The main idea of this theory is to identify whether the leaders are reflecting adaptive leadership quality when managing its people during COVID-19 pandemic. The analysis of leader capabilities started from reflecting emotional intelligence, creating justice, build a development program, while maintaining transparency across the company.



#### 4.1.3.1 Emotional Intelligence

Based on interview results with the company leader as informants, they have succeeded in reflecting on emotional intelligence in the company. Every leader shows the same feeling as their employees who are experiencing difficulties during the COVID-19 pandemic.

As a leader, top management must be able to have empathy or place a point of view from the employee's side during the COVID-19 pandemic, to keep balancing or aligning employee needs with company goals. The most important thing is that employees still feel safe and comfortable when working in the company so that employees continue to provide the best output so that the company can continue to be sustainable.

**Table 4.9 Codes for Emotional Intelligence**

| Codes                                      | Interview Response  |
|--|---|
| Leader must have emotional intelligence    | Regarding the leader himself, it is very important because the company will not progress sustainably if it does not have a great leader. So, a great leader, since I'm a Javanese "Ing ngarso sung tulodo, ing madya mangun karso, tut wuri handayani", that's the leader, right? (Informant A)     |
|  | That's very important, very important because management wants low level staff for all work. The desire to live to survive, yes, of course, everyone exists. They wouldn't kill themselves or kill anyone else either, would they? So having emotional intelligence is very important (Informant B) |
|  | In other words, we make employees like our children. At a certain point, we can't even manage our own biological children 100%, right, like that, employees, when we ask them to. But the important thing was, the focus is so that our approach is more on that relationship (Informant C)         |
| Empathy as one important treat as a leader | Leaders must be empathetic. If the leader doesn't empathize, I'm sure it's not a leader. Because one of the conditions a leader has is empathy for his team (Informant A)   |
|  | We must be able to motivate employees, encourage employees to empathize with each other individually. Yes, so that if we are in the ranks of the organization, we ask all managers to also care about their employees (Informant C)   |

#### 4.1.3.2 Justice

Based on interview results with the company leader as informants, the fairness obtained by employees refers to the results of their performance evaluation. Evaluation activities carried out at Denso took place during the period of the Denso fiscal year, from April to March of the following year.

This performance evaluation is divided into the proportion of grades D to S which is assessed from KPI work, absenteeism and employee attitude. The results of the performance evaluation are in the form of rewards and punishments that will be received by each employee. The reward is in the form of an annual salary increase and bonus. Rewards are given to employees who have outstanding performance, while punishment is given to employees who are proven to have violated company rules stipulated in the Collective Labor Agreement (PKB) between the company and the Labour Union.

**Table 4.10 Codes for Justice**

| Codes                 | Interview Response   |
|-----------------------|--|
| Evaluation            | The principle of balance also arises because everything is regulated by the existing evaluation system. The point is, how can all friends, employees work well, produce goods with excellent quality cost and delivery (Informant A) |
|                       | Every evaluation has a size, right, there are numerical targets that are qualitative and quantitative (Informant B)  |
| Reward and punishment | Because everything has been regulated in the Astra management system, so how rewards and punishments must be given to employees and so on (Informant A)  |
|                       | So, you know the value of each person, right, so that what you spend doesn't become a burden. If, for example, it becomes a burden, it must be automatically managed or cut loss or punishment (Informant B)                         |
|                       | Justice is maintained using rewards, but don't let our sales be wasteful, so it remains to maintain stability and also have to think about the interests of the employee as a reward (Informant C)                                   |

#### 4.1.3.3 Development

Based on interview results with the informants, development activities will continue to be carried out during the pandemic even with various limitations that existed during the covid era, such as a face-to-face ban.

Development carried out in the form of online training conducted by MS teams developed by ACE (Amusement Center of Education) DENSO for internal new employees, online training at the Astra Management Development Center or overseas online training with Denso in other countries

**Table 4.11 Codes for Development**

| Codes                            | Interview Response  |
|----------------------------------|---|
| Training with online platform    | During the pandemic, we still do it but with a different system, which we call the online system. Then we join, webinars, innovations and so on in a virtual way we do it (Informant A)   |
|                                  | In previous training gt. Some of the training during the pandemic is still done through teams like HRGA, right?. But the company still considers doing training, training through an online platform like this is there to develop employees because especially young people, that's still when the pandemic occurred (Informant B) |
|                                  | For me, the question is whether the employees get development during covid, right? yes they can. Yes, that's the point of view I said earlier, for offline ones, we are forced to have new technology, online meetings, working from home, it's a new experience for me (Informant C)   |
| Disrupted development activities | Everything is done but by reducing visits (Informant A)   |
|                                  | There are also those, for example, whose training may be face to face, so it's been postponed (Informant B)   |
|                                  | Development as a form of in-class training, yes, that's the problem, what adjustments do we make, how many times do we make, what are the clear trends that we're eliminating because of health protocol problems, including outside activities. Let's be honest, the development process is going down (Informant C)               |

#### 4.1.3.4 Transparency

Based on interview results with the informants, through the union, transparency of the state of the company can be established. Through bipartite meetings, negotiations between employees and management are represented by the

union on the results of input from all employees who are voiced through section representatives.

This transparency occurs between the two parties by displaying the data they have according to the topic or discussion to be raised, for example if a union is going to submit a request for a bonus increase it must be accompanied by data such as company profit forecasts and vice versa management must be able to display profit or forecast data from company point of view.

**Table 4.12 Codes for Transparency**

| Codes        | Interview Response   |
|--------------|--|
| Labour Union | Yes, there is a Bipartit meeting with the union. Yes, we have two-way communication there, so that employees know about the company's conditions, so it's not only managerial who knows, so everyone knows (Informant A)                                   |
|              | By explaining the financial condition that way. What is the current condition of our business and what will it be like in the future, starting not only with the management, but also for the staff to become staff through the labour union (Informant B) |
|              | In terms of communicating company situation with employees, yes, we ask for help from the union so that it is two-way (Informant C)  |

#### 4.1.4 Entrepreneurial Leadership

The fourth theory in analysing data is the theory of entrepreneurial leadership. The main idea of this theory is to identify whether the leaders are reflecting entrepreneurial leadership quality when managing its people during COVID-19 pandemic. The analysis of leader capabilities started from being role model of value, become ambassador, and integrate all the changes through every part of the company.

#### 4.1.4.1 Role Model

Based on interview results with the informants, the leader demonstrates that they are optimistic and work proactively in collaboration and partnership with all the employees. All the informants put the common good, to maintain health and employee's happiness for the success of the company. By motivating them and promoting optimistic attitude towards every part of the company, create a good environment and also help the company to stay resilient during COVID-19 pandemic.

**Table 4.13 Codes for Role Model**

| Codes              | Interview Response   |
|--------------------|--|
| Optimism by leader | Build an optimistic mindset. Because we still have that sense of optimism, maybe the most important value is that optimism that makes everyone excited to continue working like that. At least that's just being optimistic and how to build that optimism (Informant B) |
|                    | Motivate them and positive thinking is to take care of personal health by increasing immunity (Informant C)  |

#### 4.1.4.2 Ambassador

Based on interview results with the informants, leaders as representatives of the company reflect company culture, Kaizen. Kaizen or Continuous improvement as one of the noble values of DENSO must be reflected in the leaders in the company. Reflected by the COVID-19 condition, all DENSO elements carry out kaizen to continue to do kaizen, this is proven by employee compliance with rules or policy changes that occur in the company and policies from top management for company sustainability. One of the activities is a survival team meeting which is

held every week to always update the condition of man power in production and forecast future conditions with the aim of avoiding production line stops.

**Table 4.14 Codes for Ambassador**

| Codes  | Interview Response  |
|--------|---|
| Kaizen | Synergy has the same goal of doing work towards the same goal that is done by all our members and employees, so what is the term, there is always continuous improvement in kaizen at Denso and good to not only company but also leader to reflect the value to other people (Informant A) |
|        | We always do Kaizen for it, not only at the office but also in daily life, because that's good, we have to develop continuously and yes, I get used to everything too. (Informant B)  |

#### 4.1.4.3 Integration

Based on interview results with the informants, the integration activities carried out by the leaders are by always communicating to all lines of the company. The communication is aimed at disseminating information and also activities in the company. This activity aims to create synergy between each other and eliminate the possibility of employees being missed direction from the board of directors. One of the activities carried out is the synergy between the union and management through the morning greeting, an activity to greet employees directly at the main absent door area, which is carried out by representatives of management and labour unions until work hours.

**Table 4.15 Codes for Integration**

| Codes                          | Interview Response   |
|--------------------------------|--|
| Communicate through department | Synergy to build relationships with all employees (Informant A)  |
|                                | From the company, how do you synergize it with communication, so that it is also a family relationship (Informant B)   |
|                                | The management step that must be taken is to talk about establishing relationships with all employees and by asking the entire organization to do the same (Informant C) |

## 4.2 Discussion

The next step of analysing data using thematic analysis is searching for themes. The themes itself are formed out of codes generated in previous step. The codes are inter-related, and to find connection and relationship between codes, the following section would describe thematic tables out of many codes generated.

### 4.2.1 Sub-themes of Theories

There are four aspects of VRIO (Valuable, Rare, Inimitable, and Organization). These sub-themes were drawn out of the codes generated in previous section. Sub-themes were produced in attempts of searching for potential themes. There are four sub-themes created from all codes of VRIO.

|                     | VRIO Elements                       |                      |                             |  |
|---------------------|-------------------------------------|----------------------|-----------------------------|--|
|                     | Valuable                            | Rare                 | Inimitable                  | Organization   |
| Codes Generated     | Employees is a company asset        | Easy to replace      | Imitable by technology      | Power shift  |
|                     | Employees need to be taking care of | Many human resources | Many people with same skill | Reformation  |
| Subthemes Generated | <b>Valuable</b>                     | <b>Not Rare</b>      | <b>Not hard to imitate</b>  | <b>Organization structured based on pandemic situation</b> |

**Picture 4.1 Sub-themes of VRIO**

The second sub-themes were created from the organization capabilities theory, from sensing, seizing, and reconfiguring. There were there sub-themes produced from the dynamic capability theory, as in Picture 4.2.

|                     | DCV Elements   |   |   |
|---------------------|--|---|---|
|                     | Sensing  | Seizing   | Reconfiguring                                       |
| Codes Generated     | Survey   | Analysing capability  | Delaying payment (soft loan)                        |
|                     | Talk to employees  | Propose to BOD  | Medical Facilities                                  |
|                     |  |   | Yearly bonus  |
| Subthemes Generated | <b>Getting information through two way communication</b> | <b>Resources analysis result as a foundation to create policy</b> | <b>Policy created focusing on employees welfare</b> |

**Picture 4.2 Sub-themes of Dynamic Capability View**

The third sub-theme was derived from the adaptive leadership principle. There were seven sub-themes produced for each quality of emotional intelligence, justice, development, and transparency. In order to produce sub-themes of adaptive leadership, it was needed to overview whether the informants perform activity based on each quality of adaptive leadership at work. The Table 4.16 showed the sample of responses in challenge of adaptive leadership principle.

**Table 4.16 Sub-themes of Adaptive Leadership - Emotional Intelligence**

| Emotional Intelligence Codes |   | Traits exist?   |
|------------------------------|---|---|
| Interview Responses          | Leader must have emotional intelligence | <b>Yes</b>  |
|                              |   | Regarding the leader himself, it is very important because the company will not progress sustainably if it does not have a great leader. So, a great leader, since I'm a Javanese "Ing ngarso sung tulodo, ing madya mangun karso, tut wuri handayani", that's the leader, right? (Informant A)     |
|                              |   | That's very important, very important because management wants low level staff for all work. The desire to live to survive, yes, of course, everyone exists. They wouldn't kill themselves or kill anyone else either, would they? So having emotional intelligence is very important (Informant B) |
|                              |   | In other words, we make employees like our children. At a certain point, we can't even manage our own biological children 100%, right, like that, employees, when we ask them to. But the important thing was, the focus is so that our approach is more on that relationship (Informant C)         |
|                              | Sub-theme                               | <b>Creating positive environment and motivating all the employees to survive mentally in pandemic situation create the existence of adaptive leadership</b>   |



**Table 4.16 Continued**

| Emotional Intelligence Codes |  | Traits exist?   |
|------------------------------|--|---|
|                              | Empathy as one important treat as a leader | <b>Yes</b>  |
|                              |  | Leaders must be empathetic. If the leader doesn't empathize, I'm sure it's not a leader. Because one of the conditions a leader has is empathy for his team (Informant A)   |
|                              |  | We must be able to motivate employees, encourage employees to empathize with each other individually. Yes, so that if we are in the ranks of the organization, we ask all managers to also care about their employees (Informant C) |
|                              | <b>Sub-theme</b>                           | <b>Leaders understand and feel the condition of employees during pandemic situation proof the existence of adaptive leadership</b>  |

The first principle of adaptive leadership, emotional intelligence, showed that all leaders as informants practice adaptive leadership at work. The main reason as seen in table above was due to their opinion and activity which reflect the quality of adaptive leadership. This is aligned with the informants' answers of valuable aspect in VRIO, that they see all the employees as a valuable and important asset of the company. The sub-themes for next aspect of adaptive leadership, justice, was referred in the Table 4.17.

**Table 4.17 Sub-themes of Adaptive Leadership - Justice**

| Justice Codes       |                       | Traits exist?  |
|---------------------|-----------------------|--|
| Interview Responses | Evaluation            | <b>Yes</b>   |
|                     |                       | The principle of balance also arises because everything is regulated by the existing evaluation system. The point is, how can all friends, employees work well, produce goods with excellent quality cost and delivery (Informant A) |
|                     |                       | Every evaluation has a size, right, there are numerical targets that are qualitative and quantitative (Informant B)  |
|                     | <b>Sub-theme</b>      | <b>Justice environment are created by using performance evaluation for every member of the company</b>   |
|                     | Reward and punishment | <b>Yes</b>   |
|                     |                       | Because everything has been regulated in the Astra management system, so how rewards and punishments must be given to employees and so on (Informant A)  |

**Table 4.18 Continued**

| Justice Codes |                  | Traits exist?  |
|---------------|------------------|--|
|               |                  | So, you know the value of each person, right, so that what you spend doesn't become a burden. If, for example, it becomes a burden, it must be automatically managed or cut loss or punishment (Informant B) |
|               |                  | Justice is maintained using rewards, but don't let our sales be wasteful, so it remains to maintain stability and also have to think about the interests of the employee as a reward (Informant C)           |
|               | <b>Sub-theme</b> | <b>The results of the performance evaluation are in the form of rewards and punishments that will be received by each employee</b>   |

The sub-themes for next aspect of adaptive leadership, development, was referred in the table 4.18

**Table 4.19 Sub-themes of Adaptive Leadership - Development**

| Development Codes   |                                  | Traits exist?   |
|---------------------|----------------------------------|---|
| Interview Responses | Training with online platform    | <b>Yes</b>  |
|                     |                                  | During the pandemic, we still do it but with a different system, which we call the online system. Then we join, webinars, innovations and so on in a virtual way we do it (Informant A)   |
|                     |                                  | In previous training gt. Some of the training during the pandemic is still done through teams like HRGA, right?. But the company still considers doing training, training through an online platform like this is there to develop employees because especially young people, that's still when the pandemic occurred (Informant B) |
|                     |                                  | For me, the question is whether the employees get development during covid, right? yes they can. Yes, that's the point of view I said earlier, for offline ones, we are forced to have new technology, online meetings, working from home, it's a new experience for me (Informant C)   |
|                     | <b>Sub-theme</b>                 | <b>The usage of online platform for each of development program proposed by the leader</b>  |
|                     | Disrupted development activities | <b>Yes</b>  |
|                     |                                  | Everything is done but by reducing visits (Informant A)   |
|                     |                                  | There are also those, for example, whose training may be face to face, so it's been postponed (Informant B)   |
|                     |                                  | Development as a form of in-class training, yes, that's the problem, what adjustments do we make, how many times do we make, what are the clear trends that we're eliminating because of health protocol problems, including outside activities. Let's be honest, the development process is going down (Informant C)               |
|                     | <b>Sub-theme</b>                 | <b>Many development activities are being postponed due to governance regulation to discard any activity that creating crowd of people</b>   |

The last aspect of adaptive leadership is transparency. Previously it has been described that company always use labour union, as one of the ways, to leader

communicate to all employees. Using the terms of bipartite, they use this activity to talk about really small matter to major condition like COVID-19. The Table 4.19 drew out sub-themes out of sample of the informants' responses.

**Table 4.20 Sub-themes of Adaptive Leadership - Transparency**

| Transparency Codes  |                  | Traits exist?  |
|---------------------|------------------|--|
| Interview Responses | Labour union     | <b>Yes</b>   |
|                     |                  | Yes, there is a Bipartite meeting with the union. Yes, we have two-way communication there, so that employees know about the company's conditions, so it's not only managerial who knows, so everyone knows (Informant A)                                  |
|                     |                  | By explaining the financial condition that way. What is the current condition of our business and what will it be like in the future, starting not only with the management, but also for the staff to become staff through the labour union (Informant B) |
|                     |                  | In terms of communicating company situation with employees, yes, we ask for help from the union so that it is two-way (Informant C)  |
|                     | <b>Sub-theme</b> | <b>Transparency between leaders and employees are created by using bipartite meeting to giving out recent situation of company especially during COVID-19</b>  |

The fourth sub-theme was derived from the entrepreneurial leadership principle. There were three sub-themes produced for each quality of role model, ambassador, and integration. In order to produce sub-themes of entrepreneurial leadership, it was needed to overview whether the informants perform activity based on each quality of entrepreneurial leadership at work. The Table 4.20 showed the sample of responses in challenge of adaptive leadership principle.

**Table 4.21 Sub-themes of Entrepreneurial Leadership - Role Model**

| Role Model Codes    |                    | Traits exist?  |
|---------------------|--------------------|--|
| Interview Responses | Optimism by leader | <b>Yes</b>   |
|                     |                    | Build an optimistic mindset. Because we still have that sense of optimism, maybe the most important value is that optimism that makes everyone excited to continue working like that. At least that's just being optimistic and how to build that optimism (Informant B) |
|                     |                    | Motivate them and positive thinking is to take care of personal health by increasing immunity (Informant C)  |

**Table 4.20 Continued**

| Role Model Codes |           | Traits exist?   |
|------------------|-----------|---|
|                  | Sub-theme | <b>Optimism is one of the value leaders believe can help the company to survive the pandemic COVID-19</b> |

The sub-themes for next aspect of entrepreneurial leadership, ambassador, was referred in the Table 4.21.

**Table 4.22 Sub-themes of Entrepreneurial Leadership - Ambassador**

| Ambassador Codes    |           | Traits exist?   |
|---------------------|-----------|---|
| Interview Responses | Kaizen    | <b>Yes</b>  |
|                     |           | Synergy has the same goal of doing work towards the same goal that is done by all our members and employees, so what is the term, there is always continuous improvement in kaizen at Denso and good to not only company but also leader to reflect the value to other people (Informant A) |
|                     |           | We always do Kaizen for it, not only at the office but also in daily life, because that's good, we have to develop continuously and yes, I get used to everything too (Informant B)   |
|                     | Sub-theme | <b>Corporate value, Kaizen, is reflected by the company through all company line and also as the daily life activities</b>  |

The last aspect of entrepreneurial leadership is integration. Previously it has been described that company always maintain communication for every person in the company and all the changes in the company need to spread to all department. The Table 4.22 drew out sub-themes out of sample of the informants' responses.

**Table 4.23 Sub-themes of Entrepreneurial Leadership - Integration**

| Integration Codes   |                                | Traits exist?  |
|---------------------|--------------------------------|--|
| Interview Responses | Communicate through department | <b>Yes</b>   |
|                     |                                | Synergy to build relationships with all employees (Informant A)  |
|                     |                                | From the company, how do you synergize it with communication, so that it is also a family relationship (Informant B)   |
|                     |                                | The management step that must be taken is to talk about establishing relationships with all employees and by asking the entire organization to do the same (Informant C) |

**Table 4.22 Continued**

| Integration Codes | Traits exist?  |
|-------------------|--|
| Sub-theme         | Communication is the main tools for the company to integrate or synergy all the changes in the company during COVID-19 |

#### 4.2.2 Finding Themes

Based on the sub-themes produced in the previous section, the further research was finding the patterns in attempts of connecting the dots. In the end there are four sub-themes of the VRIO theory, three sub-themes of the dynamic capability view, seven sub-themes of the adaptive leadership theory, and three sub-themes of the entrepreneurial leadership theory. The Table 4.23 described all sub-themes in relation to the theories.

**Table 4.24 All Sub-themes**

| Theory                            | Sub-themes  |  |   |                      | Theory Conclusion                       |
|-----------------------------------|---|--|---|----------------------|---|
| <b>VRIO</b>                       | Valuable  | Not Rare   | Not hard to imitate                           | Well-organized       | <b>Comparative parity</b>               |
| <b>Dynamic Capability View</b>    | Getting information through two-way communication | Resources analysis result as a foundation to create policy | Policy created focusing on employee's welfare |                      | <b>Good dynamic capability</b>          |
| <b>Adaptive Leadership</b>        | Emotional Intelligence -exist                     | Justice - exist  | Development -exist                            | Transparency - exist | <b>Adaptive Leadership exist</b>        |
| <b>Entrepreneurial Leadership</b> | Role Model -exist                                 | Ambassador -exist  | Integration - exist                           |                      | <b>Entrepreneurial Leadership exist</b> |

As stated in the mission, vision, and values statement, PT Denso Indonesia pursues to continue developing and improving products that are meaningful to people. Their resolve to take on difficulties without being afraid of change and to continue pushing the frontiers of what is achievable. PT Denso Indonesia builds

their strategy that prioritize its people as the most valuable assets for the company. As a reflection of company philosophy, they develop long-term policies that serve as a vision for the company's future. In addition to maximizing the value they deliver through "green" and "peace of mind," two of their traditional areas of emphasis, they have chosen a new theme of "inspiring." Under the guidance of these three themes, they will endeavour to gain the shareholders' knowledge of the numerous initiatives we execute. By merging the strengths, they hope to create new societal value. The aim for a strategy that focuses on human resources in COVID-19 pandemic situation is to create business resilience. This strategy, then delivered from the top management down to the middle and low-level management through labour union as their main bridge to communicate in the company.

When the company is able to identify and organize valuable assets, however the assets are not rare and not inimitable, the company could only achieve competitive parity. Based on interview results of informants, resources are valuable but common and also imitable, which makes competing in the marketplace more challenging for company especially in current COVID-19 pandemic situation. In current status, theoretically is difficult for the company to gain a competitive advantage and achieve a sustainable competitive advantage but with the size advantages company have, in terms of employees and position needed, the competitive advantage can still be achieved. Because when there are people that need to be replaced due to medical condition, they can look for another person to fill the position and still maintain their target and later to create business resilience. In relation to theory of dynamic capability (D. J. Teece, 1997), the top-level

management holds the strongest responsibility and have a power to manage company by creating policy or company regulation. Starting by sensing the company needs and then seize the resources of the company to fulfil the need of all employees, management create a policy that not only giving benefit to the company but also gained positive feedback from the company. Most informant answered positively in the management's efforts to create regulation during COVID-19 by taking side in the employees' perspective. The company seems to have successfully built several policies to achieve a business resilience with support of their employees.

Subsequently, back to the main idea of adaptive leadership and entrepreneurial leadership practices during COVID-19 in the company. Based on the interview results with the informants, leaders reflect all the principle of strategic leadership related to company activities. The informants pointed to the adaptive and entrepreneurial leadership style as an effective means to engaging employees in a more proactive pursuit of business resilience and also introduces an approach to sustain business performance during the COVID-19 pandemic. Adaptive and entrepreneurial leadership are able to impacts sustainable business performance but does not lead to decreasing employee's welfare.

The reality is the existence of adaptive leadership and entrepreneurial leadership would create business resilience to survive pandemic situation and also undetectable risk in the future at Denso, proven by the absence of riots or large-scale protests that may be highlighted by the media regarding companies that do not meet the needs of their employees. It is important for the leader to have all of

the traits to maintaining company, especially in the large manufacture company with thousands of employees like PT Denso Indonesia which already succeed to survive COVID-19 pandemic. Adaptive and entrepreneurial leadership are able to impacts sustainable business performance but does not lead to decreasing employee's welfare.



## **CHAPTER 5**

### **CONCLUSIONS AND SUGGESTIONS**

#### **5.1 Conclusions**

Based on all the results of the research stages that have been carried out in strategic leadership at PT Denso Indonesia, it can be concluded as follows:

1. Employees are valuable assets but common and imitable. They are coordinated according to the company's needs to survive the pandemic. All company leaders have the capability to create business resilience, proven by the fact that company business activities remain operational without any protests or demands from employees since their needs have been fulfilled.
2. Adaptive leadership and entrepreneurial leadership create business resilience to survive the COVID-19 pandemic, proven by the absence of riots or large-scale protests due to unmet needs of employees. Companies with thousands of employees like PT Denso Indonesia already succeed to survive the COVID-19 pandemic. Adaptive and entrepreneurial leadership are proven able to impact sustainable business performance but do not lead to reducing employees' welfare.

## **5.2 Implications**

The results show that there is a positive relationship between the Resource-based View theory and the Dynamic Capability View theory in deciding and utilizing company assets to create company regulations or policies. Top-level management has successfully emphasized that employees are valuable assets of the company and their needs were used as the basis to create a policy that aim to create business resilience.

Although the principles of adaptive and entrepreneurial leadership are challenged on a daily basis at work, the results show that there is a positive relationship between top-level management strategy and activities with employee engagement. All informants practice both adaptive and entrepreneurial leadership approach in reflecting value of their beliefs, which are in line with the organization, to be shared across the company. The implication of this research to strategic management is that: strategical leadership is essential to be used as a way to interact during the COVID-19 pandemic. The implementation of adaptive and entrepreneurial leadership principles and corporate strategies are in the creation of regulations that can effectively help the company survive and thrive.

## **5.3 Limitation**

This research is limited to the future implementation of regulation related to COVID-19 in the company on long-term basis. The author is unable to predict what would be an undetectable risk in the future if the regulation is still applied.

The research is hoped to bring out an insight for readers on how the big company comply with COVID-19 situation and take as a knowledge on what policy which giving the best result of the company.

The second limitation is that the way research was conducted is also got impact of COVID-19 pandemic, as the author is external party, was unable to do a face-to-face interview with informant, observe how employees work in PT Denso Indonesia office, and conducting the interview with representation of labour union. The interviews are performed by a video-conferencing application as the government regulation to limits movement of people and urges people to stay at home. The author tried to obey government regulation and keep distance with other people unless there is unavoidable urgent matter.

## **5.4 Suggestions**

Suggestions submitted for future development of PT Denso Indonesia in strategic leadership are as follows:

1. The informants did not reflect the existence of prevention activities before experiencing uncertainty, such as COVID-19. The answers from the informants only reflected the company's way of remaining agile in the midst of the occurring conditions. Hence, it would be better if leaders prepare various scenarios that will be made into a plan of action to be carried out when the situation actually occurs in the future.

2. With the experience of the leaders in the company, the results of interviews indicate that there is still a lack of sharing of knowledge activities for potential leaders, hence the experience of senior leaders is not shared. This may cause potential leaders to only learn on their own from the start and there is no development from knowledge or experience of previous leaders. Furthermore, the company can implement a knowledge-sharing activity for potential leaders.

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## APPENDIX

### Appendix 1 Interview Guidance

Introduction and welcome

Thank the respondent for agreeing to participate

Explain the rationale for the research

Emphasis that this research is about their experience

Expand on how outcomes of research can add value to the participants' own lessons learnt.

Question about Entrepreneurial Leadership

1. Nilai atau value apa yang Bapak/Ibu percaya bisa membantu Denso atau Bapak/Ibu sebagai pemimpin untuk menghadapi covid? Dan bagaimana bapak ibu mencerminkan nilai itu di perusahaan dan di luar perusahaan sebagai salah satu ikon Denso?
  - Pak Bruno: Sinergi menjalin hubungan dengan karyawan karena dalam sinergi itu punya tujuan yang sama melakukan kerjaan yang menuju tujuan yang sama gitu dilakukan oleh semua member dan karyawan kita, biar apa istilahnya selalu ada perbaikan terus menerus kaizen di Denso namanya
  - Pak Nazar: Kita selalu melakukan Kaizen dan membangun mindset optimisme gitu. Karena kita masih punya rasa optimisme gitu kan jadi mungkin value yang paling penting itu adalah yaitu optimisme yang membuat semua semangat untuk terus berkarya gitu. Paling itu sih optimis saja dan bagaimana membangun optimisme itu.
  - Pak Agung: Langkah manajemen yang harus diambil adalah bicara menjalin hubungan dengan semua karyawan dan dengan meminta seluruh organisasi untuk melakukan hal yang sama ya. Dan motivasi dan positive thingking mereka untuk jaga kesehatan pribadi dengan meningkatkan imunitas.

Question about Adaptive Leadership

2. Menurut Bapak/Ibu seberapa pentingkah seorang pemimpin memiliki kemampuan emotional intelegence selama masa Covid-19?
  - Pak Bruno: Leader harus empati. Kalau leader tidak berempati, saya yakin itu adalah bukan leader. Karena salah satu syarat yang dimiliki leader adalah empati terhadap timnya. Mengenai leader sendiri itu ya sangat penting sekali karena perusahaan tidak akan maju berkelanjutan kalau tidak mempunyai leader yang hebat. Nah leader yang hebat yaitu kalau saya orang jawa ya ngarso sung tulodo ing madya mangun karso tut wuri handayani yaitu aja yang sebagai leader ya

- Pak Nazar: Itu penting sekali, penting sekali karena untuk manajemen mau low level staf gitu kan semua kan bekerja. Keinginan untuk hidup untuk survive kan ya pasti semua. Enggak akan membunuh dirinya sendiri atau membunuh orang lain juga enggak mau gitu kan? Jadi tetap emosional itu sangat penting. Jadi pada saat krisis itu makanya kita sangat hati sekali gitu, sangat hati membangun kebijakan khususnya untuk karyawan
  - Pak Agung: Kita harus mampu memotivasi karyawan, mendorong karyawan untuk care pada masing individunya. Ya sehingga kalau dalam jajaran organisasi ya kita minta seluruh manajer untuk juga care peduli sama karyawannya. Istilahnya kita jadikan karyawan itu seperti anak kita. Pada titik tertentu anak kandung sendiri juga enggak bisa kita manage 100% ya, seperti itu ya karyawan tuh, bahwa ketika kita minta dia untuk. Tapi yang penting tadi, konsennya sehingga pendekatan kita lebih pada hubungan itu.
3. Masih berkaitan dengan kualitas pemimpin, bagaimana anda menjaga keadilan agar tetap tercipta untuk bawahan anda selama masa pandemi?
- Pak Brono: Karena semuanya itu sudah diatur di astra manajemen sistem, jadi di situ diatur bagaimana reward and punishment yang harus diberikan ke karyawan dan lain sebagainya. Asas keseimbangannya juga muncul karena semuanya diatur dengan sistem yang sudah ada. Intinya ya, bagaimana teman, karyawan semuanya itu bisa bekerja dengan baik, menghasilkan barang dengan quality cost and delivery yang sangat baik sehingga kesejahteraan karyawan akan meningkat dan kesejahteraan itu adalah relative. Sehingga hubungan baik dengan top management dan karyawan itu harus dijaga dengan baik
  - Pak Nazar: Setiap evaluasi itu ada ukuran ukurannya gitu kan, targetnya numerical ada yang sifatnya kualitatif dan kuantitatif. Jadi tau value tiap orang itu gitu kan, sehingga apa yang uang yang dikeluarkan tidak menjadi beban. Kalau misalnya memang itu menjadi beban, otomatis harus di manage itu kan atau di cut loss karena enggak memiliki value
  - Pak Agung: Keadilan dijaga tapi jangan sampai sudah enggak bisa jualan kita boros gitu, jadi tetap untuk menjaga kestabilan dan juga harus pikirkan kepentingan karyawan tadi. Kita sebagai manajemen memandang bahwa ini adalah resmi manajemen problem ini sehingga muncul selain problem produksi ya, dan saya tadi juga problem bagaimana kita menyelamatkan karyawan kita dengan gempuran tanda kutip ya virus covid di luar.
4. Dan bagaimana cara anda untuk tetap transparan dengan bawahan anda akan kondisi yang terjadi di perusahaan?
- Pak Buno: Ada ya namanya Biparti meeting dengan serikat pekerja. Ya kita disitu terjalin komunikasi dua arah, biar tau juga lah karyawan dengan kondisi perusahaan, jadi gak hanya managerial aja yang tau, jadi semua tau.
  - Pak Nazar: Dengan menjelaskan kondisi keuangan gitu. Kondisi bisnis kita saat ini dan ke depannya seperti apa itu, di mulai enggak hanya ke si manajemennya, tapi juga ke staf jadi staf itu melalui Serikat pekerja

- Pak Agung: Dalam hal berkomunikasi dengan karyawan ya, kita minta bantu Serikat pekerja biar dua arah lah ya istilahnya,

Question to answer VRIO framework

5. Menurut Bapak/Ibu, apakah karyawan Denso memberikan nilai tambah yang positif untuk perusahaan?
  - Pak Bruno: Karena kita punya basic pemikiran adalah karyawan sebagai aset. Bagaimana kita berperan aktif supaya. Karyawan itu adalah terselamatkan dengan baik
  - Pak Nazar: Karyawan itu kan sebenarnya aset yang kita perlukan. Aset itu kan juga enggak hanya menghasilkan tapi juga ada depresiasinya. Kan ada cost nya kan ada bebannya juga jadi 2 sisi mata uang yang bisa dipisahkan sebenarnya
  - Pak Agung: Iya, jadi kalau dari sudut pandang manajemen tadi yang saya bilang, karyawan adalah aset terpenting.
6. Dan apakah keberadaan setiap orang yang ada di Denso itu keahliannya bisa dibidang rare sehingga sulit digantikan?
  - Pak Bruno: Ada namanya powership istilahnya dimana pada tempat yang berbeda bisa dikerjakan orang yang berbeda maksudnya bisa menggantikan job yang sekarang dikerjakan oleh temannya dan lain sebagainya. Sebenarnya kalau administrasi itu bisa dilakukan dengan apa namanya hal seperti itu cuma harus butuh sistem effort teknologi, terutama IT nya harus mendukung gitu ya, tapi ini mau nggak mau ya perubahan itu harus dilakukan
  - Pak Nazar: Kebanyakan orang operator, level operator kalau melakukan kesalahan akan sangat mudah digantikan karena semua lulusan SMA/SMK karena yang dibutuhkan hanya attitude dan kepatuhan dan menjalani SOP. Selain operator ya ada lagi office worker beda lagi itu kalau ngomongin skillnya. Skill awalnya mungkin bisa sama semua orang tapi setelah masuk ya dia harus ikutin kita. Bisa iya bisa enggak karena jaman sekarang skillnya banyak yang punya. Tapi bisa dibilang enggak juga misal ada orang yang punya beberapa skill yang sekarang ini pasti semua orang punya tapi ternyata ada juga skill yang ternyata denso perlukan tapi si orang gak punya jadi ya gak bisa gabung kita.
  - Pak Agung: Ketika ada orang yang terkena covid. Karena kita jumlahnya banyak kita lakukan rotasi. Nah karyawannya dirotasi untuk bantu bagian lain yang kekurangan orang I departemen tertentu jadi ya ganti-ganti aja sesuai kebutuhan. Sekarang ini kita dipaksa untuk punya teknologi baru nih, contoh meeting online, ya bekerja dari rumah itu buat saya new experience dan yang berharga kalau apalagi kalau kita bicara ke depannya pasti kita akan terbiasa dengan adanya teknologi tadi
7. Bagaimana Denso mendvelop karyawan agar dapat mencapai their full potential?
  - Pak Bruno: Di masa pandemi itu tetap kita lakukan tapi dengan sistem yang berbeda yaitu kita sebutnya dengan sistem online. Kemudian kita join,



webinar, inovasi dan lain sebagainya itu dengan cara virtual kita lakukan. Jadi semuanya dilakukan namun dengan mengurangi visit. Kita tetap mendvelop karyawan terutama dengan pihak asing pun tetap kita lakukan. Tetapi dengan cara online dengan Jepang dan teman yang di engineering itu masih tetap berjalan seperti biasa cuma dilakukannya adalah dengan cara online atau dengan sistem yang berbeda.

- Pak Nazar: Pada sebelumnya training gt. Kalau training selama pandemi beberapa sih tetap dilakukan melalui tim seperti HRGA gitu kan? Ada juga yang misalnya yang trainingnya sifatnya mungkin face to face gitu ya itu ditunda. Tapi tetap kompany tetap consider untuk melakukan training, training melalui platform online seperti ini ada untuk develop karyawan karena kan khususnya yang muda ya tetap itu saat itu saat pandemi itu ada. Jadi kita enggak training keluar tapi seperti in house gitu
- Pak Agung: development sebagai bentuk training in class ya problem itu memang kita lakukan apa penyesuaian berapa kali kita adakan apa tren yang jelas kita tiadakan karena problem protokol kesehatan termasuk aktivitas di luar ya kalau bicara itu jujur saja, turunkah proses development. Buat saya kalau pertanyaannya apakah karyawannya mendapat tanda kutip development selama covid gitu ya? Dapat dia. Iya memang sudut pandanginya tadi saya bilang, kalau untuk yang offline ya kita dipaksa untuk punya teknologi baru nih meeting online ya bekerja dari rumah itu buat saya new experience

Question to answer DCV framework

8. Tools apa yang dipakai oleh Denso untuk mendapatkan insight atau untuk mengetahui kebutuhan karyawan? Bagaimana proses atau kegiatan tersebut dilakukan?
  - Pak Brono: Basic yang kita pakai adalah tetap fondasinya quality, cost and delivery sama moral. Nah 4 faktor itu yang dipakai dengan patokan membuat kebijakan
  - Pak Nazar: ada namanya survey, kebetulan juga company baru saja dilakukan. Juga ada survei engagement gitu. Di samping itu sebelum pandemi pun kita ada namanya budaya untuk free talk gitu. Di situ juga salah satu tool juga gitu kan untuk mengetahui apa sih keluhan karyawan, apa sih yang diinginkan karyawan
  - Pak Agung: Pertama, tentu pengambilan keputusan harus dari BOD ya. Dari HR itu biasa propose ke BOD minta di apa disetujui ya. Lalu tentu komunikasikan ini, kalau di pabrik atau perusahaan sebesar denso ini ada Serikat pekerja. Dalam hal berkomunikasi dengan karyawan ya, kita minta bantu Serikat pekerja,
9. Kebijakan apa saja yang telah dilakukan Denso selama masa pandemic sebagai bentuk adaptasi dari Covid-19 dan bagaimana cara mengintegrasikannya ke seluruh bagian perusahaan?
  - Pak Bruno : kebijakan yang kita lakukan juga harus membantu karyawan supaya bisa mempunyai semangat untuk bisa menghadapi kondisi yang

sangat sulit ini. Penundaan pembayaran hutang koperasi kemudian. Pemberian vitamin secara langsung atau karyawan kita perbolehkan untuk beli vitamin yang berhubungan dengan meningkatkan kekebalan tubuh yang bisa diklaim ke perusahaan kalau kondisi normal itu tidak boleh, kalau tidak ada resep dari dokter, tapi karena ini kondisi tidak normal, kita persilahkan untuk diklaim.

- Pak Nazar: ada ya kebijakan untuk bonus tetap diyar, THR juga, walau nilainya gak se wah pada waktu sebelumnya yaa
- Pak Agung: dulu itu vitamin dan obat herbal gak boleh di claim sebagai uang obar. Sekarang ya bisa karena kita lihat kalau obat-obat gitu bisa melindungi imun juga

Ending the interview