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THE ROLE OF CAPABILITY AND AMBIDEXTERITY IN ENCHANCING THE STARTUP PERFORMANCE

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ABSTRACT

Digitization offers great opportunities for the business environment, including startup companies. Responding to the pressure of technology, many startup companies are using digital platforms as their business strategy. However, many startups fail due to the absence of a comparable digital platform capability. In addition, startups face unique challenges because of their limited resources, so startups must be able to manage their network capability and ambidexterity which consists of exploitation orientation and exploration orientation. With this capability and orientation, it is hoped that startup companies can improve their startup performance. This study aims to empirically examine the influence of digital platform capability, both directly and influenced by network capability, on startup performance and also to determine the moderating effect of ambidexterity which is divided into exploitation orientation and exploration orientation between network capability and startup performance. The survey was conducted on 124 digital-based startups in the service sector in Indonesia. Furthermore, the survey results were analyzed using the structural equation modeling-partial least square (SEM-PLS) to test the hypothesis. The result is that digital platform capability and network capability affect startup performance. Meanwhile, the moderation of exploitation orientation and exploration orientation towards the relationship between network capability and startup performance produces different results.

Keywords*: Digital platform capability, Network capability, Ambidexterity, Exploitation orientation, Exploration orientation, Startup performance.*

1. Introduction

Companies face dynamic and uncertain conditions due to rapid changes in the environment. There is a strong consensus that companies currently face an environment with high levels of uncertainty, instability, and turbulence (Schilke, 2014), and small and medium enterprises are no exception. As said by Chan, Teoh, Yeow, and Pan (2018) that small and medium enterprises must be able to struggle to compete in a very dynamic environment. Responding to competitive pressures, many small and medium enterprises entrepreneurs use digital platforms to leverage their business strategies (Li, Liu, Belitski, Ghobadian, & O'Regan, 2016). In Indonesia, technology-based small and medium-sized companies using digital platforms as their business strategy are manifested as startup companies. Many developing companies are technology and information-based company, so people will say that a startup is a company that has just been started and use technology and information as its business strategy (Mudo, 2015).

In reality, startups face problems in maintaining their company performance and many startup companies fail because they cannot compete in a dynamic environment. Due to their small size, the failure of startup companies tends to be very high compared to established companies (Wu, 2007). It is proven that the potential for startup development is still facing various challenges that cause the digital sector ecosystem not to be fully developed,

the success ratio of a startup company in the world is less than 10% (Patel, 2015). The failure rate for startups worldwide can reach 90% or even more (Perdani, Widyawan, and Santoso, 2018). In order to continue

to compete, startups must be able to increase the value of their business by increasing their technological capabilities.

The emergence of digital technology and an increasingly powerful digital infrastructure has greatly changed business processes, organizations, and corporate culture with new innovation processes, marketing models, and new types of products/services (Tekic & Koroteev, 2019). However, understanding of the impact of digitalization on corporate performance is still very limited, and a large number of companies fail in their attempts to adopt the digital platform (Cenamor, Parida, and Wincent, 2019). Due to the complexity of adopting knowledge about digitization, companies must have comparable information technology capabilities. In particular, companies need information and communication technology (ICT)-based capabilities that mobilize digital technologies to effect dramatic changes in organizations (Mohd Salleh, Rohde, & Green, 2017). Thus, digitalization can affect a company's performance through a major overhaul of its network management (Teece, 2018).

Organizations such as startups face unique challenges in implementing digitization as they may lack resources, skills, and commitment (Giotopoulos, Kontolaimou, Korra & Tsakanikas, 2017). If a startup loses commitment, it can affect the profitability of its digital platform because the technology adopted must be consistent with the values of the startup company (Mohd Salleh et al., 2017). Battistella et al. (2017) highlight the importance of network capability as the ability to manage the interrelationships between the company's external and internal relationships due to their limited resources. In managing their external and internal relationships, many startups are unable to develop their ambidextrous approach (Solís et al., 2018). This is because ambidexterity requires very different structures and adequate resources (Gonzalez et al., 2018). This failure is relevant for startups that demand a balance between exploitation and exploration using limited resources (Junni, Sarala, Taras, and Tarba, 2013).

Several recent types of research have shown that ambidexterity may be an ineffective goal given the limited resources; it would be better if the company focused on exploitation or exploration only (Solis-Molina et al., 2018). Therefore, this study provides an opportunity for research on exploration orientation and exploitation orientation to be carried out separately. This has been done by Cenamor, Parida, and Wincent (2019), who conducted research on 230 micro- enterprises in digital-based manufacturing in Sweden that made exploitation orientation and exploration orientation as a moderation between network capability and startup performance. The results of this study indicate that there are differences between the two orientations (Cenamor et al., 2019). However, according to them, This research has limitations because it is only carried out on companies in the manufacturing industry; further researchers can expand these findings to companies operating in the service sector (Cenamor et al., 2019). In addition, according to them, the capabilities of digital platforms may also be different for each company in countries with different levels of digitization (Cenamor et al., 2019). This cross-country situation opens up different potentials for further research and analysis. According to them, the capabilities of digital platforms may also be different for each company in countries with different levels of digitization (Cenamor et al., 2019).

With these conditions, the purpose of this study is to take a closer look at the relationship between digital platform capability, which is influenced by network capability on startup performance, and the direct effect of digital platform capability on startup performance. This researcher also wants to examine the moderating effect of exploitation orientation and exploration orientation on network capability with startup performance.

2. Literature Review

2.1 Startup company

According to Perdani, Widyawan, and Santoso (2018), startup companies refer to companies that use information technology and the internet because they usually operate through websites. Startups are different from traditional companies such as SMEs, which can be seen in two main things: first, startups use digital technology to support their business, and secondly, startups also often use digital technology (for example, using big data analytics) to understand consumer needs and provide better services (Guo et al., 2019). A startup is an organization that, in its early stages of growth and development, uses digital technology assistance in its business model (Zaheer et al., 2019).

In the digital business environment, startups need to reach a certain scale before they can be considered profitable (Guo, Chai, and Zhang, 2006). Startups that are considered successful are able to build scalable business models that have the ability to expand their output according to demand when their resources are increased (Nielsen & Lund, 2018); most startup founders prioritize their attention on company growth compared to short-term profits (Nielsen & Lund, 2018). Guo et al., 2019). Therefore, company performance or, in this context startups

Performance has become an important research topic (Aydiner, Tatoglu, Bayraktar Zaim, and Delen, 2018). The company's performance is generally grouped into two, namely financial performance and non-financial performance (Zahra, 1993). According to Balboni et al. (2019) that in the context of research, startup companies are more suitable to use performance measurements that focus on growth in operational performance, whereas this is the performance of non-financial companies. Because startups generally do not publish their financial performance (Wang, Thornhill, Castro, 2017). In addition, the success of a startup is more reflected by its growth potential than its financial results (Gilbert, McDougall, Audretsch, 2006).

2.2 Digital platform capability and startup performance

Digital platform capability refers to the ability to connect with world businesses through online marketplaces or communication channels that enable rapid and low-cost scaling (Blaschke et al., 2018). Digital platforms provide useful information in the form of forecasts, production information, and customer trends (Warner and Wager, 2019). In the context of the digital economy, one of the most discussed topics in academia and also in practice is the relationship between digital platform capability and startup performance. Parida and Ortqvist (2015) have examined that technology capability directly has a positive influence on company performance. This is due to the fact that digital platform capability is emerging as a new source of competitive advantage in the digital economy to achieve performance (Rai and Tang, 2010). Sharing knowledge through digital platforms helps organizations in the allocation of resources to optimize organizational networks both internally and externally, thereby increasing decision-making efficiency and performance (Burgelman et al., 1996).

Digital platform capability enables companies to integrate key knowledge, utilizing internal and external organizational resources in the face of rapid market changes in an efficient manner (Rai and Tang, 2010). Teece (2018) also argues that digital platform capability plays an important role in improving innovation performance in the digital economy. Therefore, digital platform capability has the ability to trigger performance within the organization (Teece, 2017).

Because of this, many companies, especially startups, are using digital platforms as a strategy to face business competition and the dynamics of technology that exist in the current digital era. By increasing digital platform capability at startups, companies can integrate knowledge and utilize internal and external resources so that they are able to deal with fast market changes in an efficient manner (Nambisan et al., 2017), which results in digital platform capability playing an important role in achieving the company's startups performance (Jun et al., 2021). Based on this, the first hypothesis in this study is:

H1: Digital platform capability has a positive effect on startup performance

2.3 Network capability and startup performance

Network capability is the company's ability to obtain resources from the environment through the formation of alliances and social ties to be used in their activities (Gulati, 1998). Meanwhile, according to Walter, Auer, & Ritter (2006), network capability is the company's ability to develop and utilize inter-organizational relationships to gain access to various resources owned by other actors. Such strong relationships enable entrepreneurs and companies to gather market information and ideas for problem-solving and enhance the learning ability of companies (Messersmith and Wales, 2013). Strong network capability also allows companies to gain access to different resources,

Network capability in startup companies is based on a common architecture that companies use internally and externally to share knowledge (Wang and Hu, 2017). In particular, employees at the company and its partners can use the digital platform as a link to share knowledge and information (Gonzalez and de Melo, 2018). External and internal communication are used to support the companies in optimizing the distribution and assimilation of knowledge and decision-making processes (Giotopoulos et al., 2017). In addition, developing network capability through digital capabilities implies network involvement which can reduce transaction costs (Li, Zheng, and Zhuang, 2017). Therefore, companies offer to take advantage of the scalability offered by the platform (Wareham et al., 2014).

In addition, efficient management of internal and external information flows facilitates the discovery of opportunities and accelerates innovation (Shu et al., 2018) because receiving heterogeneous knowledge from various sources can facilitate the innovation process, which then results in long-term success in the company (Wareham et al., 2014). In short, based on entrepreneurial theory, Walter et al. (2006) stated the positive effect of network capability on performance. Based on this evidence, the proposed hypothesis is:

H1: Network capability has a positive effect on startup performance

2.4 Digital platform capability and network capability

Digital platform capability (DPC) is the company's ability to establish connections with other companies using online platforms or communication channels that enable rapid scaling at low costs (Blaschke et al., 2018). DPC offers a valuable exchange between network participants without marginal costs to improve innovation performance (Helfat and Raubitschek, 2018). Digital platform capability is adapted from the work of Rai and Tang (2010), which is measured through eight items that are included in two dimensions which consist of platform integration and platform reconfiguration.

Digital platform capability can improve various aspects of network capability: on digital platform capability, it is necessary to develop an architectural display that defines the basic elements and rules governing the management relationship between the company's internal and external companies (Cenamor et al., 2017). According to Parida, Westerberg, and Frishammar (2012), a small company that has better network capabilities can increase its external capabilities and resources (such as buying its intellectual rights) involving its network of partners. Walter, Auer, and Ritter (2006) define network capability as the company's ability to develop and utilize relationships between organizations to gain access to various resources owned by other actors. Tötterman and Sten (2005) divide the network into two categories, namely external and internal.

Battistella et al. (2017) highlight the importance of network capability as the ability to manage the interrelationships between the company's external and internal relationships due to their limited resources. According to Lyons (2000), an internal network in it can help companies build social capital as a gathering place for resources. In comparison, the external network is important for building social capital because it can connect the client's tenants with other service providers and other companies with the aim of cooperation (Lyons, 2000). Network capability refers to coordination between individuals and groups, internal communication of external knowledge, relational skills to deal with diverse individuals, and knowledge of corporate partners (Cenamor et al., 2019). Therefore, network capability represents the main capability in digital-based companies. Digital platform capability can improve various aspects of network capability: on the digital platform capability, it is necessary to develop an architectural view that defines the basic rules and elements that govern the management relationship between the company's internal and external companies (Cenamor et al., 2017).

In addition, digital platforms can not only create new business models but also can provide a network effect that is useful for companies in creating their competitive advantages (Van Alstyne, Parker, and Chondary, 2016). In short, the argument shows that digital platforms can increase network capabilities. The argument leads to the following hypothesis:

H3: Digital platform capability has a positive effect on network capability

2.5 Network capability, ambidexterity, and startup performance

A recurring theme in the organizational literature is that successful organizations in dynamic environments are ambidextrous organizations, where they are aligned and efficient in the present but are able to adapt to changes in the future (Tushman & O'Reilly, 1996). The long-term success of the company depends on the company's own capability to exploit its capabilities while simultaneously exploring fundamentally new competencies, products, and technologies in the market (March & Levinthal, 1993). The right balance between exploration and exploitation is necessary for firms to be competitive and innovative in the market (Tushman & O'Reilly, 1996).
Research on ambidexterity broadly has two different concepts, namely exploitation orientation and exploration orientation (Acosta et al., 2018; Junni et al., 2013). Cenamor et al. (2019) said that exploitation orientation only focuses on current internal knowledge, current abilities, and decision-making to maximize profits from existing businesses which are generally associated with reliable income, high control, high efficiency, and short-term success. Meanwhile, exploration orientation focuses on learning new knowledge, discovering new abilities, and investigating new ways of doing business which is generally associated with uncertain outcomes, high autonomy, and long-term outcomes (Cenamor, Parida, and Wincent, 2019).

Solis-Molina et al. (2018) stated that ambidexterity might be an ineffective goal given the limited resources; it would be better if the company focused on exploitation or exploration only (Cenamor et al., 2019). Exploration and exploration require very different structures, processes, strategies, capabilities, and cultures so that they have different impacts on firm adaptation (company adaptation) and firm performance (corporate performance) (He an

Wong, 2004). Because of this, this study wants to examine the two orientations separately through how exploitation orientation and exploration orientation have different effects on startup performance through network capability.

Exploitation orientation can lead startups to focus on using increased network capabilities due to digital platforms to pursue efficiency (Cenamor et al., 2019). This is done by emphasizing the importance of integration

features on digital platforms. Startup entrepreneurs can use digital platforms to combine relationships by formalizing social interactions and paying extra attention to existing external and internal teams (Cenamor et al., 2019). Formal socialization allows procedures to be more structured, and knowledge sharing and communication are also smoother (Xu, Cui, Qualls, and Zhang, 2017). Moreover, the purpose of exploitation is to respond to current environmental conditions by adapting existing technology and meeting the needs of existing customers (Harry and Schroeder, 2000). Exploitation involves learning from a top-down process, in which senior managers move to institutionalize those routines and behaviors that are best suited to perfecting current competencies (Lubatkin et al., 2006). Exploitation orientation can lead startups to focus on using increased network capabilities due to digital platforms to pursue efficiency (Cenamor et al., 2019)

On the other hand, exploration orientation can lead to startup performance to focus on using increased network capabilities due to an increase in digital platforms to pursue innovation in a few ways. Startups with an exploration orientation emphasize the importance of reconfiguring the features offered by digital platforms (Cenamor et al., 2019). Li et al. (2017) said that in this case, startup entrepreneurs could use digital platforms to interact by focusing on informal interactions, creating new relationships, and paying extra attention to discovering new knowledge. Informal socialization ease more diverse knowledge and more voluntary communication and thus creates more new outcomes (Xu et al., 2017). This heterogeneous access to a new perception and new ideas underpins the evolution of value propositions and is critical to startup performance (Pati et al., 2018). In summary, from the arguments described above, exploitation orientation and exploration orientation have a good influence on the relationship between network capability and startup performance. Thus, the hypothesis leads to:

H4: Exploitation orientation positively moderates the effect of network capability on startup performance
H5: Exploration orientation positively moderates the effect of network capability on startup performance

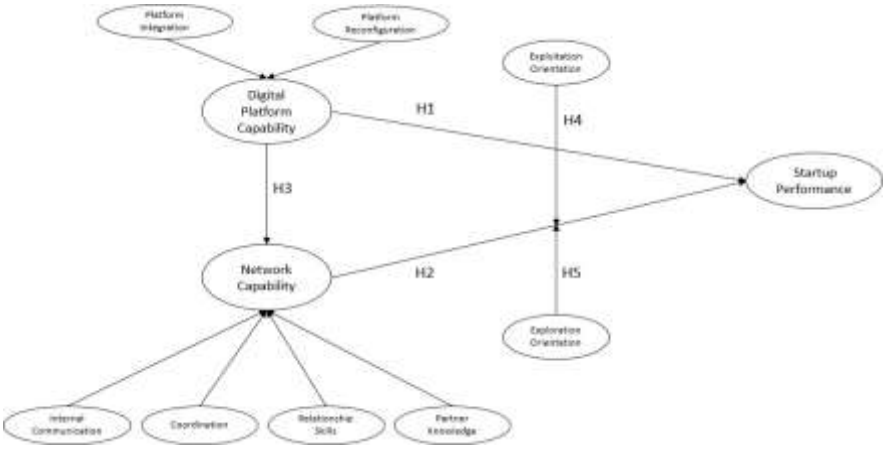

Figure 1. Research Model

3. Research Method

The population in this study is a collection of digital startups which engages in the service sector in Indonesia. www.startupranking.com said the number of startups in Indonesia reached 2,074 companies and increased until 2021 to 2,224 companies. However, the research does not specify the number of digital startup population in the region and period. The type of sampling used in this study is the non-probability sampling technique which means that each member of the population does not have the same opportunity to be selected as a sample (Sekaran, 2010). This research uses the purposive sampling method. Namely, sampling can be based on special selection or certain criteria used as informants that the researcher has determined.

The sample of the respondent in this research consist of the founder, co-founder, top management, and c-level or business strategy developers (business strategists) at a startup company in the service sector. The method of analysis in this study uses Structural Equation Modeling (SEM) analysis. SEM analysis aims to

confirm the research model based on empirical data. The aim is to test the hypothesis of the relationship between the research variables. The evaluation of the SEM model is divided into the evaluation of the measurement model and the structural model. The measurement model describes the goodness of the relationship between their measuring items and their variables, while the structural model describes the influence between variables.

The research model is second order, i.e., variables are measured by a number of dimensions, and dimensions are measured by a number of indicators. Therefore, the evaluation of the measurement model is carried out on the relationship between dimensions and measurement items (first order) and evaluation between variables and their dimensions (second order). This study examines three variables and six dimensions with an overall of 41 indicators which consist of eight indicators of digital platform capability (Cenamor et al., 2019), 19 indicators of network capability (Cenamor et al., 2019; Acosta et al., 2010), eight indicators of ambidexterity (Cenamor et al., 2019) and six indicators of startup performance (Guo et al., 2019) This study succeeded in collecting 124 empirical data.

Table 1 describes that most of the businesess are fintech and located at Jakarta with a prolonged business activity 1 -5 years. Most of the small business has 11-50 employees (50.8%). Meanwhile, 37.9% of the respondents are founder or co-founder and mot of the respondent are male, and 19.4% are female. Furthermore, 68.5% of the respondents' educational background is bachelor degree and 48.3% respondents have an age 31-40 years old.

Table 1. Business Characteristic and Respondent Profile

Business Characteristic	**Category**	**Frequency**	**Percentage**
Region	Jakarta	89	71.7%
	Bogor	2	1.6%
	Depok	3	2.4%
	Tangerang	5	4%
	Bekasi	4	3.2%
	Bandung	3	2.4%
	Yogyakarta	6	4.8%
	Surabaya	4	3.2%
	Malang	3	2.4%
	Solo	1	0.8%
	Samarinda	1	0.8%
	Pekanbaru	1	0.8%
	Medan	2	1.6%
Length of Business Activity	<1 years	10	8%
	1-5 years	80	64.5%
	6-10 years	34	27.4%
Number of Employee	<10person	22	17.7%
	11-50 person	63	50.8%
	51-100 person	2	1.6%
	> 100 person	37	29.8%
Type of Business	Fintech	36	29%
	Advertising	10	8%
	Ride-hailing	18	14.5%
	Edtech	21	19.9%
	Helathtech	12	9.6%
	Others	27	21.7%

Respondent Profile	**Category**	**Frequency**	**Percentage**
Role in organization	*Founder / Co-founder*	47	37.9%
	CEO *(Chief Executive Officer)*	26	20.9%
	CTO *(Chief Technology Officer)*	11	8.8%
	COO *(Chief Operation Officer)*	14	11.2%
	CFO *(Chief Financial Officer)*	5	4%
	CMO *(Chief Marketing Officer)*	6	4.8%
	CPO *(Chief Production Officer*	1	0.8%
	CBO *(Chief Business Officer)*	1	0.8%
	CSO *(Chief Strategy Officer)*	1	0.8%
	Business Development / Strategist Manager	12	9.6%

Gender	Male	100	80.6%
	Female	24	19.4%
Educational Background	Bachelor Degree	85	68.5%
	Master Degree	35	28.2%
	Doctoral Degree	1	0.8%
Age	<30 years	57	45.9%
	31-40 years	60	48.3%
	41-50 years	7	5.6%
	>50 years	0	0%

Sources: Authors (2022)

4. Result and Discussion

4.1 Result

This chapter includes a description of the results of data collection obtained through questionnaires and data analysis of respondents' answers to statements and questions in the questionnaire. This chapter also consists of a descriptive analysis that looks at the general description of the respondent or the respondent's profile and a Structural Equation Modeling (SEM) analysis with a PLS approach to test the research hypothesis.

In addition, this chapter describes a discussion of each analysis result, provides a review of the research results and a review of how the results of this study were compared with the results of previous studies at different times and places, as well as a review of the reasons that support or contradict the results of previous studies. At different times and places. The discussion also describes how the ideal conditions or improvements can be made by the companies to increase the expected results based on the existing literature.

In this study, the results of the evaluation of the structural model are a test of research hypotheses. If the path coefficient has T-statistics above 1.96, then the relationship between variables has a significant influence.

Table 2. Hypothesis Test

	Hypothesi	**Origina Sample**	**T-statistic > 1.96**	**P Value 0.05**
H1	Digital platform capability → Startup Performance	0.172	2.254	0.025
H2	Network capability → Startup Performance	0.258	2.448	0.015
H3	Digital platform capability → Network capability	0.765	10,297	0.000
H4	Exploitation orientation* Network capability → Startup Performance	0.500	4,533	0.000
H5	Exploration orientation* Network capability → Startup Performance	0.065	0,826	0.216

Source: SmartPLS2 Output 2022 (authors)

From the table above, it can be seen the path coefficient value of the relationship between digital platform capability, network capability, startup performance, and its moderating variables, namely exploitation orientation, and exploration orientation. The original sample value in the table above shows the strength of the relationship between digital platform capability and network capability and startup performance, the relationship between network capability and startup performance, and the relationship between the moderating variables,

namely exploitation orientation and exploration orientation between network capability and startup performance. There is one out of the five original sample values which have a negative value, namely H4. That means that the strength of the relationship between the moderating variable of exploitation orientation and startup performance is negative.

4.2 Discussion

The first hypothesis shows that the t-statistic value of digital platform capability on startup performance is 2.254, and the p-value is 0.025. The t-statistic value is greater than 1.96, and the p-value is smaller than 0.05; the effect of digital platform capability on startup performance also has a strong influence; this is evidenced by the R2 value of digital platform capability is 0.830. So it can be said that digital platform capability has a significant positive effect on startup performance, and the hypothesis can be accepted. In this study, it has been empirically proven that digital platform capability is able to boost performance in companies, especially in the context of startup companies. The results of this study strengthen the research conducted by Jun et al. (2021), which states that digital platform capability has an effect on company performance. To achieve company performance in the business era of the digital economy, dynamic capabilities are needed, and among all these capabilities, the most important is digital platform capability (Rai and Tang, 2010). Other researchers such as Van Alstyne, Parker, and Choudary (2016) also stated that the company's digital platform capability could shape a business model and can improve company performance.

The role of digital platform capability is crucial because it represents the ability to deploy ICT-based resources in combination with external and internal organizations (Mikalef and Pateli, 2017). Therefore, the establishment of digital platform capability must also be supported by IT capabilities and qualified resources so that the created platform can continue to be developed in accordance with the development of digital technology. Experts have recognized that resources and capabilities are needed to compete effectively in today's digital era (Vial, 2019). With this development, startups can easily expand their market because the digital platform that was created is used as a forum to facilitate the exchange of information between partners and with users directly, speed up services, make it easier to transfer data and make it easier for users to provide feedback to improve services for businesses. According to Blaschke et al. (2018), digital platform capability is the company's ability to make connections with other companies using online platforms. Digital platform capability also offers valuable exchanges between network user participants without the marginal cost of improving performance (Helfat and Raubitschek, 2018). Therefore, a successful digital transformation leads to sustainable performance (Vial, 2019). and make it easier for users to provide feedback for service improvements to the business.

The second hypothesis shows that the t-statistic value of network capability on startup performance is 2,448, which is greater than 1.96, and a p-value of 0.015, which is smaller than 0.05. This value indicates that the hypothesis of the effect of network capability on startup performance has a significant positive effect so that the hypothesis can be accepted. This hypothesis supports research from Cenamor et al. (2019), which states that network capability affects startup performance. Battistella et al. (2017) said that network capability is a part of dynamic capability that creates interdependence both inside and outside the organization. Research shows that network capability enables companies to gain access to disparate resources, find opportunities and respond to rapidly changing market needs (Acosta, Crespo, and Agudo, 2018).

The role of network capability is important because startups have limited capital and resources. Due to their limited size, startups rely on external relationships to cope with existing obligations within their organizations (Zacca et al., 2015). Good management of internal and external information flows can stimulate knowledge sharing, reduce costs, speed innovation, gain reputation and identify opportunities that can improve company performance (Lin and Lin, 2016). Network capability at a startup is used by the company internally and externally to share knowledge. Therefore, improved internal and external communication allows companies to optimize knowledge distribution by speeding up the decision-making process. In addition, because of the network capability, it can build network attachments that facilitate the exchange of information to reduce marginal costs. Moreover, companies can profit from the scalability offered by network capabilities.

Furthermore, by adopting this network capability, the company receives a more transparent monitoring mechanism, thereby fostering trust among partners. This is very much needed by startups because usually, these companies face information asymmetry with partners who are bigger than their companies. Thus, the enhanced network capability can increase efficiency as well because of a more trusted interaction. In addition, efficient management of external and internal information flows can facilitate the discovery of opportunities and accelerate the innovation process (Shu et al., 2018).

Hypothesis three (H3) shows a p-value of 0.000 where the value is smaller than 0.05, and the t-statistic value is 10.297, where the value is greater than 1.96. This value states that the digital platform capability

hypothesis has a significant positive effect on network capability so that the hypothesis is supported by data and can be accepted. The findings of the research results are in line with the research conducted by Cenamor et al. (2019), where according to the study, digital platform capability has a significant effect on network capability in the context of small and medium enterprises in Sweden. In this study, it has been empirically proven that the influence of digital platform capability on network capability can also be proven in the context of startups in Indonesia.

Currently, the digitalization process is being carried out by countries around the world, including Indonesia. Although it was difficult at first, digitalization is now a strategic management issue that has an impact on the core of meeting customer needs. With the spread of digital platforms, the focus on value creation has shifted from traditional systems to interconnected network systems. Companies, especially startups with limited resources, are increasingly basing their source of value on information and relationship flows between units within the internal such as organization and external or between partners. Because of this, startup companies in Indonesia highlight the importance of network capability as the ability to manage information both internally and externally. Especially network capability refers to the coordination between individuals and groups who share a common structure, internal communication from external knowledge, relational skills to deal with diverse individuals, and partner knowledge (Cenamor et al., 2019). In short, network capability represents the main capability in a digital-based company like the startups.

Digital platform capability can improve the perspectives of network capability in a few ways, such as digital platform capability requires the development of a display in their digital platform to define the elements and basic rules that govern management inside and outside the company. Li et al. (2017) said that recent research has shown that architectural displays on digital platforms have a significant impact on how external resources and internal resources interact with each other. On the other hand, platform integration can also provide internal communication and coordination. In this case, it can be said that digital platforms facilitate internal communication and coordination of company resources, capabilities, and activities. Good digital platform governance can provide guidance for dealing with communication issues and potential conflicts with partners. In short, digital platform capability allows startups to improve their ability to communicate with external partners, so the argument shows that digital platform capability can improve network capability.

The fourth hypothesis shows a p-value of 0.000 and a t-statistic of 4.533 which means the p-value is smaller than 0.05, and the t-statistic value is greater than 1.96 so that the exploitation orientation hypothesis positively moderates the effect of network capability on startup performance supported by data. The findings of this study are in line with research conducted by Voss and Voss (2013) and He and Wong (2004), which state that exploitation has a positive effect on performance. On the one hand, exploitation orientation currently focuses on capabilities, internal knowledge, and mature decision-making to maximize the return from extant businesses (Cenamor, 2019). Exploitation is usually associated with revenue, efficiency, high control, and limited success.

Cenamor (2019) said that exploitation orientation could direct startups to focus on using network capabilities that are enhanced by digital platforms to pursue efficiency in several ways; namely, startups with exploitation orientation emphasize the importance of combination features offered by digital platforms. Startups can use digital platforms to combine their relationships by formalizing social information and paying extra attention to existing external and internal teams. With this creation, it can accelerate the flow of information so that it accelerates performance that generates profits for the company.

The fifth hypothesis shows that the p-value is 0.216, where the value is greater than 0.05 and has a t-statistic value of 0.826, where the value is smaller than 1.96, which means that the exploitation orientation hypothesis positively moderates the effect of network capability on startup performance is not supported by data. These findings are not in line with the findings from Cenamor et al. (2019), which state that exploitation orientation positively moderates the effect of network capability on startup performance. Because according to Cenamor et al. (2019), exploration orientation can direct startup companies to focus on using network capability to chase innovation. For example, startups with an exploration orientation emphasize the essential of reconfiguring the aspects offered by digital platforms. Li et al. (2017) said in this case; startups can use their digital platforms to manage communications by focusing on informal communication, creating new relationships, and paying extra attention to discovering new knowledge. However, the effect of the moderating variable on exploitation orientation in this study was not proven. Some researchers also argue that pursuing ambidexterity is not a guarantee for improving company performance (Ghemawat and Costa, 1993), given the difficulty of striking the right balance between exploitation orientation and exploration orientation (March 1991). In the context of startups pursuing an exploration orientation, they must be proficient and proactive in responding to environmental changes by seeking revolutionary innovations; if companies do so, it could have a positive impact on company performance (Lubatkin et al., 2006). However, such an initiative also entails some

accompanying risks because the benefits of such a revolutionary innovation are difficult to estimate before further research and may take a long time to realize (Lubatkin et al., 2006).

In addition, if startups continue to realize their exploration orientation, they will incur high costs both in terms of research and potential losses from previous innovations. Wenke, Zapkau, and Schwens (2021) argue that exploration of ambidexterity results in lower performance in small and medium enterprises because focusing on exploitation requires very high costs. This makes startups vulnerable to bigger competitors. As stated by Levinthal and March (1993) that a company engaged exclusively in exploratory orientation will usually suffer from the fact that they do not get a return on knowledge as much as what they have expended.

5. Conclusion and Implications

5.1 Conclusion

This study aims to empirically examine the direct effect of digital platform capability on startup performance and the indirect effect of digital platform capability, which is influenced by network capability and moderated by ambidexterity on startup performance. Respondents in the study consisted of top management (c-levels) and business development or strategic managers at 124 service sector startups in Indonesia. The results of this study indicate that digital platform capability can directly improve startup performance. Digital platform capability improves startup performance through integration and reconfiguration between companies and partners.

Furthermore, the influence of digital platform capability is influenced by network capability on startup performance, where network capability can assist the development of digital platforms in two ways, namely by utilizing their internal network and expanding their external network. Utilizing the internal network can be done by means of good communication between managers and employees (internal communication). Meanwhile, expanding the external network can be done by means of good coordination between the company and partners (coordination), building good relationships with partners (relationship skills), and having good knowledge of partners (partner knowledge).

Ambidexterity as a moderator in the relationship between network capability and startup performance shows statistically different results between exploitation orientation and exploration orientation. Many researchers argue that research on ambidexterity is indeed contradictory because there is often a difference between exploitation orientation and exploration orientation. This study shows that exploitation orientation positively moderates the effect of network capability on startup performance. This is because exploitation orientation can respond to current environmental conditions by adapting existing technology to meet market needs.

On the other hand, in this study, it was found that the effect of moderating exploration orientation between network capability on startup performance was not significant. This is due to the limited resources available at startups, making it difficult to pursue an exploration orientation that is required to always be innovative and revolutionary.

However, with these demands there are several risks that follow because the benefits of these innovations are difficult to estimate without further research. This risk is certainly burdensome for startups that have limited human and financial resources to conduct in-depth research.

5.2 Implications

As for managers who will implement the benefits of this research in their companies, the researcher suggests that digital platform capability is an important factor that must be implemented in startups that can affect performance, especially in the digital era. Currently, all individuals and organizations really need easy and instant services, so digital platforms can be a solution to facilitate integration between companies and existing markets and facilitate market expansion. The existence of a digital platform can also be used to collect information about the needs and desires of consumers. The flow of information can also be used to identify opportunities that will come in the future so that they can create new innovations to improve the quality of products and services.

Second, network capability also plays an important role in managing both internal and external resources so that the existing digital platform can be used as much as possible for the sake of creating benefits for the company. The role of the manager in this case is very important for the creation of good internal communication between employees and top management. Good internal communication is a way to create a group with effective performance because each individual needs an understanding related to the goals that will be carried out by the company in the future.

Third, every company needs what is called ambidexterity which consists of exploitation orientation and exploration orientation. However, these two things are something different, both in structure and resources. In fact, many companies pursue ambidexterity but fail in the process because achieving this success requires a

balance between the two orientations using limited resources. Because some startups cannot focus on this orientation, they must focus on only one orientation. The two orientations also produce different effects on company performance. Exploitation orientation can focus startups on the use of increased network capabilities due to the existence of digital platforms to pursue efficiency by integrating knowledge and social interaction relationships with existing internal and external. Due to the small number of available resources in startups, the integration of this knowledge can be done more quickly. With this, in a short time, all levels of employees can find out what the company is pursuing and what the company's goals are. With this, all levels of management know their duties and work together to pursue company targets to achieve profits. Due to the small number of available resources in startups, the integration of this knowledge can be done more quickly. With this, in a short time, all levels of employees can find out what the company is pursuing and what the company's goals are. With this, all levels of management know their duties and work together to pursue company targets to achieve profits. Due to the small number of available resources in startups, the integration of this knowledge can be done more quickly. With this, in a short time, all levels of employees can find out what the company is pursuing and what the company's goals are. With this, all levels of management know their duties and work together to pursue company targets to achieve profits.

On the other hand, exploration orientation can lead startups to focus on increasing network capabilities due to digital platforms to pursue innovation. In this case, startups can use digital platforms to manage relations by focusing on informal communication, creating new relationships, and paying extra attention to discovering new knowledge. Such informal outreach ease more voluntary interactions, diversify knowledge, and produces a variety of new outcomes. This heterogeneous access to new perceptions and new ideas supports the development of a value proposition that is very critical to startup performance.

5.2 Future research and limitations

This study contains several limitations and offers a suggestion for future research: (i) the population of startup companies in Indonesia cannot be determined specifically because the data has not been found (ii) this research only focuses on startup companies in the service sector, it is possible to conduct research in other fields, for example in manufacturing, (iii) in-depth research can also be carried out in the context of multinational companies that use digital platforms where the company has adequate resources with the assumption that it can give different results, (iv) further research can use combined methods such as combining quantitative methods with qualitative methods through focus group discussions (FGD) and surveys to obtain more comprehensive research results, and lastly (v) further research can examine other capability variables that can mediate or influence the company's performance. This is because there are many other capability variables that can affect the company's performance.

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Appendices

Table 3. Fornell-Lackers

	CO	ER	ET	IC	PI	PK	PR	RS	SP
Coordination (CO)	0,740								
Exploration Orientation (ER)	0,713	0,772							
Exploitation Orientation (ET)	0,679	0,473	0,814						
Internal Communication (IC)	0,723	0,608	0,635	0,730					
Platform Integration (PI)	0,681	0,684	0,510	0,702	0.827				
Partner Knowledge (PK)	0,728	0,652	0,552	0,710	0.719	0.744			
Platform Reconfiguration (PR)	0,779	0,656	0,662	0,683	0.742	0.692	0.773		
Relational Skills (RS)	0,671	0,644	0,589	0,608	0.639	0,755	0.701	0.760	
Startup Performance (SP)	0,768	0,596	0,763	0,743	0,651	0.661	0.758	0.646	0.845

Source: SmartPLS3 Output 2022 (authors)

Table 4. Measurement Table

Construct & Items Wording		Load.	AVE	CA	CR
Digital Platform Capability					
Integration					
PI1	Our platform easily accesses data from our partners' IT systems	0.795	0.685	0.846	0.897
PI2	Our platform provides seamless connection between our partners'IT systems and our IT systems (e.g.,forecasting, production, manufacturing, shipment etc.)	0.873			
PI3	Our platform has the capability to exchange real-time information with our partners	0.845			
PI4	Our platform easily aggregates relevant information from our partners' databases (e.g., operating information, business customer performance, cost information etc.)	0.794			
Reconfiguration					
PR1	Our platform is easily adapted to include new partners	0.830	0.578	0.772	0.855
PR2	Our platform can be easily extended to accommodate new IT applications or functions	0.741			
PR3	Our platform employs standards that are accepted by most current and potential partners	0.826			
PR4	Our platform consists of modular software components, most of which can be reused in other business applications	0.683			
Network Capability					
Internal Communication					
IC1	In our company we have regular meetings for every project	0.628	0.533	0.776	0.849
IC2	In our company employees develop informal contacts among themselves	0.770			
IC3	In our company managers and employees often give feedback to each other	0.658			
IC4	In our organization, communication is regularly made through projects and subjects area	0.833			

IC5	In our organization, information is regularly exchanged in a spontaneous fashion	0.741			
Coordination					
CO1	In our company we analyze what we would like and desire to achieve with which partner	0.687	0.548	0.861	0.894
CO2	In our company we develop relations with each partner based on what they can contribute	0.782			
CO3	In our company we discuss regularly with our partners how we can support each other	0.700			
CO4	We adjust the use of resources (for example, staff, finance) for each relation	0.717			
CO5	We learn about the goals, capacities, and strategies of our partners	0.821			
CO6	We perform early evaluations of likely partners in order to plan for the building of relations	0.771			
CO7	We design coordinators whom will be responsible for the relation with our partners	0.695			
Relationship Skill					
RS1	In our company we have the ability to build good personal relationships with our business partners	0.709	0.578	0.756	0.845
RS2	In our company we can deal flexibly with our partners	0.807			
RS3	In our company we almost always solve problems constructively with our partners	0.727			
RS4	We are able to step on ours partner shoes	0.793			
Partner Knowledge					
PK1	In our company we know our partners' markets	0.732	0.554	0.728	0.831
PK2	In our company we know our partners' products / procedures / services	0.727			
PK3	In our company we know our partners' strengths and weaknesses	0.828			
PK4	We know the capabilities and strategies of our competitors	0.682			
Ambidexterity Capability					
Exploitation Orientation					
ET1	In order to stay competitive, our supply chain managers focus on reducing operational redundancies in our existing processes.	0.866	0.662	0.829	0.886
ET2	Leveraging of our current supply chain technologies is important to our firm's strategy.	0.770			
ET3	In order to stay competitive, our supply chain managers focus on improving our existing technologies.	0.689			
ET4	Our managers focus on developing stronger competencies in our existing supply chain processes	0.912			
Exploration Orientation					
ER1	We proactively pursue new supply chain solutions	0.749	0.595	0.774	0.855
ER2	We continually experiment to find new solutions that will improve our supply chain.	0.822			
ER3	In order to stay competitive, our supply chain managers focus on improving our existing technologies.	0.724			
ER4	We are constantly seeking novel approaches in order to solve supply chain problems	0.788			

Startup Performance					
SP1	Our business can be rapidly replicated with low cost across different markets	0.895	0.582	0.852	0.892
SP2	Our marginal cost reduces with the increase of the business scale	0.788			
SP3	Our users will grow exponentially in future	0.755			
SP4	Our business can be expanded by embracing upstream or downstream business	0.692			
SP5	Our user scale is larger than that of our competitors	0.649			
SP6	Our expected user scale will be the largest in the future	0.775			

Table 5. Path Coefficient (direct effect)

	Original Sample	T Statistics	P Values
Digital platform capability → Startup Performance	0.172	2.254	0,025
Network capability → Startup Performance	0.258	2.448	0.015
Digital platform capability → Network capability	0.765	10.297	0.000
Exploitation orientation* Network capability →	0.500	4.533	0.000
Exploration orientation* Network capability → Startup Performance	0.065	0.826	0.216

Source: SmartPLS3 Output 2022 (authors)