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The Effect of Dynamic Capability On New Established Company's Performance: Mediating Role of Entrepreneurial Creativity

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ABSTRACT

A firm performance resulting from dynamic capability empowerment maintains the survival of newly established companies and established companies amid intense competition and environmental changes. This study aimed to examine the effect of dynamic capability empowerment in newly established companies on a firm performance mediated by entrepreneurial creativity. Online survey data were collected from 143 newly established shipping agency companies in 22 Indonesian provinces as member of Indonesia shipping agency association. The data were analyzed using WarpPLS 7.0, and analysis unit was organization represented by managing director. The results showed that dynamic capability empowerment in newly established companies that emphasize learning capability affect a firm performance with a low significance. Furthermore, dynamic capability empowerment inicreases the firm performance when mediated by entrepreneurial creativity. This results indicate that newly established companies will achieve higher performance by empowering their dynamic capabilities that emphasize learning capability if it is followed an entrepreneurial creativity breakthrough. The increased performance helps the firm respon to tough competition and unpredictable dynamic environmental changes. The theoretical implication of this study is enriched empirical evidence in examining the relationship between dynamic capability and firm performance. The practical implication of this study is that when a newly established company that limited resources and limited access external resources improves its performance by empowering dynamic capability if it is followed an entrepreneurial creativity breakthrough. This study contributed a new empirical finding to the theory of dynamic capability in newly established companies as the previous studies with this focus are hard to find.

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1. Introduction

A successful company empowers its internal resources or dynamic capabilities well. The capabilities signify the company's ability to recognize and execute opportunities and configure resources in response to dynamic environmental changes (Teece et al, 1997). New and established companies similarly respond to unpredictable environmental changes and intense competition. A newly established company with limited resources in empowering its dynamic capability is not distinguished from an established company. However, established companies are relatively stronger in managing competition through their experience and reputation in the market. In comparison, new companies are weak compared to established ones due to limited resources. Furthermore, new companies have limited in legitimacy and reputation and limited to access external resources in the market competition (Larraneta et al, 2012). However, newly established companies are able to survive and escape a tough competitive situation when configuring and integrating resources by pioneering or initiating approach strategies (Cai et al, 2016). The pioneering or initiating approach is implemented by generating original idea, and new venture meaningfulness, which is known as entrepreneurial creativity. This is the company's efforts

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in generating original ideas through new, beneficial, and profitable new ventures (Amabile, 1997).

Many empirical studies have examined the relationship between dynamic capability empowerment and the achievement of firm performance in established companies which showed that dynamic capability significantly affect on firm performance. Meanwhile the empirical of relationship between dynamic capability and firm performance in new established company is hard to find.

New and established companies must make breakthroughs in dealing with intense competition. These breakthroughs can be in the form of creativity that generate original idea and new venture meaningfulness which is known entrepreneurial creativity breakthrough. Therefore, it is interesting to explore whether the dynamic capability empowerment of a newly established company followed by entrepreneurial creativity breakthrough improves company performance.

This study examines the empirical gap in the relationship between empowerment of dynamic capability and firm performance in a newly established company mediated by entrepreneurial creativity breakthrough. The findings would show how the performance is generated by empowering dynamic capability followed by creative breakthrough in entrepreneurial creativity.

This research is based on several previous empirical models examining the correlation between dynamic capability and entrepreneurial creativity mediation in a newly established company. The first part of this article is the introduction and research background. The second part describes the theoretical concept and the development of hypotheses between variables. The third part describes the framework and methods, the fourth part discusses test results, while the last part presents conclusions and suggestions.

This research model uses one independent or exogenous variable, Dynamic Capability (X1), and two dependent or endogenous variables, Entrepreneurial Creativity (Y1) and Firm Performance (Y2). Furthermore, the conceptual framework explains the effects of independent variables on the dependent variable. Referring to the literature review and various previous empirical results, this model is reconstructed as the relationship between the independent variable, Dynamic Capability (X1), and the dependent variables, Entrepreneurial Creativity (Y1) and Firm Performance (Y2) as follow : Dynamic Capability (X1) positively and significantly effect on Firm Performance (Y2) and Entrepreneurial Creativity (Y1). Moreover, Entrepreneurial Creativity (Y1) positively and significantly effect on Firm Performance (Y2). Entrepreneurial Creativity positively and significantly effect in mediating the relationship between Dynamic Capability (X1) and Firm Performance (Y2).

2. Theory

The firm dynamic capability is refer to dynamic capabilities theory which defined as a firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece et al, 1997). The empowering of a firm dynamic capability aims to achieve performance useful in maintaining the company's survival. Several empirical studies showed that dynamic capability significantly affect firm performance (Kuo et al, 2017; Zhou et al, 2019; Hernandez-Linares et al, 2021). The empirical studies conducted direct and indirect influence examinations. The direct influence examination was conducted by Hernandez-Linares, et al (2021), which showed that not all dimensions of dynamic capability significantly affect firm performance. In contrast, the indirect effect examination showed that dynamic capability significantly affect firm performance by several mediations. These include service capability mediation (Kuo et al, 2017), technological and market innovation mediation (Zhou et al, 2019), and creativity and innovation mediation (Ferreira et al, 2020). Additionally, Fainschmidt, et al (2019) showed that empowerment of dynamic capability in generating firm performance with an emphasis on second order level capability had a stronger effect or stronger relationship with firm performance compared to dynamic capability with first order level. Amid intense competition and unpredictable rapid environmental changes, established companies and new companies could successfully build dynamic capabilities. Established companies rely on their resources, experience, and reputation to empower their dynamic capabilities to achieve superior performance. They use sensing and learning capabilities to reconfigure and utilize resources to achieve superior performance. This study assumes that newly established companies are not different from established companies facing intense competition and unpredictable rapid environmental changes. Moreover, the newly established companies have the same demands and challenges in achieving firm performance. Therefore, empowering dynamic capabilities for newly established companies is useful in maintaining their survival and improving firm performance, resulting in the following hypothesis.

H1: Dynamic Capability positively and significantly effect on Firm Performance.

A company’s dynamic capability include its managers’ entrepreneurship, meaning their empowerment generates creativity (Teece, 2016). This entrepreneurial aspect generates original ideas and contains new venture meaningfulness (Kleinbaum & Stuart, 2014; Teece & Leih, 2016). Therefore, empowering a firm dynamic sensing and learning capability through entrepreneurship and resource utilization increases firm performance. Furthermore, the company achieves and maintains firm performance by reconfiguring its resources amid difficult and unpredictable environmental changes. The

management's entrepreneurial elements also increase firm performance.

Dynamic capability positively and significantly effect on creativity (Ferreira et al,2020). However, the effect of dynamic capability on entrepreneurial creativity requires further examination due to mostly previous empirical related with the examination of relationship between dynamic capability and creativity. The latest empirical examination of the relationship between dynamic capability and entrepreneurial creativity is still base on qualitative approach (Farago et al, 2019). This qualitative examination showed that dynamic sensing, learning and reconfiguring capabilities, and entrepreneurship simultaneously encourages and empower business creativity. Moreover, empowering dynamic sensing and learning capabilities significantly affect creativity in established companies. When the company manager has entrepreneurship qualities, empowering dynamic capabilities increases entrepreneurial creativity breakthrough. Similarly, this happens with newly established companies even with limited access to resources. Empowering dynamic capability in the presence of entrepreneurship elements generates entrepreneurial creativity breakthrough. Therefore, through a quantitative method approach, the following hypothesis is built:

H2: Dynamic Capability positively and significantly effect on Entrepreneurial Creativity.

Companies facing intense competition require a breakthrough in creativity to develop original ideas and new venture meaningfulness. An established company with sufficient resources, experience, and a good reputation has no difficulty in generating entrepreneurial creativity breakthrough and increasing firm performance. Similarly, for newly established companies with limited resources, experience, and reputation, achieving entrepreneurial creativity breakthrough with original ideas and new venture meaningfulness increases firm performance.

The generation of original creative ideas and new venture meaningfulness positively and significantly effect on established company performance in small and medium scale companies (Samson & Umar, 2020). Furthermore, generating an entrepreneurial creativity breakthrough with original ideas and new venture meaningfulness increases firm performance in newly established companies. This helps them respond to tough competition and unpredictable rapid environmental changes. Therefore, the following hypothesis is built.

H3: Entrepreneurial Creativity positively and significantly effect on Firm Performance

Previous empirical examination showed that empowering the company's dynamic capability increases firm performance. In line with this, established companies with sufficient resources, experience, and reputation empower their sensing and learning capabilities to increase firm performance. Moreover, they empower their configuration capabilities to rearrange resources in response to tough competition and unpredictable environment changes to achieve and maintain performance. There is no difference between established and new companies in facing intense competition and unpredictable environmental changes. Therefore, newly established companies have the same opportunity to produce and generate entrepreneurial creativity breakthrough to increase firm performance.

Empowering dynamic capabilities complemented by entrepreneurial creativity breakthrough increase firm performance. Entrepreneurial creativity breakthroughs with original ideas and new venture meaningfulness are contributed and stimulated by the company's management. Creativity breakthrough increases firm performance (Ferreira et al, 2020). Moreover, dynamic capability positively and significantly effect on firm performance mediated by creativity. This also occurs in newly established companies by empowering dynamic capabilities followed by entrepreneurial creativity breakthrough, increasing firm performance. Therefore, the hypothesis built is as follows:

H4: Entrepreneurial Creativity positively and significantly effect in mediating the relationship between Dynamic Capability and Firm Performance

3. Research Method

This study is explanatory research that uses a quantitative approach. It examines 220 companies licensed shipping agency company that are members of the Indonesian Shipping Agency Association in 22 provinces in Indonesia as of February 2020. Shipping Agency Companies engage in agency international and domestic ships in all Indonesian sea and river ports. This study was conducted from March to May 2020, using an organization as the analysis unit in which the company was represented by one of its leaders. The samples were determined using formula of Slovin and 5% of error tolerance level (Solimun et al, 2017). A total of 143 out of 220 companies were determined using the formula:

$$n = \frac{N}{1 + Ne2}$$

where N = total population
n = number of samples
e = error tolerance limit (5%)

The number of samples is the total of each sample which determined based on the total population in each province proportionally. The sampling technique was carried out by randomly drawing lots. The instrument of this research was a questionnaire circulated online to the target respondents using the google document. The respondents comprised company directors or general managers with knowledge and mastery of business management.

Operationalization of variables comprised one exogenous variable, Dynamic Capability, and two endogenous variables, Entrepreneurial Creativity and Firm Performance. The research construction uses a second-order depth level where indicators shown by items reflect each variable.

Dynamic Capability variable is reflected by three indicators, including sensing capability, learning capability, and reconfiguration capability. Also, each indicator consists of four items adapted from MacInerney-May (2012). The items reflecting sensing capability are capability to detect regulatory changes, anticipating new customer systems, identifying changes in authority organizations, and recognizing market growth. Furthermore, the items reflecting learning capability are capability to seize new systems, capability to update and adapt the port authority service system, and capability to obtaine business projects. The items reflecting reconfiguration capability are restructuring organizational structure, reengineering systems, reformulating external networks, and empowering company competencies.

The entrepreneurial Creativity variable is reflected by two indicators, including originality and meaningfulness of new venture. Each indicator consists of four items which adapted from Hills, et al (1997) and Puhakka (2005). The items reflecting originality are company is known as creative companies, company allocate its resources in creativity development , company build creative culture and to seize opportunities or threats as creativity sources reflect originality. The items reflecting new venture meaningfulness items are to introduce a new service solution idea, introdude a new business idea, introduce a new integrated service systems idea , and introduce a new service area idea.

Firm Performance variables are reflected by four indicators, including finance, customer, internal business process, and growth and learning. Similarly, each indicator consists of three items which adapted from Sigalas, et al (2015). The items reflecting finance are revenue growth in the last 3 (three) years, profit increasing in the last 3 (three) years, and maintain low operating costs in the last 3 (three) years, while the items reflecting customers are customer's contract base, customer with reliable financial performance, and execute new branches in the last 3 (three) years. Moreover, the items reflecting internal business processes are execute with new solutions, focus on efficient operations, and implement with reliable service systems. The items reflecting growth and learning are company has a sustainable competency development program, company has partnership service system, and company has superior human resources.

The questionnaire instrument was pre-tested to determine its suitability and reliability by distributing it to 30 companies. The analysis of pre-test responses using SPSS 18.0 software showed that 1 out of 32 items had a product-moment correlation below 0.3. Therefore, 1 item was excluded from the questionnaire instrument before being circulated to target respondents (Hair et al, 1990). Furthermore, the 31 items that met the validity were tested for reliability. The reliability test results that all 31 items had a Cronbach alpha coefficient value above 0.6, meaning that they were reliable (Hair et al, 1990). Therefore, 31 items met the validity and reliability and were useful for distributing to the selected target respondents. Descriptive and inferential statistical analysis was then conducted on the questionnaire results.

The descriptive analysis describes the frequency, central tendency, and dispersion (a measure of spread). Furthermore, absolute and percentage frequency analysis was performed to describe the respondent's profile and each variable's indicator or item.

The inferential statistical analysis tested the research model using SEM with the WarPLS series 7.0 software. It covered convergent and discriminant validity, reliability, the model test, the goodness of fit, and hypotheses testing. Moreover, the validity and reliability examination adapted from Hair, et al (2010) reconfirms the questionnaire pre-test results. Convergent validity is met when the loading factor > 0.6 and the probability value is less than 5% (0.05). Similarly, discriminant validity is fulfilled when the average variance extracted (AVE) value is greater than 0.5. Additionally, reliability is fulfilled when Cronbach's alpha coefficient is greater than 0.70, and the composite reliability coefficient is greater than 0.60.

4. Results

Respondents comprised newly established shipping agency companies whose descriptive analyses are described in Table 1. Based on company age, 57.3% of respondents were under three years, while 42.7% were aged between 3 and 5. Furthermore, based on the number of employees, 76.2% of companies have less than 25 employees, while 23.8% have more than 25 employees. Based on the number of branch offices, 74.1% of companies have less than three branch offices, while 25.9% have more than three branch units. The descriptive analysis results show that the respondent's profile is categorized as newly established companies. Moreover, business operation centers on the main office with few employees and a small area service coverage network.

Table 1. Description of Respondent Profiles of Shipping Agency Companies

Respondent Profile	Total (Company)	Percentage (%)
Firm's age		
< 3	82	57,3%
3 - 5	30	21,0%
> 5	31	21,7%
Total	143	100 %
Numbers of employee (person)		
< 25	109	76,2%
25-50	28	19,6%
> 50	6	4,2%

Total	143	100 %
Number of branches (unit)		
< 3	106	74,1%
3 - 6	19	13,3%
7 - 9	13	9,1%
> 9	5	3,5%
Total	143	100 %

Source : Data processed, 2020

The research variables were analyzed to interpret their meaning based on the distribution of frequency, percentage, and average respondent answers, as described in Table 2. The variable descriptions stated positive perceptions and high ratings of statements from the indicator items based on the variable descriptions. The descriptive analysis of the Dynamic Capability variable showed an average value of 5.04, categorized as high or good. The highest average value on the reconfiguring indicator is 5.09 which reflected by reformulating network and empowering competence items, while the lowest value on the sensing capability indicator is 5.01 which reflected by anticipate customer system and sense in market progress items.

Table 2. Mean, Loading Factor and AVE's Indicators and Variables

Variable	Mean	AVE	Indicator	Mean	L/F
Dynamic Capability (X_1)	5.04	0.870	Sensing Capability	5.01	0.858
			-detect of change	4.96	
			- anticipate cust system	5.05	
			- detect org change	5.00	
			- sense market progress	5.04	
			Learning capability	5.03	0.907
			-seizing external system	5.00	
			-adapt authority system	5.20	
			-obtain project business	4.90	
			Reconfigurating Cap.	5.09	0.844
			- restructure organization	5.03	
			- reenginering system	5.08	
			- reformulating network	5.16	
			- empower competence	5.15	
Entrepreneurial Creativity (Y_1)	5.01	0.951	Oryginality	5.15	0.951
			- known as creative coy	5.12	
			- alocate resource	5.10	
			- own culture creativity	5.17	
			- utilize opportunity	5.20	
			New venture	4.86	0.951
			- offer new system idea	5.12	
			- introduce new venture	5.10	
			- offer integrated service	5.17	
			- introduce new area	5.20	
Firm Performance (Y_2)	4.80	0.883	Return ofinance	4.62	0.843
			- revenue increasing	4.68	
			-profit increasing	4.60	
			- low operation cost	4.58	
			Customer	4.58	0.889
			- contract base customer	4.55	
			- reliable financial	4.75	
			- expand service area	4.45	
			Internal Business proc	4.97	0.906
			- new solution	4.93	
			- efficient in operation	4.92	
			- use reliable system	5.05	
			Growth and Learning	5.02	0.892
			- sustainable competence	4.99	
			- build partner system	4.90	
			- human resource super	5.18	

Source : Data processed , 2020

Meanwhile the highest item that reflects the three indicators is the adaptation of the service system to the port authorities. This item reflects the indicators of learning capability. Moreover, the most important of indicator on the Dynamic Capability variable is learning capability, with the highest loading factor value of 0.907 among the three indicators. This descriptive result implies that dynamic capability empowerment that emphasize learning capability is reflected by adjustment of port authority system. Based on these results, the respondents agree that shipping agency companies in empowering its dynamic capability emphasize learning capabilities in responding to intense competition and changes in the dynamic business environment.

The descriptive analysis of the Entrepreneurial Creativity variable showed an average value of 5.01, categorized as high or good. The highest average value on the originality indicator was 5.15 which reflected by utilize opportunity as creativity resource item, while the lowest was 4.86 on the new venture meaningfulness indicator which reflected by new area idea item. Furthermore, the most important of indicator on the Entrepreneurial Creativity is originality, with a loading factor value of 0.951. It has a higher average score than the new venture meaningfulness indicator. Therefore, respondents agree that to generate entrepreneurial creativity breakthrough, the shipping agency companies emphasize originality ideas compared to new venture meaningfulness.

The average value of the firm performance variable is 4.80, categorized as high or good. The highest average value is 5.02 found in the growth and learning indicators which reflected by superior human resource item, while the lowest is 4.58 found on the customer indicator which reflected by service area item . Additionally, the most important indicator of the firm performance variable is internal business process management effectiveness which reflected by using reliable system item . It has a loading factor value of 0.906 and an average score of 4.97. Therefore, respondents agree that shipping agency companies emphasize effective management of internal business processes by using reliable system to achieve firm performance.

Inferential statistical analysis using WarPLS software tested the outer and inner research model and obtained a complete path diagram analysis of the results, as described in Figure 1.

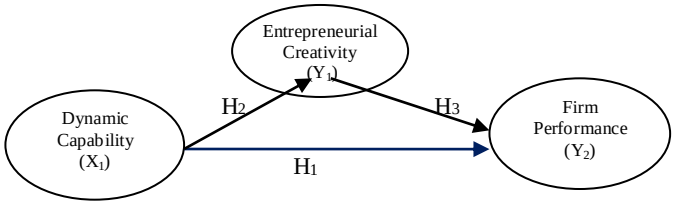


Figure 1. Path diagram of the result model

The outer model analysis examines its validity, reliability, and feasibility. In contrast, the inner model analysis examines the relationship between variables or tests the research hypothesis.

The convergent validity results as described in Table 2 show that each indicator has a loading factor value above 0.6. This means that the indicators meet requirements of convergent validity. Therefore, the indicators represent the variables and the items represent the indicators and their scores show a high correlation. Furthermore, the discriminant validity results as described in Table 2 show that each variable has an AVE value above 0.5. This means that the variables meet discriminant validity. Therefore, each variable predicts its indicators better than the other variables.

Table 3. Reliability and model test

Variable	*Cronbach Alpha*	*Composite reliability*	*R-squared*	*Q-squared*
Dinamic capabilities (X_1)	0,839	0,903	-	-
Entrepreneurial creativity (Y_1)	0,895	0,950	0,576	0,574
Firm's performance(Y_2)	0,905	0,934	0,684	0,685

Source : Data processed, 2020

The reliability results as described in Table 3 show that the three variables have composite reliability above 0.60 and Cronbach's alpha values above 0.70. Therefore, the three variables in the model were studied to meet the reliability requirements. This result is a reaffirmation of the reliability results in the instrument test.

The model feasibility was examined using the measurements R-squared and Q-squared to determine the proportion of endogenous variables that exogenous variables could explain. Additionally, the Q-squared measurement assessed the relevance of exogenous latent variables to endogenous variables. The examination results as described in Table 3 show that the R-squared value of the Entrepreneurial Creativity variable is 0.576, categorized as moderate. This means that 57.6% of the data on the Entrepreneurial Creativity variable is explained by the research model, while 42.4% is explained by other factors (Kock, 2020). Moreover, the R-squared value of the firm performance variable was 0.684, categorized as high. It means that the research model explains 68.4% of the data on the Firm Performance variable. The results also show that the Q-squared value of the Entrepreneurial Creativity and the Firm Performance variables were above 0.35. This is categorized as large, meaning that the greater Q-squared value is better or more fit with the data. The final assessment of the model's feasibility examined the goodness of fit or the relationship between variables. The results showed that all indicators of the goodness of fit met the requirements, as described in Table 4. Therefore, the research model met good goodness of fit.

Table 4. Goodness of Fit

No	Indicator	Fit Criteria	Result	Description
1	*Average path coefficient (APC)*	p < 0,05	APC = 0,349 p < 0,01	Good
2	*Average R-squared (ARS)*	p < 0,5	ARS =0,685 p < 0,001	Good
3	*Average block VIF (AVIF)*	*Accepted if <=5 ideally <=3,3*	AVIF = 3,284	Ideal
4	*Average full collinearity VIF (AFVIF)*	*Accepted if <=5 ideally <=3,3*	AFVIF = 3,985	Good

Source : Data processed , 2020

Table 5 shows that the four hypotheses showed a significant effect. The relationship between Dynamic Capability and Firm Performance is positive and significant with low effect, meaning that H1 is accepted. Based on this result, new shipping agency company in empowering its dynamic capability that emphasize learning capability significantly effect on firm performance achievement. Similarly, the effect of Dynamic Capability on Entrepreneurial Creativity is positively and significantly, meaning H2 is accepted. This result indicate that new shipping agency company in empowering its dynamic capability significantly effect on entrepreneurial creativity breakthrough Furthermore, the effect of Entrepreneurial Creativity on Firm Performance is positively and significantly, indicating that H3 is accepted. This result indicate that new shipping agency company in generating entrepreneurial creativity significantly effect on firm performance achievement. The role of the Entrepreneurial Creativity variable in mediating the relationship between Dynamic Capability and Firm Performance is positive and significant, meaning that H4 is accepted. Base on this result new shipping agency company in empowering its dynamic capability will increase firm performance if it is followed by entrepreneurial creativity breakthrough. Additionally, the role of Entrepreneurial Creativity in mediating the effect of Dynamic Capability on Firm Performance is partial mediation variable. This is because the direct influence of Dynamic Capabilities on Firm Performance was positive and significant.

Table 5. The results of testing the relationship between variables

Hypotesis	Variable relationship	Path Coefficients	Effect Sizes	ρ-value	Description
H1	$X_1 \rightarrow Y_2$	0,188	0,136	0,010**	H1 Accepted
H2	$X_1 \rightarrow Y_1$	0,728	0,530	< 0,001**	H2 Accepted
H3	$Y_1 \rightarrow Y_2$	0,302	0,236	< 0,001**	H3 Accepted
H4	$X_1 \rightarrow Y_1 \rightarrow Y_2$	0,594	0,503	< 0,001**	H4 Accepted

**)= significant at level 0,01 (1%)
Source : Data Processed, 2020

The analysis of the research model as a whole is to examine tehe effect of dynamic capability as the exogenous variables on firm performance as the endogenous variables by examining at the overall analysis of result model. Overall model test with indirect effect and total effect examination , the total effect value of the dynamic capability variable on firm performance variable as described in Table 6 showed that the path coefficient of total effect of 0.726 with a size effect of 0.527.

Table 6. Total effect path coefficient

Relation between variables: exogenous variable → endogenous variable	Path coefficient	p-value	Size effect	Remarks
Dynamic capability-Firm Performance	0,726	<0.001	0,527	Significant

Source : Data processed , 2020

It means that the absolute contribution of dynamic capability to the firm performance is 52.7%. The strength of the influence of dynamic capability on firm performance according to the model is 52.7%. Based on this examination result, it can be summarized that efforts to improve and increase firm performance of newly shipping agency companies must be carried out by optimally empowering dynamic capability that emphasize learning capability and entrepreneurial creativity breakthrouh.

5. Discussion and conclusion

The examination results on Hypothesis 1 showed an significant effect of dynamic capability on firm performance, with a path coefficient of 0.188 and p-value of 0.010 with low effect. This means that dynamic capability empowerment increases the firm performance by 18.8%. The empowerment dynamic capability that emphasize learning capability by the newly established shipping agency companies increase firm performance by 18.8%. The low dynamic capability empowerment effect 18.8% was due to the respondent's background as a newly established company with limited external resources and a lack of reputation. Therefore, empowerment efforts that emphasize learning capabilities with minimal experience and access to external resources were low significant in improving firm performance. Descriptive variable result showed that shipping agency companies in empowering its dynamic capability more oriented how to adapt the port authority system compared to strengthen capabilities that emphasize seizing new systems and gaining new market. It is becaused of lack of experience and reputation. The newly shipping agency company in responding tough competition and unpredictable environment changes has to reconfigure its resource by reformatting its external network and empowering its competence in maintain company's survival. These empirical results support Hernandez-Linares et al. (2021), which showed that not all dynamic capability dimensions significantly affect firm performance. Moreover, this empirical study showed that learning and integrating capabilities significantly affect performance achievement. However, sensing and coordinating capabilities do not affect performance achievement. These empirical results support and complement as empirical evidence in confirming the dynamic capability theory.

The examination results of Hypothesis 2 showed a significant effect of Dynamic Capability on Entrepreneurial Creativity, with a p-value <0.001 and a path coefficient of 0.728. The empowerment of learning capabilities increased the efforts to generate entrepreneurial creativity breakthroughs by 72.8%. The newly shipping agency company in empowering its dynamic capability that emphasize learning capability significantly effect on entrepreneurial creativity breakthrough. Empowering dynamic capability in the presence of entrepreneurship elements generates and encourages acceleration in generating entrepreneurial creativity breakthroughs. These results support Teece (2016), which showed that the company's dynamic capabilities contain an entrepreneurial element that encourages managers to make breakthroughs in creativity and innovation. However, these results differ from previous empirical examinations that used a qualitative approach. The only empirical study that used a quantitative approach to examine the relationship between dynamic capability and creativity was Ferreira, et al (2020).

The examination results of Hypothesized 3 showed a significant effect of Entrepreneurial Creativity on firm performance, with a p-value <0001 and a path coefficient of 0.302. This means that generating original ideas in newly established companies improved firm performance by 30.2%, categorized as low. Therefore, the newly established shipping agency companies with limited resources generated entrepreneurial creativity breakthroughs by emphasizing original ideas rather than new ventures meaningfulness, increasing performance by 30.2%. Shipping agency company in responding tough competition and unpredictable circumstances changes has to generate creativity breakthrough and generating original ideal than generating new venture meaningfulness due to limited resources and lack of experience. Meanwhile empirical study reported by Samson & Umar (2020) showed that generating breakthrough through novelty and new venture meaningfulness significantly influences the achievement of firm performance. Also, the result is in line with Madzar & Milohnic (2019), which stated that companies with creative management increase their profit and turnover. This result supports the concept that products and services designed with novelty and meaningfulness improve company performance (Andrews & Smith, 1996). This result contribute in complementing of empirical study in examinating the relationship between entrepreneurial creativity and firm performance.

The examination results of Hypothesis 4 showed an indirect, positive, and significant role of entrepreneurial creativity in mediating the effect of Dynamic Capability on firm performance, with a path coefficient of 0.594 and p-value < 0.001. This role was categorized as partial variable mediation. It means that when the

empowerment of dynamic capability for newly established companies is followed by entrepreneurial creativity breakthrough, it increases firm performance by 59.4%. The influence is greater with mediation than that without mediation, which is only 18.8%. Therefore, the newly established shipping agency companies make entrepreneurial creativity breakthrough by generating original ideas amid tough competition and unpredictable rapid environmental changes to increase firm performance. As the dependent variable in this study, firm performance is explained by the Dynamic Capability and Entrepreneurial Creativity of 68.4%.

Empowering dynamic capability to increase firm performance is the mediating role of competency development and unique resource management (Sirmon et al., 2007). These results on the role of entrepreneurial creativity in mediating the effect of dynamic capability on firm performance support Helfat & Martin (2015). The study stated that strategic entrepreneurial creativity and high innovation breakthrough empower dynamic managerial capabilities to impact performance achievement.

This study contributes theoretical implications to the dynamic capability theory of Teece, et al (1997). The results enrich and complement empirical evidence proving dynamic capability theory, especially related to newly established companies. Furthermore, this study support the concept of entrepreneurial creativity from Amabile (1997). Generating creative, original ideas containing new venture meaningfulness is useful in producing new products, modes, systems, and businesses. Base on this study especially related to newly established company, entrepreneurial creativity is more oriented in generating original idea than in generating new venture meaningfulness due to limited resources and lack of experience.

This study also provides practical implications for newly established companies in empowering resources to achieve performance. Newly established companies operating in tough competition and unpredictable rapid environment changes should empower dynamic capabilities accompanied by entrepreneurial creativity breakthroughs. Additionally, making breakthroughs in generating original creativity with new venture meaningfulness is part of continuously developing dynamic capabilities.

The limitations in understanding and the research object provide further research to examine the relationship of dynamic capabilities and firm performance in a newly established company. Some aspects that require further confirmation are the population size, the type of business, and the company.

A newly established company that limited resources and lack of experience in responding tough competition and environment changes has to empower its dynamic capability to maintain company survival. Based on the results, the empowerment of dynamic capability that emphasize learning capabilities positively and significantly effect on firm performance achievement with low effect due to limited resources and lack of experience. Empowerment of dynamic capability with emphasis on learning capability which is more oriented in adapting to changes in the business environment system than the oriented in strengthening internal capabilities caused the achievement of low performance.

Empowering dynamic capability of newly shipping agency company that emphasize learning capability positively and significantly effect on entrepreneurial creativity breakthrough. Empowering dynamic capability in the presence of entrepreneurship elements generates and accelerates in generating entrepreneurial creativity breakthroughs.

Entrepreneurial creativity that emphasize in generating original ide than generating new venture meaningfulness positively and significantly effect on firm performance achievement. Eventhouh limited resources and lack of experience, new shipping agency company in responding tough competition able to achieve increasing firm performance by generating and introducing entrepreneurial creativity.

Empowering dynamic capability that emphasize learning capabilities when it is accompanied by entrepreneurial creativity breakthrough will increase firm performance. Consequently, increased firm performance maintains the company's survival amid intense competition and changes in the dynamic business environment. These results are expected to help the newly established shipping agency companies respond to intense competition and dynamic environmental changes. A newly established shipping agency company with limited access to external resources and low legitimacy and reputation could perform through dynamic capability empowerment. However, this must be accompanied by entrepreneurial creativity breakthroughs.

This study was constructed using dynamic capability theories, but there were some limitations need to be explored in examining the relationship between entrepreneurial creativity and firm performance for other types of newly established company.

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