Business Success Review from Entrepreneur Orientation, Entrepreneur Competency, and Entrepreneur Leadership study on Small and Medium Enterprises (SMEs) in Mataram City

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ABSTRACT: Small and Medium Enterprises (SMEs) must have the capability and strategy to seize opportunities and renew the market. The business's success shows by being able to survive and be able to provide prosperity for entrepreneurs. This research examines business success in SMEs in Mataram City, which is associated with entrepreneurial orientation, entrepreneurial competence, and entrepreneurial leadership. The research sample takes from all SMEs in Mataram City, which has official permission from the government. Data collection was carried out by distributing questionnaires to SME leaders. The results show that entrepreneurial orientation, entrepreneurial competence, and entrepreneurial leadership can be aspects that can increase business success.

Keywords: Orientation, Competence, Leadership, Success, Entrepreneur

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INTRODUCTION

Indonesia’s Small and Medium Enterprises (SMEs) sector is currently grappling with several complex new challenges. It is mainly in the form of rapid technological developments and regional economic integration, which have shadowed them for years but have come into sharp focus with the inception of the ASEAN Economic Community (AEC). However, the Indonesian government is now more determined to encourage the growth of SMEs, from a position to turn challenges into attractive opportunities.

At present, Small and Medium Enterprises (SMEs) require dynamic capabilities and strategies that can capture opportunities and renew the market. Global business pressures and competition affect Small and Medium Enterprises (SMEs), such as globalization, technological advancements, demographic and social changes, the ability to innovate, financial support, and entrepreneurship. However, in reality, the current business environment demands are still difficult to fulfill for Small and Medium Enterprises Kuncoro dan Kristiaji (2006). More said that the development of Small and Medium Enterprises (SMEs) in Indonesia is still complicated to develop related to internal problems. The quality of human resources is still less skilled, the orientation of the business spirit is still low, technology and management capabilities are still low, and the lack of access to information. Several studies have shown that the attributes of leadership and entrepreneurial direction show a relationship with the business performance of SMEs (Mgeni, 2015). Small and Medium Enterprises (SMEs) have a role in encouraging economic development and absorbing labor in Indonesia. For example, in West Nusa Tenggara, Small and Medium Enterprises dominate economic activity with a proportion of around 99.17 percent with the employment of 1.3 million workers or 92.46 percent (BPS, 2016).

Entrepreneurial empowerment is directly related to life and welfare improvement for the development of the surrounding area by exploring the strategic potential of SMEs Machmud dan Sidharta (2016). In addition, the potential and role of entrepreneurship prove to withstand various economic crises. Therefore, the existence of dominant MSME actors is a vital subject of development, especially in the context of development, especially in expanding business opportunities for new entrepreneurs and absorbing labor that will reduce unemployment.

The West Nusa Tenggara industry until the beginning of 2019 was still mainly in the Small Business category. The indicator is that the number of employees working is still below 19 people and the investment is under Rp. 1 Billion. Businesses still use traditional techniques, so work productivity is still limited (www.suarantb.com).

The business's success showed by surviving by showing financial and non-financial proforma that can provide welfare for entrepreneurs. An entrepreneur plays an essential role in the organization that builds. The decisions and activities taken encourage the business to survive and be sustainable(Mitchelmore& Rowley, 2010a).

Much of the literature review the key to success for large and multi-national companies rather than small and medium-sized enterprise—an empirical study on owner-managed SMEs in the context of developing countries. Moreover, most are still rare and limited. Therefore, research on entrepreneurial orientation, entrepreneurial competence, and entrepreneurial leadership needs to investigate the relationship with business success in SMEs in Mataram City.
THEORETICAL REVIEW

Business Success is characterized by managed businesses that can survive by having creative, innovative and tough people. Business profit always moves to increase and is able to survive in the face of environmental changes (Soto-Acosta et al., 2016).

Entrepreneurial Orientation

Entrepreneurial orientation is a process in practice and decision-making that aims to obtain new inputs. Three aspects become the primary consideration in the decision-making process, namely risk, proactiveness, and innovation Lumpkin & Dess (1996). Dare to take risks is the willingness to sacrifice resources and have the courage to face challenges by utilizing business strategies even though the results obtained are full of uncertainty (Ng & Kee, 2017)

Proactive describes the desire of an entrepreneur to dominate the competition through aggressiveness. For example, introducing new products and services to create change and shape a new environment. Lastly, innovation is the creative involvement of entrepreneurs in conducting trials with new ideas that can produce new methods and products for current and future markets.

Entrepreneurial orientation is closely related to profit-making activities. Therefore, an entrepreneur who can take advantage of these opportunities can affect business performance (Wiklund, 1999) and the higher the entrepreneurial orientation, the higher the company's ability to achieve better business performance. Therefore, companies that are willing to take risks, are proactive, and have innovative capabilities tend to have better performance in business.

Entrepreneurial Competence

Entrepreneurial competence is the entire entrepreneurial attribute that includes attitudes, beliefs, knowledge, skills, abilities, personality, and behaviors directly to success (Spencer & Spencer, 1999). Finally, intellectual competence is intelligence in the form of knowledge, contextual understanding, relative and others that are stable when facing problems at work, which form by the synergy of character, self-concept, internal motivation, and contextual knowledge capacity. Emotional competence is the ability to control oneself and be relatively stable when facing work problems. Social competence is the character of attitudes and behavior to build cooperative nodes with other relatively stable people when facing work problems.

A study (Nwachukwu et al., 2017) also supports the competence of entrepreneurs in the company's performance in the face of competition. Sajilan and Tehsen (2015) suggest that entrepreneurial competence is essential for the survival and development of MSMEs in Malaysia.

Competence showed from the role of entrepreneurs, which function to see strategic opportunities and managerial positions by looking at organizational relationships and functional roles from a technical and personal perspective, encouraging the overall part of entrepreneurs to achieve MSE success from a financial and non-financial perspective. (Hooi, Ahmad, Amran, & Rahman, 2016).

Entrepreneurial competence also has indicators: (1) strategic: a way to achieve goals, (2) commitment: trying to run long-term goals, commitment to individual goals and going back to business when bankrupt, (3) concept: thinking intuitively and quickly when making decisions from various sides, (4) innovation and risk-taking, (5) opportunity: identifying, looking for ways and seeing business opportunities, (6)
organizing and leading: planning, organizing, leading, motivating, delegating and controlling, relationships: (7) building cooperation and networks, communication, (8) negotiation, (9) effective conflict management, (10) personal: individual qualities including self-confidence, self-awareness, motivation, persistence, positive thinking, and (11) technical: can use business-appropriate tools and equipment, mastering a variety of, related field expert (Hazlina et al., 2010)

From the literature reviewed above, entrepreneurial competencies are intellectual competence, emotional competence, and social competence associated with an entrepreneur.

**Entrepreneurial Leadership**

The development of the business environment is constantly changing rapidly, so that it is increasingly difficult to predict it. Therefore, entrepreneurs must have leadership behavior that is significantly different from the classical leadership approach that is usually carried out (Menges & Uitdewilligen, 2017).

Entrepreneurial Leadership is not a position given by superiors but a result of the process. An entrepreneur is a leader who takes responsibility by creating conditions that can manage, see problems and react creatively to changes in the external environment.

Entrepreneurial Leadership is the leadership behavior needed to run a business and provide effective results (Tarabishy et al., 2005). According to Derue et al. (2011), leader effectiveness refers to the influence on individual or group satisfaction and performance. Entrepreneurial Leadership can describe personal qualities and character. Entrepreneurial Leadership aligns leaders and Leadership with new market conditions who can face every challenge of globalization (McGrath and Macmillan, 2000).

**Small and Medium Enterprises (SMEs)**

The meaning of Micro Business is a productive business owned by people who meet the criteria. The definition of a Small Business is an effective business that stands alone. The meaning of Medium Business is an effective business that stands alone by individuals or business entities. Each other have the purpose of making a profit (UU No. 20 of 2018).

Particular criteria found for industries grouped under the following criteria: Micro-enterprises, with a workforce of 1-4 people, Small Businesses, with a crew: 5-19 people, Medium Enterprises, with a force of 20-99 people, and Large Enterprises with a workforce of 100 people. Furthermore, according to the 2016 BPS data, the category of business fields, and the second-largest economic activity in the Province of West Nusa Tenggara, is the processing business, and the type is the processing industry.
METHODOLOGY

Research Sample
The sample of this research is owners or entrepreneurs engaged in various businesses in Small and Medium Enterprises (SMEs) in Mataram City as many as 107 SMEs. The sample collection technique uses non-probability sampling by purposive sampling, namely the selection of samples based on specific characteristics that consider having something to do with population characteristics that have been known previously (Prof. Augusty Ferdinan, 2014).

The gender of the most significant respondents is female, namely 68%, while the male is 32%. It shows that there are more women entrepreneurs than men. Women entrepreneurs are engaged in all businesses and are indeed dominant in the food processing business. The most significant age of respondents is in the age range of 31 to 50 years, as much as 73%. This age does indicate a productive age and maturity in owning a business and managing it. At the same time, the age of more than 50 years is the least.

The education level of most respondents is Bachelor at 47%, and the lowest is private school as much as 2%. It illustrates that the level of education of business managers already has an educational background in tertiary institutions, where the second-highest number is a senior high school.

The respondents are limited to owners who have had a business for more than three years. In this study, the questions asked are entrepreneurs who have had a company for two years and over. The results showed a range of 2-5 years. The highest was 52%, while those who ran the business for more than ten years had the lowest, 9%. It shows the weight of the company being able to survive in running the business.

Wealth describes as assets used for daily business operations, apart from fixed assets, such as business and land. It turns out that almost all entrepreneurs (72%) have a fortune below 50 million, so they are categorized as small industries, while only 8% have a wealth of more than 50 million. The largest respondent's income is in the range below Rp. 50,000,000, by 82%, while the slightly 2% is above 200 million.

Data Collection
Data collection uses a survey design by giving questionnaires to entrepreneurs directly. Information data will be obtained directly from the field using a questionnaire filled out by the leaders or owners of SMEs in the City of Mataram. Documentation techniques carry out information sources via the internet, such as the Central Statistics Agency of West Nusa Tenggara, the Office of Industry, Trade, and Cooperatives of Mataram, and the Trade Office of West Nusa Tenggara.

Measurement
This study aims to determine the relationship between entrepreneurial orientation, entrepreneurial competence, and entrepreneurial leadership on the success of Small and Medium Enterprises (SMEs) in Mataram City.

The entrepreneurial orientation uses always innovative, act proactively and dare to take risks (Lumpkin and Dess, 1996) which is modified by Lukiaustuti (2012). Entrepreneurial competence Measures cooperation, responsibility, independence, confidence, integrity, negotiation, dynamic, communication, troubleshooting, seeking and analyzing information, developing social networks, results in orientation, self-control, change management, quality of work, and social mobility (Robles & Zárraga, 2015). Entrepreneurial leadership with a modification of indicators proposed by (Hejazi
et al., 2012) which consists of strategic factors, communication factors, personal factors and motivational factors.

Business success shown by the theory carried out by Islam et al. (2011), states that measuring business success includes survival, profit, return on investment, sales growth, number of workers, happiness, reputation.

RESULTS

Multiple Linear Regression Analysis

The technique for analyzing to test whether there is an influence between one variable and another, expressed in a mathematical equation used Multiple Linear Regression Analysis. In this study, there are four variables whose influence is to be known: Entrepreneurial Orientation, Entrepreneurial Competence, Entrepreneurial Leadership, and Business Success. The relationship of the three variables is as follows:

Table 1. Results of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.790</td>
<td>4.429</td>
<td>0.404</td>
</tr>
<tr>
<td></td>
<td>Entrepreneur Orientation</td>
<td>0.648</td>
<td>0.161</td>
<td>0.436</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial Competence</td>
<td>0.272</td>
<td>0.122</td>
<td>0.259</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial Leadership</td>
<td>0.339</td>
<td>0.120</td>
<td>0.211</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Success

Regression Equation:

\[ Y = 1.790 + 0.648 \times X1 + 0.272 \times X2 + 0.339 \times X3 + e \]

Where:

- \( a = \text{Constant} = 1.790 \)
- \( X1 = \text{Entrepreneur Orientation Variable} \)
- \( X2 = \text{Entrepreneurial Competence} \)
- \( X3 = \text{Entrepreneurial Leadership} \)
- \( e = \text{error} \)

The results of the influence of Entrepreneurial Orientation on Business Success

Based on the SPSS 'Coefficients' output table above, the significance value of the Entrepreneurial Orientation variable (X1) is 0.000. Because of the p-values of Sig. 0.00 < probability 0.05, it concludes that the first hypothesis is accepted. Therefore, it means a significant influence between the Entrepreneurial Orientation variable (X1) on Business Success (Y).

Then the results of the t-test above are known to be the t-count value of 4.020. Because the t arithmetic value is 4.020 > t table 0.677, it can interpret that there is an influence between the Entrepreneurial Orientation variable (X1) on Business Success.
Based on the significant value and the results of the t-test, it concludes that the Entrepreneurial Orientation variable (X1) has a substantial influence on Business Success (Y).

The results of the influence of Entrepreneurial Competence on Business Success

Based on the SPSS 'Coefficients' output above, the significance value (Sig) of the Entrepreneurial Competence (X2) variable is 0.028. Because of the p-values of Sig, 0.028 < 0.05 probability, it can conclude that the second hypothesis is accepted. It means a significant influence between Entrepreneurial Competence (X1) variables on Business Success (Y).

Then the results of the t-test above are known to have the t-count value of 2.227. Because the t arithmetic value is 2.227 > t table 0.677, it can interpret that there is an influence between the Entrepreneurial Competence variable (X2) on Business Success (Y). Therefore, based on the significant value and the results of the t-test, it can conclude that the Entrepreneurial Competence variable (X2) has a considerable influence on Business Success (Y).

The results of the influence of Entrepreneurial Leadership on Business Success

Based on the SPSS 'Coefficients' output table above, the significance value (Sig) of the Entrepreneurial Leadership variable (X3) is 0.006. Because of the p-values of Sig, 0.006 < probability 0.05, it can conclude that the third hypothesis is accepted. It means a significant influence between the Entrepreneurial Leadership variable (X3) on Business Success (Y).

Then the results of the t-test above are known to have the t-count value of 2.830. Because the t arithmetic value is 2.830 > t table 0.677, it can interpret that there is an influence between the Entrepreneurial Leadership variable (X3) on Business Success (Y). Therefore, based on the significant value and the results of the t-test, it can conclude that the Entrepreneurial Leadership variable (X3) has a substantial influence on Business Success (Y).

Coefficient of Determination

The results of the coefficient of determination between Entrepreneurial Orientation to Business Success can see in the following table:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>SEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.693a</td>
<td>0.480</td>
<td>0.475</td>
<td>6.435</td>
</tr>
</tbody>
</table>

The r-value of 0.693 shows the correlation of Entrepreneurial Orientation with Business Success. By considering the variation of Adjusted Value and R Square of 0.480, which offers the role or contribution of the Entrepreneurial Orientation variable to Business Success of 48.0% and the rest influenced by other variables not included in this study.
The results of the coefficient of determination between Entrepreneurial Competence and Business Success can see in the following table:

Table 3. Coefficient Determination of Entrepreneurial Competence

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>SEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.691</td>
<td>0.477</td>
<td>0.472</td>
<td>6.454</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurial Competence

The table above shows that the R-value of 0.691 indicates the correlation between Entrepreneurial Competence and Business Success. By considering the variation of Adjusted Value and R Square of 0.477, which shows the magnitude of the role or contribution of the Entrepreneurial Competence variable to Business Success of 47.7% and the rest influenced by other variables not included in this study.

The results of the coefficient of determination between Entrepreneurial Leadership and Business Success can see in the following table:

Table 4. Coefficient Determination of Entrepreneurial Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.433</td>
<td>0.188</td>
<td>0.179</td>
<td>8.044</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurial Leadership

The table above shows that the R-value of 0.433 indicates the correlation between Entrepreneurial Leadership and Business Success. By considering the variation of Adjusted Value and R Square of 0.188, which shows the role or contribution of the Entrepreneurial Leadership variable to Business Success of 18.8% and the rest influenced by other variables not included in this study.
DISCUSSION

Entrepreneurial competence is an essential factor in determining the success or failure of an organization. Sanchez (2012) examines the influence of entrepreneurial competence in Spain. The results show that entrepreneurial competence affects the company's performance either directly or indirectly. Furthermore, and strengthened by research by (Mitchelmore & Rowley, 2010b), entrepreneurial competence is a variable determining the success of SMEs. This research was carried out in 2019 and shows that entrepreneurial competence (entrepreneurial competence) significantly and positively affects the success of SMEs in West Nusa Tenggara Province (Nururly, Suryatni, & Ilhamuddin, 2020).

Research on the relationship of entrepreneurial competence to company performance (Sanchez, 2012), business growth and success (Colombo & Grilli, 2005), and entrepreneurial competence are variables that significantly affect the performance of SMEs (Barazandeh et al., 2015).

According to Pearce et al. (2010), entrepreneurial Orientation consists of taking risks, being innovative, proactive, autonomous, and competitive aggressive. Furthermore, several studies have shown that Orientation affects company performance (Lechner & Gudmundsson, 2014). Therefore, in supporting the strategy of an entrepreneur, it is necessary to have a vision that describes an entrepreneurial orientation. Therefore, this study added an independent variable of entrepreneurial Orientation.

Gupta et al. (2004) say that entrepreneurial leadership can foster a vision that moves organizational members to achieve the company's goals.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion
1. Entrepreneurial Orientation has a significant impact on the success of SMEs in Mataram City. Therefore, if the entrepreneurial Orientation is higher, business success will be more successful.
2. Entrepreneurial competence has a significant effect on the success of SMEs in Mataram City. It means that if the level of entrepreneurial competence is high, the success of the Mataram City SME business will be triumphant.
3. Entrepreneurial leadership has a significant effect on the success of SMEs in Mataram City. The more influential the entrepreneurial leadership, the more successful SMEs in Mataram City.

Recommendations
Entrepreneurial Orientation, entrepreneurial competence, and entrepreneurial leadership significantly affect the success of SME businesses in Mataram City. Therefore, it needs to be maintained and improved for further researchers to examine the factors that influence business success, such as social media, government support for SMEs, and training that strengthens SMEs in the city of Mataram.
FURTHER STUDY

This study only examines the city of Mataram part of the West Nusa Tenggara in Indonesia, so it needs to be studied in a wider area. The results of this study expect to be a reference for future researchers.

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