

THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION DIMENSIONS ON ORGANIZATIONAL BUSINESS PERFORMANCE TO SURVIVE POST PANDEMIC

Fransisca Desiana Pranatasari^{1*}, Maria Angela Diva Vilaningrum W²

Universitas Sanata Dharma
fr.desiana@gmail.com

ABSTRACT

The challenges of this post-pandemic era are still the concern of entrepreneurs. their ability to sustain their business is a matter of urgency. the performance of business organizations needs to achieve stability in order to be sustain. This research aims to determine the influence of proactiveness, risk-taking and innovativeness on organizational business. Population of this study is population is all MSMEs in Indonesia, but we we determined the sample criteria to limit the scope of this study. Technique sampling is purposive sampling. The criterias are MSMEs that were established before the pandemic and have survived until now, have minimal one employee, and business domicile in Indonesia. Instrument measurement with validity and reliable test. We used classical assumption test, multiple regression analysis, and coefficient of determination.. Proactiveness had a influence of organizational business performance partially, risk-taking didn't a influence of organizational business performance partially, innovativeness had a influence of organizational business performance partially. We suggest the business owners proactive in analyzing the situation that occurs and continue to explore the uniqueness according to consumer needs.

Keywords : Proactiveness, risk-taking, innovativeness, organizational business performance

INTRODUCTION

The Covid-19 outbreak first occurred in Wuhan City, Hubei, China on December 31, 2019. Slowly this outbreak spread throughout the world until finally the World Health Organization (WHO) on March 11, 2020 declared this citation a pandemic. Of course this has an impact or not in terms of health alone. Various sectors and business fields due to this pandemic, especially the economic sector. Changing conditions, new rules that have to be enforced sometimes create quite a detrimental situation for business people. Many business people even fail to survive in this situation.

Now, even though it has entered 2022, the challenges of this post-pandemic era are still the attention of entrepreneurs. Entrepreneurs can be said to have not fully recovered. Many aspects are still being adapted to the post-pandemic period. The situation of MSMEs during the pandemic from 2020 until now, that 30 million MSMEs went bankrupt, this information is

from the Kadin (Chamber of Commerce and Industry) from July 2020. The Bank Indonesia survey in March 2021, as many as 87.5% of MSMEs due to the pandemic and 93.3% of perpetrators The sector's businesses felt the impact of the decline in sales turnover. (<https://mediaindonesia.com>, accessed on 20 July 2022).

Their ability to sustain their business is a pressing issue which means that I shouldn't be lonely. The performance of business organizations needs to achieve stability in order to be sustainable (Mahmood and Hanafi; 2013). The performance in question is in the form of production, market, innovation and financial performance. Findings that the importance of sources of competitive advantage as a channel in improving the relationship between entrepreneurial orientation and the performance of women-owned SMEs. This relates well to the resource-based view (RBT) of the firm

which postulates that internal resources are linked to the firm's competitive advantage ((Mahmood and Hanafi., 2013; Hult et al., 2004; Wiklunda and Shepherd, 2005). does not depend on natural resources, technology or economies of scale, but on the valuable, rare and difficult to imitate resources that reside within the company. A company's ability to develop and utilize these resources can equip it with the tools needed to effectively direct the company (Mahmood and Hanafi., 2013; Hult et al, 2004; Wiklunda and Shepherd, 2005) This study aims to examine the influence of proactiveness, risk-taking and innovativeness on organizational business performance.

THEORETICAL BASIS

Dimensions of Entrepreneurial Orientation

Entrepreneurial orientation contributes significantly in developing organizational performance towards the success and success of business organizations (Mahmood and Hanafi, 2013). Wales, Gupta, & Mousa (2013) recognize that research on entrepreneurial orientation has made great strides in recent years. It is even more rapid and widespread. There are some inconsistencies in the results in the choice of variables and the specification of the model in explaining the entrepreneurial orientation. Previously, Covin and Wales (2012) explored the concept of entrepreneurial orientation (EO) having described and assessed the challenges and decision criteria associated with formative versus reflective measurement approaches. It said recommendations were offered regarding potentially appropriate formative and reflective measures of EO.

Entrepreneurial orientation refers to a strategic organization that is able to capture specific processes, practices, and activities that enable companies to create value by engaging in entrepreneurial endeavors (Wales et al, 2013). Its small size allows flexibility, direct feedback, short decision-

making chains, better understanding, and faster response to customer needs (Mahmood and Hanafi, 2013).

There are three characteristics in entrepreneurial orientation, namely proactiveness, risk-taking and innovation. Entrepreneurial orientation can also be said as a series of processes used by managers to stimulate innovation, risk taking, and be proactive (Lumpkin and Des 1996; Miller and Friesen 1982; Colton, Roth, & Bearden, 2010). Entrepreneurial orientation is generally labeled a construct that captures the processes underlying innovation, risk taking, and proactiveness) which is then described as the antecedent of market orientation (Hult and Ketchen, 2001; Colton, 2010). Proactive is pursuing opportunities and competitive competition in anticipating future demands to create change and shape the business environment (Lumpkin & Dess, 2001). Risk takers are companies that consciously devote resources to projects with high probability of return but which may also entail a high probability of failure (Mahmood and Hanafi., 2013; Hult et al, 2004; Wiklunda and Shepherd, 2005). Innovation is the company's ability and willingness to support creativity, new ideas and experiments that can produce new products/services (Lumpkin & Dess, 1996). The adoption of innovations is generally intended to contribute to the company's performance or effectiveness (Hult, et al, 2004).

Organizational Business Performance

The approach of Hult and Ketchen (2001), identifies certain capabilities that can contribute to creating valuable resources. Business performance is determined as the achievement of organizational goals related to profitability and sales growth and market share (Hult, et al, 2004).

The resource-based view or RBV is a grand theory that is used to (Wernerfelt, 1984) help explain how firms gain competitive advantage by channeling

resources into the development of new products, processes, and so on. Hult, et al, (2004), measure financial performance in a variety of ways, both in terms of earnings growth and an overall index of performance goals and the fast-moving environment (Colton, et al, (2010).

HYPOTHESES

Entrepreneurial orientation (EO) is an important contributor to a company's success (Mahmood and Hanafi., 2013; Hult et al, 2004; Wiklunda and Shepherd, 2005). Proactive is pursuing opportunities and competitive competition in anticipating future demands to create change and shape the business environment (Lumpkin & Dess, 2001). A positive relationship between entrepreneurial orientation and performance has been noted by a number of researchers (Mahmood and Hanafi., 2013; Hult et al., 2004; Wiklunda and Shepherd, 2005). The study also found a positive effect of EO on the growth of small companies (Mahmood and Hanafi., 2013). Based on this discussion, the following hypothesis is formulated:

H1: The influence of proactiveness on organizational business performance.

Efforts made consistently will result in good things in the future. Risk takers are companies that consciously devote resources to projects with high probability of return but which may also entail a high probability of failure (Mahmood and Hanafi., 2013; Hult et al, 2004; Wiklunda and Shepherd, 2005). However, risk taking is also commonly associated with entrepreneurial behavior and generally successful entrepreneurs are risk takers (Kuratko & Hodgetts, 2001). Studies have also found positive effects of EO on the growth of small firms (Mahmood and Hanafi., 2013; Hult et al, 2004; Wiklunda and Shepherd, 2005).

H2: The influence of risk-taking on organizational business performance.

Innovation is the company's ability and willingness to support creativity, new ideas and experiments that can produce new products/services (Lumpkin & Dess, 1996). A positive relationship between entrepreneurial orientation and performance has been noted by a number of researchers (Mahmood and Hanafi., 2013; Hult et al., 2004; Wiklunda and Shepherd, 2005). The study also found a positive effect of EO on the growth of small companies (Mahmood and Hanafi., 2013)

H3: The influence of innovativeness on organizational business performance.

METHOD

The research uses a quantitative approach with survey methods. The population of this study is all MSMEs in Indonesia, but we determine the sample criteria to limit the scope of this study. The sampling technique is purposive sampling. The criteria are MSMEs that were established before the pandemic and have survived until now, have at least one employee, and are domiciled in Indonesia. The research instrument was a questionnaire. Instrument measurement with validity and reliability test. The classical assumption test was carried out with normality, multicollinearity and heteroscedasticity tests.

- a. Normality test using Kolmogorov-Smirnov test. The rule used is if Sig. K-S test sig.0.05 then the residual data is normally distributed, if Sig 0.05 then the residual data is not normally distributed.
- b. The multicollinearity test uses the value of the variance inflation factor (VIF). The rules used are Variance inflation factor < 10 and tolerance > 0.1.
- c. The heteroscedasticity test was carried out using the Glejser technique with the rule Sig > 0.05, so it was stated that there were no symptoms of heteroscedasticity.

The analysis was carried out using multiple linear regression method by producing

multiple linear regression equations, namely:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Y is organizational business performance

X1 is proactiveness

X2 is risk-taking

X3 is innovativeness

e is error

a is a constant

Finally, the coefficient of determination is carried out to find out how much the endogenous variables are simultaneously able to explain the exogenous variables. This results in a conclusion later that the higher the value of R^2 means the better the prediction model of the proposed research model.

RESULTS AND DISCUSSION

We will distribute questionnaires until April 2022 to MSMEs that meet the criteria we previously set. We use google forms to simplify the process of distributing this research instrument. we got 54 respondents as MSMEs. As a result, all questionnaire statements were declared valid because the sig value met the criteria < 0.05 . This can be seen in the following:

Table 1. Validity Test

Indicator Value	Significance
Proactiveness 1	0.000
Proactiveness 2	0.000
Risk-taking 1	0.000
Risk-taking 2	0.000
Innovativeness 1	0.000
Innovativeness 2	0.000
Organizational business performance 1	0.000
Organizational business performance 2	0.000
Organizational business performance 3	0.000
Organizational business performance 4	0.000

Next, the researcher conducted a reliability test by getting the results of Cronbach's Alpha which was described as follows:

Table 2. Reliability Test

Variable	Cronbach's Alpha
Proactiveness	0.661
Risk-taking	0.623
Innovativeness	0.653
Organizational business performance	0.825

All variables are declared reliable because the Cronbach's Alpha value meets the

criteria, namely > 0.6 . The variables of Proactiveness, Risk-taking, Innovativeness, and Organizational business performance were declared reliable.

The next step is the classical assumption test. The Kolmogorov-Smirnov test (K-S test) was used to perform the normality test. If Sig. K-S test sig.0.05 then the residual data is normally distributed, if Sig 0.05 then the residual data is not normally distributed. The result of this research is that the data is normally distributed. The multicollinearity test was determined based on tolerance and the value of the variance inflation factor (VIF). The variability of the independent variables is measured by the tolerance obtained from the test output. Variance inflation factor < 10 and tolerance > 0.1 . The result is that there is no multicollinearity. The heteroscedasticity test was carried out using the glejser Sig technique > 0.05 , so it was stated that there were no symptoms of heteroscedasticity.

Table 3. ANOVA test^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	23,300	3	7,767	10,850	,000 ^b
Residual	35,792	50	,716		
Total	59,093	53			

a. Dependent Variable: Rata Rata Kinerja Organisasi

b. Predictors: (Constant), Rata Rata Innovativeness, Rata rata Risk-taking, Rata Rata Proactiveness

In the F test table, a significance value of 0.000 is obtained with a calculated F value of 10.850. Based on the results of significance, the model is declared fit and there is a simultaneous effect.

Table 4. Multiple Linier Regresion

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1,821	,806		2,259	,028		
Rata Rata Proactiveness	,579	,287	,295	2,016	,049	,566	1,767
Rata rata Risk-taking	,219	,216	,133	1,016	,315	,702	1,424
Rata Rata Innovativeness	,593	,260	,317	2,281	,027	,626	1,597

a. Dependent Variable: Rata Rata Kinerja Organisasi

Multiple linear regression equation:

$$Y : 1,821 + 0,579X1 + 0,219 X2 + 0,593X3$$

In Table 4, the significance value of Proactiveness is 0.049; Risk taking is 0.315; and Innovative 0.027. Based on the results of the significance of the results of the t test, namely the proactive effect on the organization's business performance partially, risk taking does not affect the organization's business performance partially, innovation partially affects the organization's business performance. In the table... the value of r^2 is 0.358, meaning that 35.8% of the Y variable is explained by the X variable in this study, the remaining 60.6% is explained by other variables not included in this study.

Table 5. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.628 ^a	.394	.358	.846	1.847

a. Predictors: (Constant), Rata Rata Innovativeness , Rata rata Risk-taking , Rata Rata Proactiveness

b. Dependent Variable: Rata Rata Kinerja Organisasi

Proactive partially affects the organization's business performance. These results are in line with previous research, namely that there is a significant influence between entrepreneurial orientation and business performance of business owners and MSME organizations (Mahmood and Hanafi, 2013). Proactive can help their business success in any condition. Proactive is used as an initial provision to overcome possible problems so that business owners can take preventive actions. Extraordinary events may be predictable when we are proactive enough to change the existing environment. This is in line with the opinion of Colton, et al., (2010) that a fast-moving environment really requires the ability of the organization to assess it. With the ability of MSME owners to analyze the situation carefully, the resulting performance can be maximized. As a result, we can identify the most suitable alternative for their business so that the organization's business performance will increase as well. Being

proactive can help a business succeed. Not merely participating in what its competitors are doing, but providing something different from competitors in accordance with the advantages possessed by MSMEs.

There is no significant effect between entrepreneurial orientation and business performance of business owners. Risk taking does not affect the organization's business performance partially. This is not in line with previous research which states that when the risk is stated to be high, the consumers, potential consumers and the school are yes. Their weight, whether high or low, is not their consideration because this study shows that they are more concerned about being more proactive and innovating to maintain their performance. Owners who take too high a risk after this pandemic are not the main choice because they are more afraid and do more calculations to maintain their business than taking uncertain risks because the pandemic situation itself is uncertain.

Innovativeness partially affects the organization's business performance. Innovation is needed to create opportunities that exist in the midst of conditions that add value to their business products. Innovation is an important thing in maintaining a business, including MSMEs to gain uniqueness. MSME owners need to create opportunities that exist in the midst of New Normal conditions into an added value to their business products. This is done by looking at the needs and desires of consumers presented in their MSME products in accordance with consumer expectations.

The entrepreneurial orientation dimension plays a fundamental role in improving company performance. Entrepreneurial orientation is a strategic orientation when combined with the right sources of competitive advantage. Their interactions have an identifiable impact on company performance. This study helps provide a clear agenda for enhancing the competitive advantage and success of

SMEs (Mahmood and Hanafi., 2013; Hult et al, 2004; Wiklunda and Shepherd, 2005).

CONCLUSION

The entrepreneurial dimension plays a fundamental role in improving company performance. The findings confirm that proactiveness partially affects the organization's business performance, risk taking does not partially affect the organization's business performance, innovation partially affects the organization's business performance. level of orientation to survival in a dynamic, fast-paced and complex business environment characterized by shorter life cycles, globalization and continuous improvement in technology. Entrepreneurial orientation is thus a business for developing and succeeding SMEs.

We advise business owners to be proactive in analyzing the situation and continue to explore uniqueness according to consumer needs.

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