

The Effect of Entrepreneurship Orientation and Innovation on Sustainable Business Growth SME's Rice Box in West Jakarta

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Submitted: June 2022, Revised: November 2022, Accepted: February 2023

ABSTRACT

This study aims to examine whether 1) Entrepreneurial orientation has a positive relationship to sustainable business growth. 2) Innovation has a positive relationship to sustainable business growth. The research design used is quantitative research and uses a questionnaire for data collection. The number of samples obtained by the non-probability sampling method and purposive sampling technique were collected as many as 120 rice box SME's owner West Jakarta which are then used in this study. Data were analysed using quantitative methods and distributing questionnaire questions with google form then in taking data using a Likert scale and using data analysis techniques Structural Equation Modelling - Partial Least Square assisted by Smart PLS version 3.0 software. The level of significance was measured through a bootstrapping procedure. The results show that indeed entrepreneurial orientation has a significant positive relationship to sustainable business growth, Innovation has a significant positive relationship to sustainable business growth.

Keywords: *Entrepreneurial orientation, innovation, sustainable business growth*

1. INTRODUCTION

In the last few decades, entrepreneurship has an important role for the economic growth of developing countries such as Indonesia [1]. Being a reliable entrepreneur has two forming factors, namely internal coming from within oneself, a strong personality with a high commitment to the achievement to be achieved, while external comes from family support and the role of the government in issuing policies [2]. Entrepreneurship is expected to be able to maintain a good reputation to launch its business and master the technical aspects in re-evaluating the business [3].

Sustainability business growth must be invested at a strategic level in order to maintain the performance of SME's in the long term [4]. In fact, sustainable business growth has achievements by expanding business activities, increasing profit margins which are impossible if SME's are in a stagnant state [5]. Sustainable business growth refers to three dimensions of the triple bottom line, namely economic, social, and environmental [6]. Stagnant business growth requires an entrepreneurial orientation that provides refreshment from a stalled business [7].

Entrepreneurial orientation plays an important role in the success of SMEs to be more efficient in achieving a goal [8]. Focusing on every process and implementation of SME's practices, entrepreneurial orientation has the courage to exploit opportunities, respond to obstacles to risk taking, and be more proactive in uncertain conditions [9]. According to research emphasizes that entrepreneurial orientation has a correlation in building the food SME's industry by maintaining the quality of taste that makes it a reference to keep innovating [10].

Innovation that comes from entrepreneurship comes from the perspective of thinking, skills possessed or the real-life experience of the entrepreneur itself [11]. Innovation as a rebel for the

creation of new business products, new services and business pattern guidelines [12]. Food menu updates and complementary additions play an important role in the formation of innovation because they have high value and have their own uniqueness in the eyes of the community [13].

1.1. Research Objective

This study has the aim to further examine the problems to be studied. The results of this study are expected to be used to:

- a) To determine the effect of entrepreneurial orientation on sustainable business growth at MSME Rice Box in West Jakarta.
- b) To determine the effect of innovation on sustainable business growth at MSME Rice Box in West Jakarta.

1.2. Contribution of the Study

Based on this description, it can be said that there is a continuous contribution between entrepreneurial orientation and business growth. That is, if the entrepreneurial orientation is carried out properly, the quality of the business will increase in the sustainable business growth. If the entrepreneurial orientation is not carried out properly, it will reduce the quality of the business on the growth of the business. Innovation that runs smoothly will form a strategic stage and contribute to sustainable business growth. Innovation plays an important role in the direction of desired business goals to shape achievements towards sustainable business growth.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Resources Based View (RBV) is an approach with competitive advantage to prepare for challenges and opportunities by focusing on resources of rare value, difficult to imitate and difficult to replace so as to create greater competitive advantage [14]. Business resources that are present today can be observed, developed and studied in order to further clarify the business concept [15]. RBV provides an understanding so that entrepreneurship is able to open views in providing allocation decisions and form a more comprehensive business [16]. Based on this description, this study uses the theory of Resources Based View (RBV) to provide direction of view, practical choices and contribute to business growth and development.

2.1. Sustainable Business Growth

Sustainable Business Growth is an illustration of running a business by calculating the growth of a mature strategy, the actual growth while running a business by measuring the level of achievement of success and minimizing the failure that will occur [17]. Sustainable business growth has a view that leads to business growth in order to form an independent business and earn consistent profits over time and maintain potential achievements without endangering business continuity for the future [18]. Based on this description, sustainable business growth is an effort made by businesses to minimize failure by understanding economic, social and environmental concepts so that businesses become more independent and have long-term goals through maximum income without sacrificing other additional costs.

2.2. Entrepreneurship Orientation

Entrepreneurship orientation is a behavior that links techniques in corporate decision making and practices that differentiate each business and distinguish itself from competitors [19]. Entrepreneurship orientation is a set of processes, methods, and organizational styles that companies use to act entrepreneurially [20]. Entrepreneurial orientation refers to the degree to which an organization's strategic behavior (becoming an entrepreneur) is characterized by innovation, risk determination, and proactivity [21]. Based on this description, entrepreneurial orientation is a characteristic of

entrepreneurs themselves who have the nature of never giving up, daring to take risks, having speed in thinking and flexibility which are expected to be able to bring success to the business.

2.3. Innovation

Innovation is a commercial action by developing inspiration, identifying a problem, taking ideas and producing a solution to be more inventive [22]. Innovation is a process by which organizations convert new product/service ideas or processes that are better, advance, compete and differentiate themselves successfully in their markets [23]. In creating something new, innovation provides applications that have been made to solve existing problems [24]. Based on this description, innovation is the initial idea in providing ideas that are arranged in a systematic and structured manner and provide benefits for many people so as to produce high-value inventions.

2.4. The impact of Entrepreneurship Orientation to Sustainable Business Growth

Entrepreneurial orientation becomes a guideline for achieving success or failure which can be seen from the ability to develop a business [25]. Then it which states that a sustainable orientation has an impact on sustainable business growth [26]. Entrepreneurial orientation has a positive influence on sustainable business growth where entrepreneurs pursue business growth through risk taking, being proactive and anticipatory [27]. Based on this description, it can be concluded that there is a positive relationship between entrepreneurial orientation and sustainable business growth. That is, if the entrepreneurial orientation is carried out well, the quality of the business will increase in the sustainable business growth. If the entrepreneurial orientation is not carried out properly, it will reduce the quality of the business on the growth of the business.

H1: Entrepreneurial orientation has a positive effect on sustainable business growth

2.5. The impact of Innovation to Sustainable Business Growth

Innovation comes from newly developed tools such as products, systems in managing processes, planned programs and established business services [28]. Stated that innovation has a positive influence on sustainable business growth [29]. Innovation can be a driving force for businesses to pursue desires, take advantage, seize new opportunities as sustainable business growth goes [30]. Based on this description, it can be concluded that there is a positive relationship between innovation and sustainable business growth. This means that the more innovations that the business has, the more advantages it will have on sustainable business growth. If the innovation owned by the business is small, it will reduce the advantages of sustainable business growth.

H2: Innovation has a positive effect on sustainable business growth

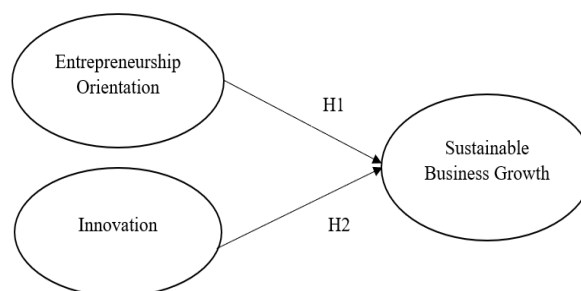


Figure 1. Research Model

3. RESEARCH METHODOLOGY

The population in this research is Rice Box business owners SMEs in West Jakarta. Research design is a framework or form of planning that is carried out by collecting, measuring, and analyzing

the data under study as answers to empirical questions and research problems. In this study, the design used was descriptive research, namely testing the hypothesis by describing the relationship between variables. Descriptive design observes the characteristics of the relevant population, thinks systematically in certain aspects, and offers ideas for further research. This descriptive study uses a cross-sectional technique that requires data collection activities in a group and in one period.

In this research, the method applied is quantitative method. Quantitative methods are research based on positive thinking, used to examine populations or samples of interest based on findings that can reach sources from the results of measuring data, elaborating data in the form of analysis or statistics [31].

Table 1 Variables and Indicators

Variable	Item	Adapted From
Entrepreneurship Orientation	4	Aik Lee Chong & Ramayah T (2018).
Innovation	4	He & Wong (2004), Maletic et al. (2014).
Sustainable Business Growth	4	Santos et al. (2014), Zailani et al. (2012).

4. RESULTS AND DISCUSSIONS

Table 2 Effect Size Test Result

Variable	R-Square
Entrepreneurship Orientation → Sustainable Business Growth	0.136
Innovation → Sustainable Business Growth	0.495

Based on the results of tests carried out in data analysis, it is proven that the entrepreneurial orientation variable has a positive influence on sustainable business growth so that the results in hypothesis 1 are not rejected. Entrepreneurial orientation is the most important factor in the success of sustainable business growth [32]. Not only increasing success, entrepreneurial orientation helps business profit growth in sustainable business growth [33]. Stable profit growth can foster self-confidence in entrepreneurs in forming an entrepreneurial orientation in achieving business opportunities and better identify growth segments and avoid unwanted risks in the long term [34]. Of course, the opportunities will be great as the business goes on and the value applied to the business entrepreneurship orientation will be able to provide experience for an entrepreneur in shaping sustainable business growth in achieving success by overcoming various obstacles and consequences that are more ready to be faced [35]. Entrepreneurial orientation does not only provide experience in business but also opens up insight into connections between fellow entrepreneurs, increasing relationships with fellow partners for the sake of sustainable business growth [36]. Entrepreneurial orientation can be said to run according to the wishes of the business if it successfully explores and creates ideas that are planned for sustainable business growth in preparing for business improvement towards a more stable direction (Rhee [37]. The results obtained in this study support the findings which states that entrepreneurial orientation plays an important role with sustainable business growth to increase business [38].

Table 3 Hypothesis Testing Results

Variables	Path Coefficient	T-stat	P-Values
Entrepreneurship Orientation → Sustainable Business Growth	0.315	2.066	0.039
Innovation → Sustainable Business Growth	0.601	3.850	0.000

We can be seen in hypothesis 1 which states that there is a positive influence of entrepreneurial orientation on sustainable business growth. In table 4 the results of the t-statistics of entrepreneurial orientation with sustainable business growth get 2.066, which means that this variable has a direct influence because the resulting criteria have a value above 1.96. In the original sample results of entrepreneurial orientation with sustainable business growth, the number is 0.315, which means it has a positive value because the resulting criteria are above 0. The results on the p-value between entrepreneurial orientation and sustainable business growth show the number 0.039 which can be interpreted as having an error in probability 3,9% which means that the hypothesis test on the model is not rejected because it gets a p-value below 0.05.

We can be seen in hypothesis 2 which states that there is a positive influence of innovation on sustainable business growth. In table 4 the results of the t-statistics of innovation on sustainable business growth get the number 3.850, which means that this variable has a direct influence because the resulting criteria have a value above 1.96. In the original sample results, innovation with sustainable business growth gets a number of 0.601, which means it has a positive value because the resulting criteria are above 0. The results on the p-value between innovation and sustainable business growth show the number 0.000 which can be interpreted as having an error at 0% probability. which means that the hypothesis test on the model is not rejected because it gets a p-value below 0.05.

5. CONCLUSIONS AND IMPLICATIONS

5.1. Conclusions

Based from data analysis and discussion above, we can simply that:

1. Entrepreneurship Orientation has a positive influence to sustainable business growth.
2. Innovation has a positive influence to sustainable business growth.

5.2. Implications

5.2.1. Theoretical implications

The implications of this research theoretically is to add research references related to sustainable business growth, especially in food SME's which are influenced by variables of entrepreneurial orientation and innovation.

5.2.2. Practical implications

The implications in this research are practically for guidance in advancing the quality of business for food SME's owners related to entrepreneurial orientation and innovation factors for sustainable business growth.

6. SUGGESTIONS FOR FUTURE RESEARCH

Some suggestions for people who have small and medium enterprises and for the next research:

1. SME's owners in implementing business need to maintain an entrepreneurial orientation, namely by implementing important plans for the business from the beginning to the final process of formation in a more positive direction because entrepreneurial orientation has the ability to compete and dare to take risks so that the business being carried out is more superior. Along with the entrepreneurial orientation, it is necessary to increase innovations such as varied menu updates, price innovations, packaging display innovations that have more value for the process of creating creative ideas through collaboration or external interaction.
2. For further research that examines similar research, it is hoped that sustainable business growth can involve environmental aspects so that it can be measured (triple bottom line). In addition, before the research is carried out, you can try to open a small business in order to understand the developments carried out directly in running the business. It is also recommended to collect respondent data by increasing the coverage in large numbers to all of Jakarta, so that the resulting data is more accurate.

ACKNOWLEDGMENTS

Author would like to thank Mr. Frangky Selamat, S.E., M.M. who has been willing to give the time and knowledge devoted to providing guidance, good advice that is useful during the process of making the paper. We thank you for the moral support received from all family, friends and respondents who have been willing to participate in filling out the research questionnaire and also all parties whose names cannot be mentioned one by one, who have helped so that the author can complete this paper final paper on time.

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