

# Development of Entrepreneurial Orientation through Specific Critical Incident (SCI) Entrepreneurial Learning on Business Performance (Case Study of Culinary Small and Medium Enterprises (SMEs) in South Kalimantan Province)

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## Abstract

*This research aims to reveal the Development of Entrepreneurial Orientation through Specific Critical Incident (SCI) Entrepreneurial Learning on Business Performance. This study use qualitative research design. The result shows that effect of entrepreneurial orientation on specific critical incident (SCI) entrepreneurial learning has a p-value of 0.002 where the value is less than 0.1 ( $0.002 < 0.1$ ), so it can be concluded that hypothesis 1 of this study is acceptable or there is an influence of entrepreneurial orientation on specific critical incident (SCI) entrepreneurial learning at a real level of 10% with a parameter coefficient value of 0.466. This means that better entrepreneurial orientation is able to increase specific critical incidents of entrepreneurial learning in entrepreneurship for culinary business actors in South Kalimantan.*

## Keywords

entrepreneurial orientation;  
entrepreneurial learning;  
business performance



## I. Introduction

The current world economic conditions, both on a local, regional, national and global scale, are showing contractionary and fluctuating changes. This is a reaction to the rapid changes in technology and information in the business environment in early 2020 (business era 4.0) and the turbulence of the "Covid-19 pandemic" resulting in changes in the internal and external business environment, this condition is evidenced by the rapid and vulnerable changes in economic indicators that cause monetary crisis and economic crisis. The prolonged economic crisis has caused recession conditions in various countries including Indonesia, so the government's grand economic design in an effort to achieve national economic growth resilience is to implement a policy of empowering the people's economy and local resources, in this case, Small and Medium Enterprises (SMEs).

One of activities that support this policy are to encourage the growth of innovation & creativity of Small and Medium Enterprises (SMEs) and the number of SME entrepreneurs. For that, the Ministry of Cooperatives and SMEs favors cooperative and koperasian SMEs to encourage Indonesia's economic growth, their contribution is quite large to the gross domestic income of around 56.67 percent. The distinctive characteristics of the SME group have been studied by many experts, especially those concerning talent (personality traits), how an entrepreneur starts a business and how they survive in an open-ended changes environment.

The number of SME entrepreneurs in South Kalimantan (Kalsel) during the period 2006 – 2009 was 89,000 units. The year 2007 was the highest percentage of achieving the annual target of new entrepreneurs, which was targeted at 23,380, which was 15,846 (67.77%). In 2008 there was a decrease in the realization of achievement to 66.27%, but still higher than the 2006 achievement of 60.29%. The lowest realization of target achievement occurred in 2009 at 44.67%. December 2009 the realization of the number of new entrepreneurs was 53,362 (59.96%) of the total target for the growth of new entrepreneurs of 89,000 units and until 2020 only 72,156 (81%) units of SMEs were achieved. The business environment factors since the early years of 2020 until now are specific events or critical incidents (SCI) that affect the performance of SMEs throughout the world, including in Indonesia, such as the Covid-19 pandemic in early 2020 which also affected economic growth South Borneo. This paper aims to explore the development of entrepreneurial orientation through specific critical incidents (SCI) of entrepreneurial learning on business performance. The location of this study was conducted in South Kalimantan Province. This paper aims to explore the development of entrepreneurial orientation through specific critical incidents (SCI) of entrepreneurial learning on business performance. The location of this study was conducted in South Kalimantan Province. This paper aims to explore the development of entrepreneurial orientation through specific critical incidents (SCI) of entrepreneurial learning on business performance. The location of this study was conducted in South Kalimantan Province.

## **II. Review of Literature**

### **2.1. Meaning of Entrepreneur Orientation**

Entrepreneurship is a creative and innovative ability that is used as the basis, tips and resources to find opportunities for success. Several management literatures provide three basic dimensions of organizational tendencies for entrepreneurial management processes, namely the ability to innovate, the ability to take risks, and the proactive nature (Weerawardeena, 2003, p. 411; Matsuno, Mentzer and Ozsomer, 2002). Entrepreneurship is known as a new approach in updating company performance. Entrepreneurs are referred to as spearheads to realize sustainable and highly competitive company growth.

Social enterprises are productive structures that have an imprint of social benefit and, in this sense, it can be affirmed that they are alternative forms of companies within a neoliberal capitalism, which houses organizations oriented to profit, capital accumulation and enrichment of few people, contributing to the polarization between the city and the countryside. On the contrary, in social enterprises, cooperative work and decision-making are promoted in a consensual or democratic way: the partners are simultaneously the workers as they determine how and in what way the benefits will be applied and the benefits will be distributed. In addition, they use management techniques that contribute to the sustainability and sustainability of the company. (Lendechy, H. et al, 2019)

In today's competitive era, companies compete by developing new knowledge faster than competitors. This involves the role of human resources in the organization to develop knowledge, especially intellectual capital to produce something unique as a characteristic of the organization that is difficult for competitors to imitate. The meaning of this explanation according to RBV and KBV, intellectual capital meets the criteria as a unique resource to create value added. This added value is in the form of better employee performance in the company. The knowledge-based theory of the enterprise outlines the following distinctive characteristics:

1. Knowledge holds the most strategic meaning in the company;
2. Top production activities and processes in the company involve the application of knowledge;
3. Individuals in organizations are responsible for creating, holding and sharing knowledge.

The form of the application of knowledge-based theory as a form of entrepreneurial attitudes as an entrepreneurial orientation variable with an indication of innovation ability, proactiveness, and ability to take risks (Louw et al. 2003), then innovation ability relates to perceptions and activities of new business activities. and unique. The ability to innovate is a critical point of entrepreneurship and the essence of entrepreneurial characteristics. Several research results and entrepreneurial literature show that entrepreneurial orientation has the ability to innovate, not those who do not have the ability to innovate in entrepreneurship (TAN, Wee Liang et al. 2005).

## 2.2. Entrepreneur Orientation

The socio-economic complexity of the global era of information and technology in conducting business transactions demands the development of an entrepreneurial orientation (EO) as an important factor to ensure business success (Azlin Shafinaz Arshada, Amran Raslib, Afiza Azura Arshad, Zahariah Mohd Zain, 2014). Companies are forced to engage in seeking new opportunities, innovation and risk taking reflects entrepreneurial orientation behavior, in this way the company must be innovative in products, services and processes, must be more proactive than competitors in all aspects and be risk oriented. This dimension has been studied by various researchers (Lee, Lim and Pathak, 2011) and Lee DY, and Tsang, EWK, 2009), that EO is important for the growth of companies and even for the economic growth of a country.

(IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume18, Issue 9.Ver. II (September. 2016), PP 89-96www.iosrjournals.org) indicates EO is needed especially in the contracting business environment and the information technology era. Many studies have recognized the importance of EO to company performance. Companies that have high EO are said to have superior performance with market share indications showing improvement and innovation of new products, services and business processes that have shown some growth. EO is a phenomenon of business organization reflecting the managerial capabilities with which companies initiate proactive and aggressive initiatives to change the competitive scale to their advantage. Business strategy is about 'competitive advantage'. The initiative for strategic planning is for the organisation to achieve, be as efficient as possible, and have a sustainable advantage over its competitors. Competitive strategy is as a result of an effort to change a company's strength comparative to that of its competitors in an organized way. Also, to shape activities and judgements of managers along with employees in a synchronised fashion (Ohmae in Mansaray, 2020)

Lichtenstein, BMB, Lumpkin, GT, and Walton, JW 2004; develop five dimensions that characterize the EO of a company: 1) Innovation; 2) Proactive; 3) Risk taking; 4) Competitive aggressiveness and 5) Autonomy. Innovation reflects the tendency to engage in and support new ideas, novelty, experimentation and the resulting creative process. Proactive reflects the company's actions in taking advantage of and anticipating opportunities that arise by developing and introducing and making improvements to products. Risk taking is the willingness to commit resources to carry out activities and projects that result in uncertainty of results. Risk taking is defined as the extent to which a company is willing and committed to business risk.

### **2.3. Entrepreneurship against Business Performance**

Based on the literature review as described above, the basic concept in this study examines the gaps in the results of previous research (research gaps) regarding the effect of developing entrepreneurial orientation through entrepreneurial competencies, specific critical incidents of entrepreneurial learning, and the business environment on improving the business performance of culinary SMEs in South Kalimantan. by referring to the Knowledge Based View (KBV) theory.

Knowledge is very fundamental in organizations because knowledge has a very strong relationship with organizational success. Knowledge sharing is the process of transferring skills and abilities between employees (Lin, 2007). Then, the knowledge sharing process affects the success and profits of the organization, especially in the ownership and improvement of intellectual capital and organizational success.

Meanwhile, Pugna and Boldeanu (2014) suggest exchanging knowledge capital among people in order to improve employee performance and improve organizational performance. This implies that knowledge sharing is the biggest resource for organizations to improve performance and gain sustainable competitive advantage.

Knowledge created continuously there is a dynamic interaction between tacit knowledge and explicit knowledge (Nonaka, 1994; Nonaka et al, 2000, in Tseng, 2010). This type of interaction is called knowledge conversion or SECI (socialization, externalization, combination, internalization). SECI according to Nonaka and Takeuchi explains the formation of new knowledge because of the interaction or change (conversion) between two types of knowledge, namely tacit knowledge that is still in the human mind or brain and explicit knowledge that has been recorded or documented. Through these two types of knowledge, a process of socialization, externalization, combination and internalization occurs which is known as the knowledge spiral.

## **III. Research Methods**

The population in this study is all small and medium-sized enterprises (SMEs) with traditional/typical culinary from various regions (eg, food stalls in Banjar, Padang, East Java, West Java, and Sulawesi) in South Kalimantan Province. The total population of SME business units in South Kalimantan is included in the SME category, which is 72,156 SME business units (source: Industry Office of South Kalimantan Province; processed by BPS South Kalimantan Province 2020; South Kalimantan Province in 2021 figures).

Based on the consideration that the population is too large, which is 72,156 SMEs, then, in determining the sample, refers to the opinion of Sugiyono (2009), namely; Accidental Sampling is a sampling technique based on chance encountered during a field survey using a non-probability sampling technique. Sampling of 120 samples spread over 40 respondents in Banjarmasin City, 30 Banjarbaru City, 10 respondents in North Barito Regency and 40 respondents in Banjar Regency who met several requirements, namely 1) SMEs with more than 10 employees, 2). Has been running his business / operating for more than 1 year. The analysis used is Confirmatory Factor Analysis assisted by the application of Structural Equation Modeling (SEM).

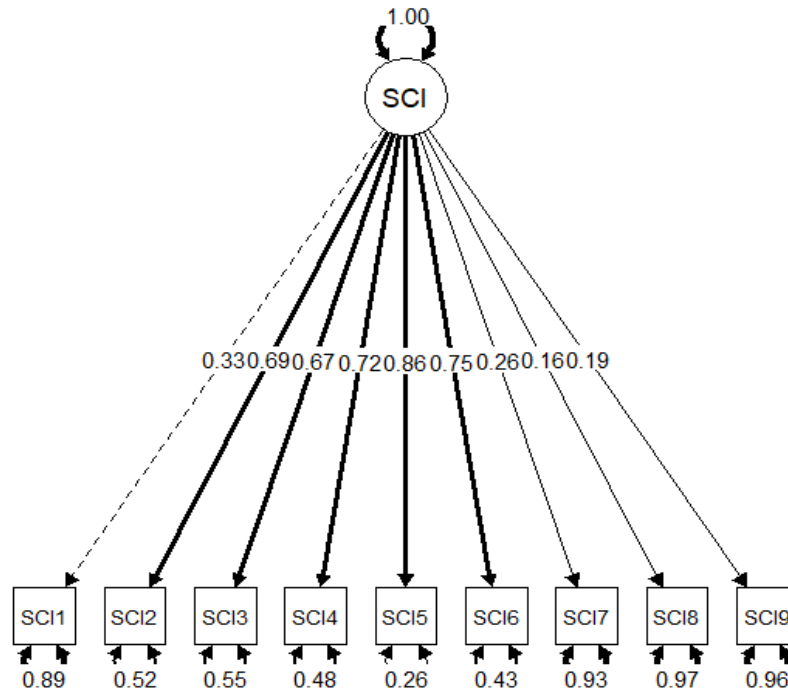
## IV. Results and Discussion

### 4.1. Analysis of Specific Critical Variable Confirmatory Factors Incident

#### Entrepreneurship lessons

Confirmation of the analysis of the specific critical incident variable for entrepreneurial learning consists of 9 indicators. These indicators reflect how critical events or incidents occur during or when managing daily culinary businesses, both related to customers/consumers and other parties involved in culinary management that focuses on product innovation. Culinary and business risks focused inward and outward, providing services that match the expectations of consumers, so as to win a competition between culinary products in the culinary consumer market share.

To carry out a confirmatory analysis of the specific critical incident variable, entrepreneurial learning uses a basic test, which is based on the lambda value or factor loading. Indigo lambda required is at least must reach 0.4. Aif the lambda value or factor loading is lower than 0.4, the variable is considered not to have the same dimension as the other variables to explain a latent variable. From the test results, the model for the specific critical incident variable in entrepreneurial learning is obtained as follows:



**Figure 1.** Confirmatory Factor Analysis of Specific Variables Critical Entrepreneurial Learning Incident

Figure 1. shows the confirmatory test results of the nine manifest variables or indicators of the specific critical incident latent variable entrepreneurship learning. The results of the analysis show that there are manifest variables or valid indicators and also not in representing the specific critical incident variables for entrepreneurial learning. The explanation of the confirmatory analysis of each manifest variable or indicator is as follows.

**Table 1.** Specific Critical Incident Confirmatory Validity Entrepreneurship lessons

Indicator	<i>Standardize Icemate</i>	<i>Icemate</i>	<i>P valu</i>	<i>Cut Valu</i>	Information
Training role in the form of education fnormal to effort (SCI1)	0.329	1		0.4	no Valid
Attend training in the form of training know the courses that support business (SCI2)	0.694	1.9	0	0.4	Valid
Training in the form of entrepreneurship training or courses on business (SCI3)	0.672	1.84	0	0.4	Valid
Have people who not trusted as a teacher who often gives advice and guidance in business development (SCI4)	0.724	2,281	0	0.4	Valid
Always try to guide empowering business people to learn and do business well (SCI5)	0.859	2,444	0	0.4	Valid
Mentoring always providing the right advice according to the problems being faced (SCI6)	0.752	2.095	0	0.4	Valid
Feeling is important to experience (SCI7)	0.259	0.532	0	0.4	Tno Valid
Experience in other company which is very beneficial for current business development (SCI8)	0.159	0.584	0	0.4	Tno Valid
Critical events always become valuable experience in the future (SCI9)	0.193	0.35	0	0.4	Tno Valid

*Source : Processed from this dissertation in 2020.*

Based on the table above, it can be stated that of the 9 indicators, only 5 indicators have a standardized estimate value above the cut value of 0.4, with a p-value below 0.1. Therefore, the indicators or manifest variables SCI2, SCI3, SCI4, SCI5, and SCI6 are valid to be used in SEM analysis. However, some indicators or manifest variables such as: SCI1, SCI7, SCI8, and SCI9 are not valid to be included in the model. This is because the loading factor value is below 0.4 so that it is rejected as an indicator of the specific critical incident latent variable in entrepreneurial learning in SEM analysis.

Interrupt continued, in this confirmatory factor analysis, a model suitability test (goodness of fit) was also carried out with several test sizes. The model suitability test is summarized in the following table.

**Table 2.** Goodness of Fit Model Construct Specific Critical Incident Entrepreneurship lessons

Size <i>Goodness of Fit</i>	<i>Cut-off Value</i>	Hasil	Evaluation Model
GFI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	0.973	<i>Good fit</i>
AGFI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	0.955	<i>Good fit</i>
TLI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	0.9	<i>Good fit</i>
CFI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	0.925	<i>Good fit</i>

*Source: Processed from this dissertation in 2020.*

Result of analysis data for the specific critical incident construct model of entrepreneurial learning resulted in the conformity of the model (goodness of fit) in the table above which shows that the construct model is said to be good fit or good based on the four goodness of fit measures. These criteria are obtained from comparing the value of the measure to the cut-off value of each measure. Thus, the suitability of the predicted model with the observed values still meets the requirements.

#### **4.2. Analysis of Business Performance Variables Confirmatory Factors**

Business or business performance variables consist of 5 indicators where these indicators reflect how the performance of culinary small and medium enterprises (SMEs) from business revenues, sales, and profits/profits, and business/business growth. Confirmatory factor analysis of latent variables was carried out to confirm whether the observed/used indicators could reflect the analyzed latent variables.

To carry out a confirmatory analysis of the entrepreneurial competency variable using a basic test, which is based on the lambda value or factor loading. IndigoThe required lambda i is at least 0.4. If the lambda value or factor loading is lower than 0.4, the variable is considered not to have the same dimensions as other variables to explain a latent variable. From the test results, the business performance variable model is obtained as follows.

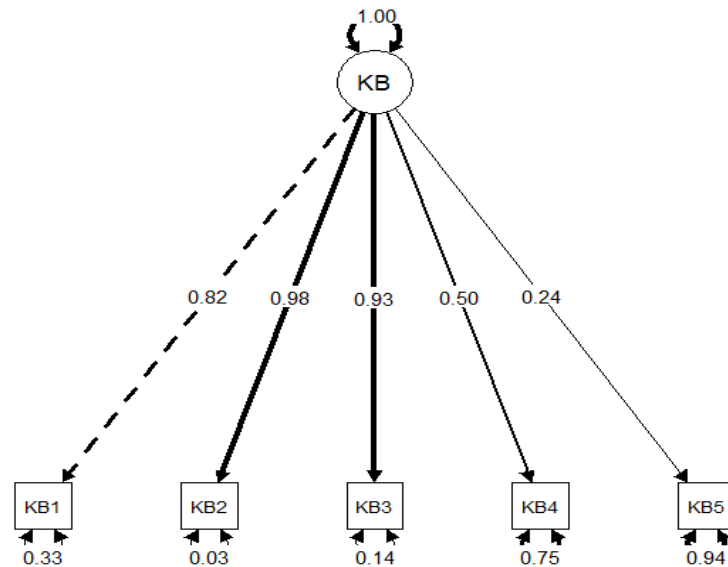


Figure 2. Analysis of Business Performance Confirmatory Factors

Based on Figure 2 shows the confirmatory test results of the five manifest variables or indicators of the latent variables of business performance. The results of the analysis show that there is one indicator that is not valid in representing the business performance variable, while the other indicators are valid. The explanation of the confirmatory analysis of each manifest variable or indicator is as follows:

Table 3. Business Performance Confirmatory Validity

Indicator	Standardized <i>Icemate</i>	<i>Icemate</i>	<i>P- valu</i>	<i>Cut valu</i>	Information
can increase per year operating income in three last year (KB1)	0.821	1		0.4	Valid
Business sales volume increase per year in three last year (KB2)	0.983	1.077	0	0.4	Valid
Indicator	Standardized <i>Icemate</i>	<i>Icemate</i>	<i>P- valu</i>	<i>Cut valu</i>	Information
The net business increase per year in three years last (KB3)	0.926	1.083	0	0.4	Valid
Perbusiness growth has increased in the last three years (KB4)	0.497	0.384	0	0.4	Valid
Feelright satisfied customers/customers towards the culinary business run (KB5)	0.236	0.148	0.105	0.4	Tno Valid

Source: Processed from this dissertation in 2020



The bell above provides information that of the five indicators, one indicator is invalid, while the other indicators can be said to be valid and can be used in subsequent SEM analysis. The valid indicators are KB1, KB2, KB3, and KB4 where this indicator has a standardized estimate value above the cut value of 0.4, with a p-value below 0.1. However, the KB5 indicator is not valid to be included in the model, because the indicator has a loading factor value below 0.4 so it is rejected as an indicator of the latent variable of business performance in SEM analysis.

Interrupt continued, in this confirmatory factor analysis, a model suitability test (goodness of fit) was also carried out with several test sizes. The model suitability test is summarized in the following table.

**Table 4.** Goodness of Fit Business Performance Construct Model

UGood ness of Fit	<i>Cut-off Value</i>	Results	Evaluation Model
GFI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	0.993	<i>Ggood luck</i>
AGFI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	0.979	<i>Ggood luck</i>
TLI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	1.033	<i>Perfectt fit</i>
CFI	GFI 0.90 = good fit 0.80 GFI < 0.90 = marginal fit GFI < 0.80 = poor fit	1	<i>Perfectt fit</i>

*Source: Processed from this dissertation in 2020.*

The bell above shows the results of the suitability of the model (goodness of fit) for the business performance variable, these results indicate that the business performance construct model is said to be good fit or good based on the GFI and AGFI measures. These criteria are obtained from comparing the value of the measure to the cut-off value of each measure, while based on the size of the TLI and CFI the resulting model is perfect fit or very good. Thus the suitability of the predicted model with the observed values has met the requirements.

## V. Conclusion

The effect of entrepreneurial orientation on specific critical incident (SCI) entrepreneurial learning has a p-value of 0.002 where the value is less than 0.1 ( $0.002 < 0.1$ ), so it can be concluded that hypothesis 1 of this study is acceptable or there is an influence of entrepreneurial orientation on specific critical incident (SCI) entrepreneurial learning at a real level of 10% with a parameter coefficient value of 0.466. This means that better entrepreneurial orientation is able to increase specific critical incidents of entrepreneurial learning in entrepreneurship for culinary business actors in South Kalimantan

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