

Analysis of the influence of entrepreneurial behavior on business performance

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ABSTRACT

This scholarly investigation is specifically designed to thoroughly explore and analyze the multifaceted influence exerted by entrepreneurial behavior on the overall performance of businesses across various sectors. By engaging in a comprehensive literature review, this research endeavors to construct an intricate and nuanced understanding of the ways in which entrepreneurial behavior can effectively shape, mold, and influence a diverse array of dimensions related to business performance, including profitability, market share, and customer satisfaction. In this academic discourse, the research delineates the principal findings derived from a meticulous examination of related literature, with a focused emphasis on identifying the pivotal factors that serve to mediate and facilitate the correlation between entrepreneurial behavior and the resultant business performance outcomes. The abstract conclusions drawn from this investigation can serve as a foundational basis for subsequent research endeavors aimed at further elucidating this critical relationship. The empirical results generated through this rigorous research methodology indicate a significant positive correlation between entrepreneurial behavior and enhanced business performance, underscoring the importance of proactive entrepreneurial initiatives. Specifically, initiatives designed to uncover and capitalize on new business opportunities, coupled with innovative approaches to marketing strategies and a prudent capacity for risk management, all contribute fundamentally to the enhancement of business productivity and long-term sustainability. This research ultimately provides profound and comprehensive insights that are invaluable for business stakeholders, including entrepreneurs, investors, and policymakers, thereby equipping them with the knowledge necessary to navigate the complexities of the entrepreneurial landscape effectively.

Keywords: entrepreneurial behavior; business performance

I. INTRODUCTION

Entrepreneurship can be characterized as a distinct and innovative activity that stands apart from a multitude of other endeavors and pursuits that individuals may engage in throughout their lives. The primary objective of engaging in entrepreneurial ventures is to foster an environment of prosperity that can benefit all members of society, thereby contributing to the overall enhancement of value for the collective community in which these enterprises operate. It is widely recognized that one of the fundamental pillars upon which the growth and

development of a nation rests is, in fact, the spirit of entrepreneurship. Small-scale entrepreneurs, in particular, are necessitated to cultivate an attitude that is imbued with confidence, eschewing the tendency to rely excessively on external support or assistance in all circumstances, and instead, orienting their focus not only towards navigating situations and establishing relationships but also towards embracing calculated risks that are grounded in rational decision-making processes. By actively implementing behaviors that are characteristic of entrepreneurial activity, there exists the remarkable potential to substantially enhance business performance, facilitate access to an expansive market share, and empower entrepreneurs to operate their businesses with heightened levels of efficiency and efficacy. It is pertinent to note that business performance encapsulates a multitude of factors, including the functions performed, the motivation driving the individual, and the inherent strength required to successfully complete tasks that necessitate a certain threshold of capability and resilience (Hertika Gulo, 2022).

Among the myriad of challenges that confront Indonesian society, the issue of unemployment stands out as particularly pressing and significant. The pronounced disparity that exists between the size of the population and the availability of job opportunities has culminated in a situation where a substantial number of individuals find themselves unable to secure employment or attain a stable source of income. A report issued by the Indonesian Central Statistics Agency in the year 2012 revealed that the total number of individuals classified as openly unemployed in Indonesia reached a staggering figure, particularly notable in the month of August, where it stood at approximately 7.6 million unemployed individuals. In the specific region of Gresik located in East Java, during the same timeframe, the number of those who were openly unemployed was reported to be around 6.7 million people, thereby highlighting an alarming increase when compared to the statistics from previous years. The data that has been collected and analyzed illustrates that the issue of unemployment, particularly within the productive age demographic, constitutes a critical problem that warrants urgent attention and cannot be overlooked in the context of Indonesia. In light of this scenario, and given the constraints surrounding employment opportunities and the available workforce in Indonesia, numerous stakeholders contend that one of the most efficacious strategies to mitigate the unemployment rate is to actively stimulate and promote the growth of entrepreneurship within the society.

Drawing upon the experiences and examples of developed nations, it becomes evident that in order for Indonesia to elevate its status to that of a country characterized by a robust and thriving economy, it is imperative to significantly bolster the number of individuals engaging in entrepreneurial activities. David McClelland, a notable expert in the field of entrepreneurship hailing from the United States, articulated in an article by Mudjiarto (2006) that for a nation to achieve a commendable level of prosperity, it is essential that at least two percent of the population participates in entrepreneurial endeavors. For comparative purposes, it is noteworthy that the United States boasted approximately 11.5 percent of its total population engaged as entrepreneurs in the year 2007, while Singapore recorded around 7.2 percent of its population as entrepreneurs in the year 2005, in stark contrast to Indonesia, which was reported to have a mere 0.18 percent of its citizens engaged in entrepreneurial activities at that time. The phenomenon of entrepreneurship encompasses a spectrum of attitudes, enthusiasm, and behaviors that reflect an individual's willingness to embrace measured risks, all of which are predicated upon personal willpower and capabilities. To effectively confront and address the pressing unemployment challenges, it becomes increasingly vital for Indonesia to nurture and develop a robust entrepreneurial spirit among its populace (Ahmad Ali Maskyuri & Yoyok

Soesatyo, 2014).

The findings of various researchers, including those of Hertika Gulo (2022), Riska Nur Apriyanti et al. (2021), Refa'ul Khairiyakh, Elwamendri, Dwi Nurul Amalia (2019), Silviasih, Franky Slamet, Denny Iskandar (2016), Istianah Asas, and Ghazali (2020), have collectively indicated that entrepreneurial behavior exerts a significant influence on the performance of businesses. An increase in entrepreneurial behavior can lead to a corresponding enhancement in business performance, or conversely, improved business performance may also foster a rise in entrepreneurial behavior. Business performance, in this context, is fundamentally centered on the total volume of work that can be executed, in conjunction with the array of tasks and regulations that have been instituted within a company, such as criteria related to assets and turnover. Consequently, it can be deduced that business performance, when complemented by proficient entrepreneurial skills, has the capacity to yield a notable increase in overall business performance. However, it is crucial to acknowledge that this assertion is not universally applicable, as evidenced by the contrasting results yielded from research conducted by Karma, Seniorita, Subhan Efendi (2018), Putri Rezki Indah, Dahmiri, Dwi Kurniawan (2023), Heri Purwanto, and M. Tribudiyatmanto (2018), as well as Isra Ul Huda et al. (2020), and Suryaningsih (2019), which collectively demonstrate that entrepreneurial behavior does not exert a sufficiently substantial influence on business performance. Thus, it can be posited that while improvements in entrepreneurial behavior are generally perceived as beneficial, there may be instances where such enhancements do not correspondingly translate to improved business performance.

II. LITERATURE REVIEW

Brid and Dirlanudin (2010:44) elucidate that the phenomenon of entrepreneurial behavior encompasses the various activities undertaken by an entrepreneur, which are fundamentally predicated on the meticulous observation of pre-existing opportunities that are prevalent in the market. In this context, it is imperative for an entrepreneur to take into account the value-driven dynamics that characterize the environment in which their business is situated, demonstrating an inherent capability to embrace a multitude of risks while simultaneously embodying a creative disposition towards problem-solving. Typically, the innovative ideas that an entrepreneur conceptualizes align with a systematic framework that is observable during the lifecycle of a new business, particularly as it progresses through stages of establishment, growth, and transformation.

In a manner consistent with this assertion, Kasmir (2011:21) articulates that the construct of entrepreneurship can be defined as an individual's capacity to generate a business venture, wherein this endeavor is a direct manifestation of ongoing creative and innovative activities that are executed in a sustained manner, ultimately leading to the discovery of something novel that diverges from the status quo. Consequently, it can be posited that the behaviors indicative of creativity and innovation serve as foundational attributes of entrepreneurial behavior. Within this framework, creativity is conceptualized as the aptitude to generate new ideas and alternative solutions to address challenges, as well as the pursuit of diverse potential opportunities that may arise. Conversely, innovation is characterized by the capacity to actualize distinct concepts and to implement creative solutions that effectively resolve issues while simultaneously identifying opportunities that facilitate the successful attainment of objectives for both individual entrepreneurs and the broader community in which they operate.

According to the Indonesian Dictionary (KBBI), the term performance is delineated as the outcome that can be realized or achieved. Moullin (2007) further expounds that business performance serves as a critical indicator of a company's quality and encompasses the value

that is generated by a company, which is derived from the perceptions and evaluations of customers as well as other relevant stakeholders. The process of performance measurement is recognized as a multidimensional concept that is intricately interrelated (Neely et al. in Wu, 2009). Within this paradigm, the dimensions of effectiveness and efficiency are deemed to be fundamental components of a performance framework that is mutually sustainable in nature. Effectiveness is primarily concerned with the fulfillment of the needs and expectations of customers and stakeholders that must be adequately addressed. On the other hand, efficiency is defined as a quantifiable measure of the resources utilized by the company to enhance customer satisfaction. Concurrently, Coulthard (2007) asserts that the indicators employed in the assessment of performance encompass various elements, including but not limited to: income growth, market leadership, profit generation capabilities, overall organizational performance, and stakeholder satisfaction.

III. METHODS

The primary objective of this scholarly investigation is to gain a comprehensive understanding of how entrepreneurial behavior significantly impacts the overall performance of businesses in various contexts. In order to achieve this, the literature review methodology employed in this research was meticulously designed so that researchers can deliver a thorough analysis regarding the ways in which entrepreneurial behavior exerts its influence on the multifaceted dimensions of business performance. This study will specifically concentrate on the critical examination of existing literature that pertains to the relevant concepts and theories surrounding entrepreneurial behavior and its implications for business success. By engaging with these academic texts, the research aims to elucidate the intricate relationships that exist between entrepreneurial actions and the resultant performance outcomes in the business landscape.

IV. RESULTS AND DISCUSSION

Bird and Schioedt, as referenced in the work of Khairiyakh et al. (2019), articulate the perspective that entrepreneurial behavior occupies a pivotal position within the broader context of the entrepreneurial process, wherein this specific type of behavior is characterized as a distinctly human action that involves the identification and subsequent exploitation of various opportunities through the establishment and development of a business enterprise. In this particular context, entrepreneurial behavior is not merely a set of actions but rather an overarching attitude that has the potential to optimize an individual's innate capabilities while simultaneously responding to a range of business opportunities that are intrinsically linked to the uncertainties that are often present in the domain of economic development.

This assertion is corroborated by the research conducted by Hertika Gulo (2022), which posits that entrepreneurial behavior exerts a significant influence on the performance of businesses, thereby highlighting the critical importance of such behavior in the overall success of entrepreneurial ventures. Furthermore, the empirical findings presented by Riska Nur Apriyanti, Muhammad Rakib, Agus Syam, Marhawati, Muh, and Ishan Said (2021) reinforce this viewpoint, as they assert that entrepreneurial behavior contributes positively to the performance metrics of businesses, thereby indicating that it is essential for business leaders to cultivate an entrepreneurial spirit in order to enhance their organizational capabilities and effectiveness. Additionally, the work of Silviasih, Frengky Slamet, and Denny Iskandar (2016) elucidates that entrepreneurial behavior establishes a positive and statistically significant correlation with business performance, both directly and indirectly, suggesting that business leaders who

embody an entrepreneurial mindset are likely to achieve superior performance outcomes compared to their counterparts who do not embrace such an attitude.

Moreover, the research conducted by Istianah Asas and Ghazali (2020) revealed that entrepreneurs who exhibit differing behaviors regarding their products or services consistently demonstrate that entrepreneurial behavior tends to exert a positive influence on the performance of businesses. In this particular context, it is imperative to define business performance as encompassing the totality of work that can be accomplished within specific predetermined parameters established by the company, which includes various criteria such as asset utilization and turnover rates. Therefore, small and medium-sized enterprises (SMEs) that are equipped with proficient entrepreneurial skills are positioned to experience a significant enhancement in their overall performance metrics. These findings collectively underscore the assertion that individual personality traits, as well as the various activities undertaken by businesses, play a crucial role in determining a company's success, aligning with the research outcomes presented by Novan Prawira (2015).

Conversely, the results derived from the research conducted by Heri Purwanto and M. Tribudiyanto (2018) indicate that entrepreneurial behavior does not exhibit a meaningful or significant impact on business performance, thereby suggesting that the existing entrepreneurial behavior within the studied contexts is insufficient, which consequently leads to a failure to achieve optimal business performance outcomes. These conclusions are further reinforced by the findings articulated by Suryaningsih (2019), which similarly assert that entrepreneurial behavior lacks any discernible influence on the performance of businesses.

In light of our research findings, it can be deduced that one of the most crucial factors influencing business success is the presence of entrepreneurial traits among traders. Within this particular framework, it is imperative for entrepreneurial groups to focus on the development of traders who possess elevated levels of motivation and innovation. The greater the presence of entrepreneurial characteristics within individuals, the more pronounced their motivation to pursue and achieve success becomes. It is essential to cultivate the entrepreneurial spirit among traders, particularly in environments that may offer limited support or contributions to their efforts. The enhancement of innovation, the courage to embrace risks, the development of leadership qualities, motivation, and adherence to government regulations are all factors that can contribute to the amplification of entrepreneurial behavior, thereby leading to an improvement in overall business performance. This suggests that entrepreneurial behavior is indeed capable of facilitating significant improvements in business performance, thus encouraging entrepreneurs to operate their ventures with greater ease and efficiency.

From the comprehensive examination outlined above, it is evident that entrepreneurial behavior yields beneficial outcomes for business performance; consequently, this indicates that business leaders must prioritize the enhancement of their organizational capabilities. The insights gleaned from our research are indicative of the potential to provide a deeper understanding of the intricate relationship that exists between entrepreneurial behavior and business performance. The findings of our study assert that entrepreneurial behavior has a notably significant positive impact on business performance, thereby accentuating the critical importance of initiative, creativity, and the judicious management of risk in enhancing business productivity and ensuring sustainability. This offers invaluable insights for business stakeholders, particularly business leaders, who are encouraged to focus on entrepreneurial dimensions in the development of both employees and organizational leaders. In conclusion, this journal serves as a vital contribution to the existing body of knowledge, elucidating how entrepreneurial behavior can fundamentally shape and influence the overall performance of businesses.

V. CONCLUSION

The overarching conclusion derived from the extensive analysis conducted in this research is that the manifestation of entrepreneurial behavior exerts a remarkably significant and positive impact on the overall performance of businesses. The proactive initiative demonstrated in the identification of novel business opportunities, coupled with the creativity exhibited in the formulation and implementation of innovative marketing strategies, as well as the judicious ability to manage risks in a wise and calculated manner, collectively serve to enhance productivity levels and contribute to the long-term sustainability of the business enterprise. Furthermore, it is essential to recognize that entrepreneurial behavior encompasses a range of attributes including, but not limited to, a strong inclination towards innovation, a willingness to embrace and take calculated risks, a robust work ethic, adaptability, a sense of responsibility, and adept managerial skills. Consequently, it becomes imperative for business leaders and managers to cultivate and embody an entrepreneurial mindset, as this is crucial for the enhancement and optimization of the overall capabilities and performance of their respective business entities. In light of these findings, it is evident that fostering an environment that encourages entrepreneurial thinking and behavior can yield substantial benefits for organizations aiming to thrive in today's competitive marketplace. Thus, the integration of entrepreneurial principles into the fabric of business operations is not merely advantageous but rather essential for sustained success and growth in an ever-evolving economic landscape.

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