



## INCREASING THE BUSINESS PERFORMANCE OF SMEs THROUGH THE ROLE OF WOMEN'S ENTREPRENEURSHIP, ECO-FRIENDLY ENTREPRENEURSHIP AND ENTREPRENEURIAL ORIENTATION

Ika Yuliana<sup>1</sup>, Restu Alpriansah<sup>2\*</sup>, Aryan Agus Pratama<sup>3</sup>, Rizal Ramdani<sup>4</sup>,  
Nasifa Tridasari Akib<sup>5</sup>

<sup>1,2,3,4,5</sup> Universitas Bumigora

alpriansahrestu@universitasbumigora.ac.id\*

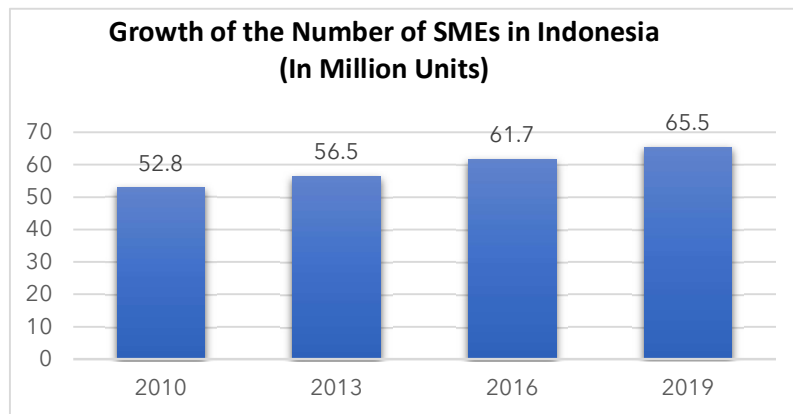
**Introduction:** Indonesia has 64.1 million Small and Medium-Sized Enterprises (SMEs). Small and Medium-Sized Enterprises (SMEs) in Indonesia play a crucial role in the national economy by supplying products and services, generating employment, and serving as a source of revenue for the community. Despite their significant role in economic development, Small and Medium-Sized Enterprises (SMEs) have not made ideal contributions to sustainability. The imperative to address environmental concerns cannot be effectively managed by SMEs without a defined approach. Small and Medium-Sized Enterprises (SMEs) must adopt ecologically orientated practices (Eco-Friendly Entrepreneurship) to enhance their performance. The significance of women's roles and entrepreneurial orientation in business has become increasingly vital, particularly in the aftermath of the Covid-19 pandemic. The title "Increasing SME Business Performance through Women's Entrepreneurship, Eco-Friendly Practices, and Entrepreneurial Orientation" aims to elevate public knowledge on the importance of environmental sustainability in business operations.

**Research Approach:** The employed research methodology is quantitative. This study surveyed 49 female owners or managers of SMEs in Indonesia. The research procedure was conducted in many stages: problem analysis, collection of supporting papers (journals), gathering primary data, data processing through multiple linear regression using the SPSS software, and ultimately deriving conclusions and recommendations from the study. The acquired data underwent assessments for instrument feasibility, first with validity and reliability tests, followed by hypothesis testing.

**Finding/Results:** This study revealed that the Eco-Friendly Entrepreneurship variable did not affect company performance, whereas the other variables positively influenced it.

## INTRODUCTION

Small and Medium-Sized Enterprises (SMEs) refer to firms of small to medium scale in Indonesia. SMEs play a crucial role in the national economy by supplying products and services, absorbing labour, and serving as a source of money for the community. According to data from the Ministry of Cooperatives, Small and Medium Enterprises (2021), this business unit employs 119.6 million individuals, constituting 96.92% of the entire Indonesian workforce.



**Gambar 1. The Growth of SME's in Indonesia**

Source: Katadata (2019)

The increasing number of SMEs makes business actors think about ways to improve their business performance. How to improve the performance of SMEs has always been an important area of research over the past few decades. Many researchers have examined business performance from various perspectives (Yeniyurt et al., 2019). Business performance is the key to the success of a business being carried out. Performance measurement is a challenge for a business (Liang et al., 2018). Measuring the performance of an SMEs has long been stated as a significant challenge for management globally (Octavia et al., 2023). Therefore, SMEs owners must think about strategies to improve performance.

The phenomenon of increasing SMEs cannot be separated from the role of women. In Indonesia, 52.9% of micro-businesses are run by women, and the percentage of female entrepreneurs reaches 21%, higher than the global average of only 8% (Anggraini et al., 2023). The role of women in SMEs is not only limited to the number of participants, but also the impact they make on business performance and innovation (Lusianawati et al., 2023).

Women's entrepreneurship has a positive and significant influence on business performance (Octavia et al., 2023).

Environmentally friendly entrepreneurship is very important to provide benefits to humans and nature, including SMEs. Therefore, it is necessary to emphasize environmentally friendly SMEs or SMEs that are always related to sustainability (Yuliana et al., 2023). The concept of sustainability has become a controversial field of research, and its concept can be identified through various terms such as eco-entrepreneurship and eco-friendly entrepreneurship (Ye et al., 2020). The concept of eco-friendly entrepreneurship is interesting to study in SMEs, especially those managed by women. However, the concept of sustainability is still rarely applied by food and beverage SMEs owners. This is also evidenced by data on the types of plastic used by SMEs (Table 1.1).

**Table 1.1 The Type of Plastic Used by SME's**

No	Nama Data	Nilai
1.	Plastic bags	95,5
2.	Plastic straws	42,6
3.	Plastic gloves	41,4
4.	Kilogram-sized plastic	41,2
5.	Plastic spoons and forks	41
6.	Plastic cups	37,7
7.	Plastic food containers	19,4
8.	Plastic bottles	12
9.	Plastic drink pouches	2,5

Source: databoks.katadata.co.id (2024)

The concept of eco-friendly entrepreneurship will improve the image of SMEs and will indirectly attract consumers, and have a direct impact on business performance. In addition, implementing the concept of sustainability in SMEs will help government programs to protect the environment. Therefore, SMEs owners can start implementing the concept of sustainability. According to Octavia et al., (2023) eco-friendly entrepreneurship has a positive and significant effect on performance.

Another factor that influences the improvement of SME's performance is Entrepreneurial orientation. Based on research conducted by (Ha et al., 2018), (Yu et al.,

2016a), (Hongyun et al., 2019) which states that there is an influence between entrepreneurship orientation and SMEs performance. Entrepreneurial orientation is seen as a mechanism that considers competitive advantage through product, process and market innovation (Preda, 2013). According to (Octavia et al., 2020) entrepreneurial orientation has an effect on business performance. This is different from research conducted by Masa'deh et al., (2018) which states that entrepreneurial orientation does not affect business performance. From this explanation, it can be concluded that this research is important to do.

## **LITERATURE REVIEW**

Theory of competitive strategy was formulated by Porter in 1980. This strategy encompasses the methodology of utilising and enhancing capabilities to attain established objectives (McGee & Sammut-Bonnici, 2015). Essentially, Competitive Strategy, from an economic standpoint, is defined as a method employed to enhance an organisation or firm amongst market share and competitive rivalry. Implementing Competitive Strategy Theory in SMEs will enhance business performance. The tactics employed include Women's Entrepreneurship, Eco-Friendly Entrepreneurship, and Entrepreneurial Orientation, which will enhance firm performance.

### **Business Performance**

Business performance is a measure of the success of a business (Octavia et al., 2023). This business performance measurement involves subjective assessments based on the perceptions of SMEs owners. Lebas & Euske, (2002) provide a definition to illustrate the concept of organizational performance. Performance is a set of financial and non-financial indicators that provide information about the level of achievement of goals and results. According to (Fairoz et al., 2010) business performance uses two dimensions, namely the first dimension is financial performance and the second dimension is subjective performance. Financial performance, for example, such as the level of use, profitability and market share. Subjective performance is a performance measurement that is according to the measurement of customer and employee satisfaction, for example service quality, consumer satisfaction, and employee job satisfaction.

### **Women's Entrepreneurship**

Women entrepreneurship is a key factor contributing to the economic development of a country. It is now recognized that women's entrepreneurship is an important indicator of world development (Wolf & Frese, 2018). Women entrepreneurs play a vital role in creating jobs, wealth, poverty alleviation, human development, education, health, and nation-building, especially in developing countries (Sajjad et al., 2020). The four key success factors shaped by the attributes and values of women entrepreneurs are client relationships and branding, organizational values and culture, networking behaviour, and leadership and management (Byrne et al., 2019; Huq et al., 2020).

### **Eco-Friendly Entrepreneurship**

For the sustainability and development of the company, good customer attraction and handling are important activities for entrepreneurs. Therefore, environmentally friendly products are used to attract consumers to develop further (Herman, 2015). Eco-Friendly Entrepreneurship has a significant contribution in increasing employment and also in encouraging change, innovation, adoption, and development of new business expansion. An environmentally friendly strategy leads to active entrepreneurship and innovation as a competitive advantage of the company used for entrepreneurial development (Gobena & Kant, 2022).

### **Entrepreneurial Orientation**

Slater & Narver (2000) explained that entrepreneurial orientation reflects how an individual or organization can recognize and capture opportunities to be utilized. Entrepreneurial orientation is useful in determining the accuracy of product strategy because companies innovate more often, are aggressive in reading opportunities and are more courageous in acting in the face of existing risks (Yu et al., 2016b). Entrepreneurial orientation is a way for businesses to make decisions that focus on entrepreneurial behaviour (Rauch et al., 2009). It can be concluded that entrepreneurial orientation is an entrepreneurial action that relies on innovation, is proactive, and dares to take risks.

## **RESEARCH METHODOLOGY**

This research employs a quantitative descriptive methodology to assess the impact of Women's Entrepreneurship, Eco-Friendly Entrepreneurship, and Entrepreneurial Orientation on the Business Performance of Food and Beverage SMEs in Indonesia. The research data was acquired by questionnaires administered to SMEs owners in Indonesia. The study's population comprises proprietors of food and beverage SMEs in Indonesia. Nevertheless, an improved sample consideration entails utilising a sample size ranging from a minimum of 30 to a maximum of 500 (Salkind, 2012). This study utilised 49 respondents. The sampling technique employs non-probability sampling. Non-probability sampling is a sampling method that does not afford equal opportunity to all members of the population. The data testing method employs a validity assessment, conducted by comparing the score of each item with the overall item score. Moreover, the reliability test assesses the extent to which the measuring device can be deemed trustworthy. This study used multiple linear regression analysis conducted with the IBM SPSS software to test the hypothesis.

## **RESULT AND DISCUSSION**

The data processing findings from the questionnaire revealed 49 responses, indicating that 58% of food and beverage SMEs were founded between 2001 and 2020, 40% were established after 2020, and the remainder were established between 1990 and 2000. The ages of SMEs owners are distributed as follows: 34% are aged 36-40 years, 30% are aged 18-25 years, 28% are aged 26-35 years, and the remaining 8% are above 40 years old. The monthly income of SMEs owners is as follows: 58% earn IDR 1-2.5 million, 24% earn between IDR 2.5-4.5 million, 12% earn less than IDR 1 million, and the remaining 6% earn more than IDR 4.5 million. Upon acquiring the respondent information, the subsequent stage is to assess the validity and reliability of the statement items.

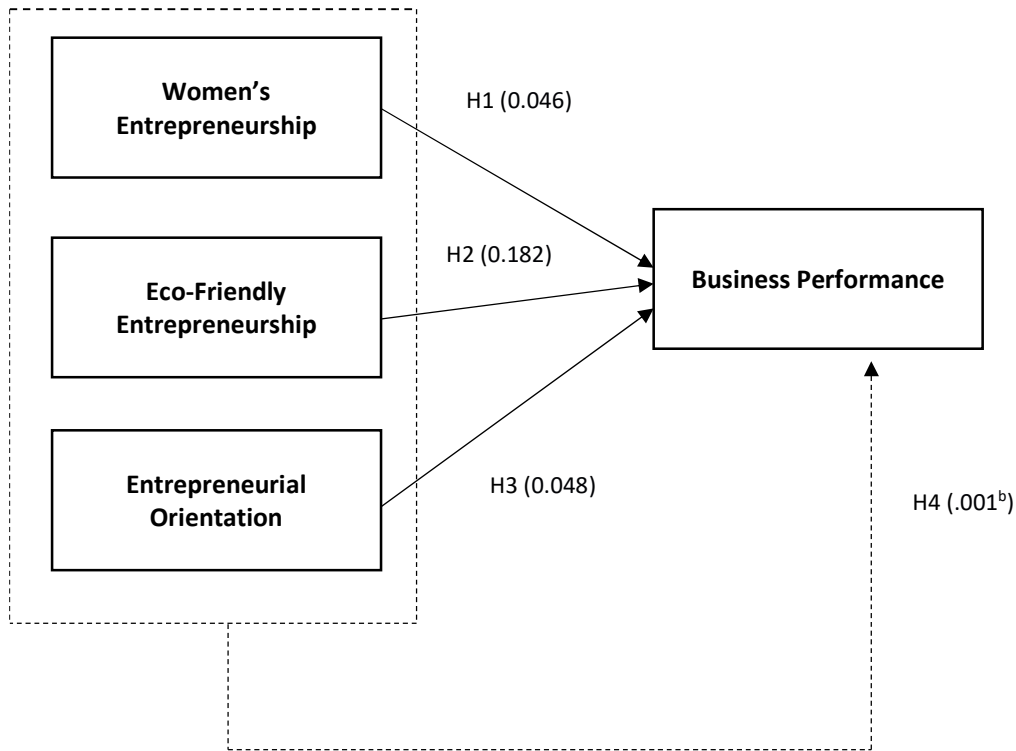
The data testing technique using validity testing is carried out by correlating the item scores with the scores of each item. Furthermore, the reliability test is a reliability test that aims to determine how far the measuring instrument can be trusted. All statement items are

declared valid if the corrected item-Total Correlation value is above 0.2816 (R-table) and all variables are said to be reliable if the Cronbach's Alpha value is above 0.70.

Tabel 1.2 Validity and Reliability

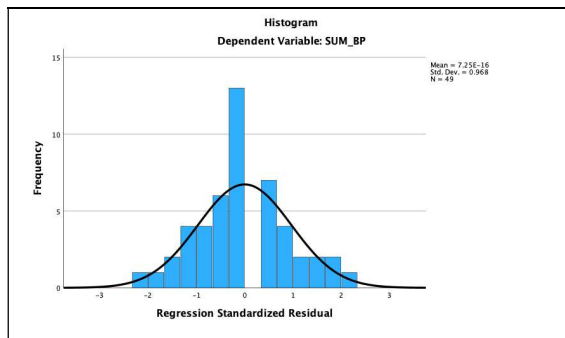
Variable	Scale Item	Corrected Item-Total Correlation	Cronbach's Alpha
Business Performance	The SMEs under my management successfully expanded their market share.	0.536	0.795
	The SMEs could increase the sales growth.	0.703	
	The SMEs was able to increase to the profitability.	0.652	
	The SMEs successfully augmented the consumer base each month.	0.713	
Women's Entrepreneurship	I have good connection and relation with the customers.	0.491	0.710
	I lead my employees with a good leadership	0.366	
	I have good achievement when I run this business.	0.476	
	I uphold community values and culture while employed by this firm.	0.409	
Eco-Friendly Entrepreneurship	The product that we produced was matched with the eco-friendly concept.	0.487	0.729
	The packaging of product that we used is eco-friendly.	0.475	
	I assert that I do not utilise environmentally damaging chemicals.	0.334	
	The enterprise I manage engages with commodities that prioritise environmental sustainability.	0.535	
	The Small and Medium Enterprise (SME) I operate consistently prioritises minimising environmental effect.	0.502	
Entrepreneurial Orientation	I have a high level of confidence in the business that I handled.	0.494	0.761
	I always work hard and am highly motivated in running a business.	0.562	
	I possess a strong initiative in company management.	0.497	
	I am able and brave to take risks in every business decision.	0.609	

Table 1.2 demonstrates that all statement items exhibit both validity and reliability. All statement items are deemed genuine if the adjusted item-total correlation value exceeds 0.2816 (ranging from 0.33 to 0.713), and all variables are considered reliable if Cronbach's Alpha value surpasses 0.70 (ranging from 0.710 to 0.795).

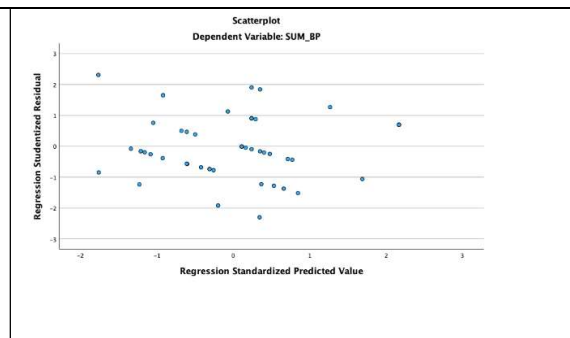


**Gambar 1.2 Conceptual Framework**

After conducting validity and reliability tests, the author then conducted normality and heteroscedasticity tests. The normality test in this study used the Histogram graphic model and the heteroscedasticity test with the scatter plot model.



**Gambar 1.3 Uji Normalitas**



**Gambar 1.4 Uji Heterokedestisitas**

Figure 1.3 shows that the data is normally distributed. The histogram graph is said to be normal if the data distribution forms a bell shape, not skewed to the left or right. Figure 1.4



explains that there is no heteroscedasticity in the data. If there is no regular pattern and the points are spread above and below the number zero on the Y axis, then it is said that there is no heteroscedasticity.

**Table 1.3 Hypothesis Test**

Hipotesis		t count	Sig.	Result
H1	Women’s Entrepreneurship → Business Performance	2.051	0.046	Accepted
H2	Eco-Friendly Entrepreneurship → Business Performance	1.357	0.182	Rejected
H3	Entrepreneurial Orientation → Business Performance	1.743	0.048	Accepted

**Table 1.4 Simultaneous Test**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.878	3	6.626	6.352	.001 <sup>b</sup>
	Residual	46.939	45	1.043		
	Total	66.816	48			

a. Dependent Variable: SUM\_BP

b. Predictors: (Constant), SUM\_EO, SUM\_EFE, SUM\_WE

The hypothesis testing findings indicate that all hypotheses are accepted, with the exception of the second hypothesis. Women's entrepreneurship exerts a positive and significant influence on business performance, evidenced by a t-value of 2.051, above the t-table value of 0.67975, and a significance value of 0.046, which is less than 0.05. Women's entrepreneurship exerts a positive and significant influence on business performance. This indicates that women entrepreneurs can effectively engage with clients, manage personnel proficiently, attain accomplishments, and uphold values and cultures, hence enhancing performance. Female entrepreneurs significantly impact the performance of Food and Beverage MSMEs in Indonesia (Lusianawati et al., 2023). The findings of this study align with the research by Octavia et al. (2023), which indicates that women's entrepreneurship influences the performance of SMEs.

Eco-Friendly Entrepreneurship has a positive and insignificant effect on Business Performance, with a t-value of  $1.357 > t_{table} (0.67975)$  and a sig value of  $0.182 > 0.05$ . This shows that Eco-Friendly Entrepreneurship has a positive impact on Business Performance, but its influence is not too great in improving business performance. Efforts to carry out an entrepreneurial process that is adaptable to environmental sustainability have now become a necessity. This study found that environmentally friendly entrepreneurship or Eco-Friendly Entrepreneurship has a positive and insignificant effect on business performance. The results of this study contradict the research conducted by Octavia et al., (2023) which stated that Eco-Friendly Entrepreneurship has a positive and significant effect on Business Performance

Entrepreneurial Orientation has a positive and significant effect on Business Performance, with a calculated t value of  $1.743 > t_{table} (0.67975)$  and a sig value of  $0.048 < 0.05$ . This shows that SMEs owners have good strategies, carry out various innovations and can read opportunities so that they can improve business performance. The results of this study are in line with research conducted by Octavia et al., (2020) which states that Entrepreneurial Orientation has a positive and significant effect on Business Performance.

Women's entrepreneurship, eco-friendly entrepreneurship, and entrepreneurial orientation concurrently impact corporate success. The F-count value (6.352) exceeds the F-table value (4.05), while the significance value is below 0.05. It may be concluded that Women's Entrepreneurship, Eco-Friendly Entrepreneurship, and Entrepreneurial Orientation collectively influence firm performance. These findings align with the research conducted by Octavia et al. (2023).

## **CONCLUSION**

This study demonstrates that the three examined variables concurrently affect business performance. Female entrepreneurs play a significant role in sustaining customer relationships, effectively directing employees, achieving success, and upholding values and cultures, which eventually enhances the company's performance. Furthermore, female entrepreneurs are actively engaged in operating sustainable enterprises that contribute to environmental conservation, although the significance of their involvement is not particularly

pronounced in this study. Ultimately, SMEs possess effective methods and innovations that facilitate the attainment of the company's objective of enhancing business performance.

## ACKNOWLEDGEMENT

This research was accomplished due to the excellent collaboration among team members who consistently supported one another. Gratitude is extended to the Faculty of Economics and Business at Bumigora University for affording the author team a significant opportunity to maintain productivity in research. We extend our gratitude to all female entrepreneur respondents in Indonesia for their time in answering each question posed. It is hoped that female entrepreneurs in Indonesia will become more progressive and robust.

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