



Business Performance Boosted: The Role of Entrepreneurial Characteristics and Startup Strategies in Bangka Belitung Islands Province

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Abstract

This study aimed to investigate the relationship between entrepreneurial characteristics, startup strategies, and business performance in Bangka Belitung Islands Province. We used a survey method with in-depth interviews and questionnaires to collect data from 100 startup businesses. The Structural Equation Modeling (SEM) Moderating approach with SmartPLS (Partial Least Square) was used to analyze the data. The findings show that entrepreneurial characteristics and startup strategies positively influence business performance in the region. Moreover, the joint effect of entrepreneurial characteristics and startup strategies was found to be significant. These findings contribute to our understanding of how entrepreneurs can improve their business performance by developing entrepreneurial characteristics and strategic planning. The implications of this study are that policymakers and entrepreneurs should focus on fostering entrepreneurial skills and adopting effective startup strategies to improve business performance.

Keywords: Entrepreneurship, Startup Strategies, Business Performance, SEM, SmartPLS

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INTRODUCTION

et al. (2019) explain that entrepreneurship applies creativity and are needed by individuals ready to fight entrepreneurship business instincts to penetrate competitive market shares. growth, and profit performance (Ramli, 2020). Entrepreneurial characteristics can affect their business development; entrepreneurial characteristics of venture capital Entrepreneurial Characteristics are also necessary for conducting business activities. Capital is Entrepreneurial credit institutions.

price, distribution, and promotion. Crowther (in Masykur, 2001) consist of: (Putri, 2013). adds optimism and confidence in the future. While the rewards 1. The desire for achievement in entrepreneurship are tempting, there are also costs associated 2. Management capabilities with owning the business. Starting and operating your own 3. Personal responsibility business requires hard work, takes up a lot of time, and requires 4. The level of courage to take risks emotional strength. Entrepreneurs experience unpleasant 5. Level of ideas and innovation personal pressures such as investing more time and energy. 6. Orientation to the future Many entrepreneurs describe their careers as exciting but very 7. Level of confidence all-consuming. The possibility of failure in business is an everpresent threat to entrepreneurs. There is no guarantee of success; Entrepreneurial characteristics will generally show a person's the challenge is hard work and emotional stress, and the risk requires high commitment and sacrifice.

small business administration (SBA) (Mahadalle, 2017).

LITERATURE REVIEW

The Performance of MSMEs

The indicators of the performance of MSMEs are (Wijayanti 2015) (Husadha, 2020):

- 1. Increased sales and assets owned
- 2. Business legality
- 3. Increasing the number of employees
- 4. Increasing the number of customers served
- 5. Increased tax payments
- 6. Increasing the quality of human resources
- 7. Increased production rate
- 8. Increased administration and finance
- 9. Increasing banking funds

In general, MSMEs measure their business performance based on short-term operational achievements. MSMEs' business performance is usually measured by sales level, profit level, and operating income (Wajdi, 2018). Business performance is an

achievement achieved in running a business—the business Entrepreneurship is a phenomenon that has been talked about performance measuring tool based on Kaplan and Norton's 1996 most recently (Anwar, 2018). Entrepreneurship is creating theory, namely the Balance Scorecard. The measurement is something new and different(Aldrich, 2017). In contrast, Doern measured by looking at four perspectives: finance, customers, internal business, and growth and learning (Sari, 2020). Business innovation to solving problems and finding opportunities to performance is a measuring tool for the results of business work improve lives (Andjarwati, 2021). Independent entrepreneurs carried out, as long as the business works quality and quantity (Sidiqqoh, 2020). Best added that a company's business because businesses are sensitive to conscience and have sharp performance can be measured based on stock performance, sales

characteristics include demographic a business factor that must be available before carrying out characteristics, individual characteristics, personality traits, activities. The size of capital will affect business development entrepreneurial orientation, and entrepreneurial readiness in achieving income (Riyanto, 2001). Business capital can be (Maisaroh, 2019). Entrepreneurial characteristics generally obtained from two sources, own capital, and outside capital, describe a person's personal or psychological uniqueness consisting of values, attitudes, and needs. Nurhayati et al. (2011) found that the psychological characteristics of entrepreneurship In addition, marketing strategy is a field that cannot be separated have a real and positive effect on entrepreneurial competence and from a society with an independent visual perspective. The business performance (Sari, 2016). An entrepreneurial attitude is marketing strategy includes strategies regarding the elements or the attitude of someone with a high from everyday life or the variables in the marketing mix, which are the interactions of the characteristics of an entrepreneur's attitude (Faisal, 2002) four main variables in the marketing system: product/service, (Setyawati, 2013). Entrepreneurship Characteristics Indicators

level of expertise in leading and taking every policy in running a business and his ability to establish relationships and attract cooperation with business relations (Bangun, 2021). The concept Clark (2003) defined a small business as a small organization, of entrepreneurial characteristics is personal traits and skills that governmental authority, or jurisdiction. A small-scale business are the competencies of entrepreneurs necessary to achieve is an independently owned concern, and the independent person success (Tupahamu, 2020). In general, the characteristics of operates it. Small business is not dominant in the operation field. entrepreneurship describe a person's personal or psychological Moreover, it satisfies many additional criteria established by the uniqueness consisting of the value dimension of attitudes and needs (Sari, 2016).

> Entrepreneurial characteristic is a combination of some characteristics that should be owned by an entrepreneur (Gartner, 1989; Basu and Altinay, 2002), and some psychological attributes are regarded as a predictor of entrepreneurial intention (Rasheed, 2003) (Kusmintarti, 2014). Entrepreneurship research has already established that some entrepreneurial characteristics influence entrepreneurial intention. However, few studies have investigated the university environment as a context for entrepreneurship (Bignotti & Le Roux, 2016; Piperopoulos & Dimov, 2015).

Startup Strategy

Most startup organizations are organic with high centralization, thus providing flexibility in decision-making and being quite adaptive (Nurcahyo, 2018). In the industrial revolution 4.0, automated and cyber technologies are merged so that in business activities, automation and data exchange occur (Rofaida, 2019). A successful startup of MSMEs can work efficiently in managing finances and maintaining the stability of financial performance (Jatmiko, 2016). Startup is a form of incubator based on

technology or also known as the digital world (Lutfiani, 2020). RESULTS AND DISCUSSION Following are the determinants of startup success identified by This study was conducted using a survey method with in-depth communication, managerial innovation. (Tarihoran, 2021).

a. Product

burden the user with other disturbing elements so that the user feels ease and comfort in using the product. Product variables lowest level of education, with a percentage of 0%. include several factors, including:

- 1. Ease of Use of Digital Products (User Experience)
- 2. Ease of dealing with Digital Products (User Interface)
- 3. Product aesthetics in Product Design and Digital Services
- 4. Digital Products and Services have been created to share experiences for users

b. Process

After digital products are developed, process variables focus on how startups carry out product development processes from concept to customer to provide the solutions customers need (Prasetiawan & Tricahyono, 2017). Several components related to process variables, according to Nylén & Holmström, 2015 (in Hardiansyah & Tricahyono, 2019) are: (1) bundling, namely how to combine the components of the portfolio of digital products and services so that they can be differentiated and provide apparent differences regarding boundaries and relationships between products and services; (2) devices, namely related to information about hardware and software; and (3) channels, related to digital information channels (software platforms, operating systems, and web services).

c. Management of Innovation

The innovation management variable is how startups can manage innovation to carry out their product development process quickly while reducing the uncertainty that will occur, which is the hallmark of digital products (Prasetiawan & Tricahyono, 2017).

d. Communication

The communication variable is how a startup company can publish or introduce the company, especially the product value offered to users, to accelerate product acceptance in the market.

Companies should engage in projects that form specific experiences to develop technology, production, and marketing skills. (Prasetiawan & Tricahyono, 2017).

f. Information Technology

This variable shows how startups can utilize information technology to support business success.

g. Innovation Skills

The innovation skills variable is an essential ability that supports success in growing a digital business in a newly formed market and with internal team conditions that still have limitations.

h. Functional Skills

Functional skills are related to how startups can use the information and digital technology.

METHOD

Data collection in this study was conducted by survey method with in-depth interviews and questionnaires, providing a list of questions and statements to the 100 respondents, in this case, Startup Business in the Bangka Belitung Islands Province.

Prasetiawan and Tricahyono (2017), namely: product, process, interviews and questionnaires and collected 100 respondents. experience, Figure 1 shows that the most dominant age of the respondents is information technology, innovation skills, and functional skills in the age range between 35-40 years, with a percentage of 41%, while the minor age of respondents is less than 30 years, with a percentage of 9%. Figure 2 shows that the respondents were In a digital product, design is essential and can help companies dominated by a female with a percentage of 56%, while for achieve their business goals. The product must be accessible for males, it was 44%. Figure 3 shows that Senior/Vocational High use easily by everyone according to their priority needs and not School dominates the education level of the respondents with a percentage of 61%. In comparison, Graduate Degree is the

Analysis of Measurement Models

The initial stage in modeling the effect of Entrepreneurial Characteristics and Startup Strategy in Improving Business Performance in the Bangka Belitung Islands Province is to measure the research instrument.

Table 1 shows that all items of X1 are valid with a loading factor value greater than 0.50, and all items are reliable with Cronbach's Alpha and Composite Reliability of more than 0.700. The value of AVE is also more than 0.50. Table 2 shows that all items of X2 are valid with a loading factor value of more than 0.50. All items of X2 are reliable with Cronbach's Alpha and Composite Reliability of more than 0.700 and AVE greater than 0.50. Table 3 shows that all items of the Y variable are valid with a loading factor value of more than 0.50. All items are reliable with Cronbach's Alpha and Composite Reliability of more than 0.700 and AVE of more than 0.50.

Effect Analysis of Entrepreneurial Characteristics and Startup Strategy and its impact on Business Performance

The results of the research on the effect of Entrepreneurial Characteristics and Startup Strategy and its impact on Business Performance can be illustrated in the following figure:

[Figure 1 About Here]

Structural Model Evaluation (Inner Model)

The inner model is evaluated to ensure that the structural model built is accurate and reliable. Inner model testing can be done in the following three ways:

Coefficient of Determination (R² Value)

The classification of R2 value is 0.75, which is categorized as having a strong model, 0.50 as having a moderate model, and 0.25 as having a weak model. Table 4 shows that the R-square value for the exogenous variables Entrepreneurial Characteristics and Startup Strategy on the endogenous variable MSME performance is 0.908 or 90.8%. This condition indicates that there are still 9.2% influenced by other factors and variables that are not explained in this study.

[Tabel 1 About Here]

[Tabel 2 About Here]

[Tabel 3 About Here]

[Tabel 4 About Here]

Effect Size (f²)

The effect size value is categorized as having a large, medium, and small contribution if it has a value of 0.35, 0.15, and 0.02, respectively. Table 5 shows that the contribution of the exogenous variable Entrepreneurship Characteristics to the endogenous variable of MSME performance falls into the large category, worth 0.629. The contribution of the Startup Strategy Jatmiko, Udik. (2016). Pengaruh Lingkungan Bisnis Dan exogenous variable to the endogenous variable of MSME performance is included in the small category, worth 0.019.

[Tabel 5 About Here]

CONCLUSION

The questionnaire results show that MSMEs entrepreneurs of Bangka Belitung Islands Province already have entrepreneurial characteristics, startup strategies, and good business performance. Entrepreneurial characteristics positively influence improving business performance in the Bangka Belitung Islands Province. The startup strategy has a positive effect on improving business performance in the Bangka Belitung Islands Province. Entrepreneurial characteristics and Lutfiani, Ninda, Untung Rahardja dan Ita Sari Perbina Manik. startup strategy together strongly influence business performance in the Bangka Belitung Islands Province.

SUGGESTION

Entrepreneur are expected to continue to maintain and improve their entrepreneurial characteristics and startup strategies. MSMEs are also expected to be able to increase their knowledge regarding matters that can support business growth in the future and always update their knowledge regarding trends that occur in market.

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TABLE 1. Analysis of the Validity and Reliability of Variable Measurement Models of Entrepreneurial Characteristics

Indicator	Loading Factor	Conclusion
X1.1	0.918	Valid
X1.2	0.939	Valid
X1.3	0.938	Valid
X1.4	0.942	Valid
X1.5	0.893	Valid
X1.6	0.915	Valid
X1.7	0.903	Valid
Cronbach's Alpha	0.970	
Composite Reliability	0.975	
AVE	0.849	

TABLE 2. Analysis of the Validity and Reliability of Variable Measurement Models of Startup Strategy

Indicator	Loading Factor	Conclusion
X2.1	0.873	Valid
X2.2	0.898	Valid
X2.3	0.918	Valid
X2.4	0.896	Valid
X2.5	0.890	Valid
Cronbach's Alpha	0.833	
Composite Relia s D ity	0.858	
AVE	0.509	

TABLE 3. Analysis of the Validity and Reliability of Variable Measurement Models of MSMEs Performance

Indicator	Loading Factor	Conclusion
Y.1	0.892	Valid
Y.2	0.952	Valid
Y.3	0.940	Valid
Cronbach's Alpha	0.9	919
Composite Reliability	0.949	
AVE	0.862	

TABLE 4. R² Value

Variable	R ² Value	R ² Adjusted	Conclusion
Business Performance (Y)	0.908	0.906	Strong

TABLE 5. f² value

Exogenous Variables	f² value	Conclusion
Entrepreneurial Characteristics (X1)	0.629	Large
Startup Strategy (X2)	0.019	Small

Figure 1] Conceptual Framework

