

The Influence of Entrepreneurial Orientation Dimension on Supply Chain Performance at PT XYZ Jakarta in 2022

Sekar Widyastuti Pratiwi ^{a,1,*}, Harry Purwoko ^{a,2}, Ghifari Maulana Akbar ^{a,3}, Muhammad Iqbal Firdaus ^{a,4}, Esterlinus Edwin Lermatan ^{a,5}

^{1,2,3,4,5}Trisakti Institute of Transportation and Logistics, Jakarta 11440, Indonesia

¹sekarwidy10@gmail.com*, ²harrypurwoko2014@gmail.com, ³ghifariakbar94@gmail.com, ⁴iqbal@itltrisakti.ac.id, ⁵edwinlermatan@gmail.com

* corresponding author

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ABSTRACT

This thesis aims to analyze the influence of entrepreneurial orientation dimensions on supply chain performance at PT XYZ. The supply chain is a vital element in business, including planning, procurement, production, distribution and delivery of products/services to end consumers. Entrepreneurial orientation includes proactiveness, innovation, and risk taking. This research uses a quantitative approach with survey methods and questionnaires distributed to managers and supply chain staff. Secondary data was obtained from literature, financial reports and company documents. Analysis uses SmartPLS 3.2.9 with variance-based structural equation analysis, measuring and modeling data simultaneously. Samples were taken using a saturated sampling technique. The results show that innovation has no significant positive effect on supply chain performance, while proactiveness and risk taking have a significant positive impact. Exogenous variables (innovation, proactiveness, risk taking) explain 53.1% of supply chain performance, the rest is influenced by other factors. The implications of this research provide guidance for companies to increase supply chain efficiency in competitive and dynamic markets.

1. INTRODUCTION

In the era of globalization, businesses face intense competition and increasing consumer demand, especially from the upper middle class who want high quality at economical prices.(Troise et al., 2022). The economy and industrial sector in developing countries like Indonesia continues to improve, Indonesia's economic growth in the third quarter of 2022 was recorded at 5.72%.(Ministry of Finance, 2022). Competition is increasingly intense due to rapid world change, driven by technological advances, global trade, and political and economic stability.

To remain competitive, companies need to develop strategies that enable them to win in the fierce competition. Supply chain management is key in optimizing business performance. It involves organizing purchasing activities, transformation of raw materials into finished products, and delivery of products to consumers. Innovation, proactivity, and risk-taking are important elements of entrepreneurial orientation that play a role in supply chain success(Al-Omouh, 2022; Miller, 1983; Shakouri & Shakouri, 2020).

PT XYZ is an example of a company that applies innovation in supply chain management by adopting a VMS (Vendor Management System) system and daring to use local vendors.(Menon & Menon, 1997). However, this also carries risks related to incomplete supporting documents and the vendor's financial capabilities. In looking for a solution, the company looked for local vendors located in the same area to minimize delays in procurement of goods and reduce costs.

The importance of corporate strategic management and entrepreneurial orientation is recognized as a key factor in supply chain success. This research aims to measure the influence of entrepreneurial orientation dimensions (innovative, proactive and risk taking) on supply chain performance at PT XYZ in 2022(Gómez et al., 2012; Margahana & Sugandini, 2022; Mason et al., 2015; Merlo & Auh, 2009). This research tries to fill the gap by focusing on large companies, while many previous studies only concern small and medium companies.

2. METHODS

The sample for this research consisted of 65 employees of the Supply Chain Management division of oil and gas companies or a saturated sample. Data collection was carried out by survey. There are four variables in this study. There are 3 independent variables, namely innovativeness, proactiveness and risk taking, and one dependent variable, namely supply chain performance(Miller, 1983).

The operationalization of the variables innovative, proactive, risk taking and supply chain performance is the total score of respondents for each of the 8 statements for each variable. Score measurement is based on a 5 point Likert scale, with a value of 1 being strongly disagree and 5 being strongly agree. This study uses descriptive statistical analysis techniques using Smart PLS 3.2.9. PLS is a variance-based structural equation analysis (SEM) that allows measurement and structural modeling to be carried out simultaneously(AI-Omoush, 2022).PLS-SEM analysis is usually referred to as two sub-models, the measurement model, or often also the outer model and inner model(Joseph F. Hair, 2021). This study is a hypothesis testing study using bootstrapping to obtain tstatistics and p-values.

3. RESULTS AND DISCUSSION

3.1. Validity and Reliability Results

The results of the Average variance extracted (AVE) value show that the value component of the Average variance extracted (AVE) test, the minimum value for each construct required in research > 0.5 has been fulfilled and meets the minimum requirements, so the data is declared valid (Maulana, 2023).

Table 1. Average Variance Extracted Validity Test

	Average Variance Extracted
Innovative (X1)	0.533
Proactive (X2)	0.554
Dare to Take Risks (X3)	0.522
Supply Chain Performance (Y)	0.509

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

The HTMT test results of this research show that all variables are acceptable or valid because the general value of the HTMT value of all variables must be below 0.90(Octavia, 2020).

Table 2. HTMT Test Results

	Dare to Take Risks (X3)	Innovative (X1)	Supply Chain Performance (Y)	Proactive (X2)
Dare to Take Risks (X3)				
Innovative (X1)	0.861			
Supply Chain Performance (Y)	0.807	0.525		
Proactive (X2)	0.742	0.668	0.827	

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

A variable can be declared reliable if it meets the Cronbach alpha value > 0.6. The results of the Cronbach Alpha value show that the value components of the Cronbach Alpha test have been fulfilled and meet the requirements so that the data is declared reliable (Lady, 2018).

Table 3. Cronbach Alpha Reliability Test

	Cronbach Alpha
Innovative (X1)	0.787
Proactive (X2)	0.732
Dare to Take Risks (X3)	0.678
Supply Chain Performance (Y)	0.806

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

To be able to state that the indicator variable has sufficient value, the composite reliability value is > 0.7. The results of the composite reliability value show that the component values of the composite reliability test have been fulfilled and meet the requirements so that the data is declared reliable.

Table 4. Reliability Test Composite Reliability

	Composite Realibility
Innovative (X1)	0.849
Proactive (X2)	0.832
Dare to Take Risks (X3)	0.809
Supply Chain Performance (Y)	0.861

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

3.2. Structural Model Testing

- a. Based on the R-Square value obtained, it shows that the R-Square Value for Supply Chain Performance is 53.1%. This means that the ability of exogenous variables, namely Innovative, Proactive and Dare to Take Risks in explaining Supply Chain Performance is 53.1%. Which means that the remaining 46.9% of the influence is explained by other variables outside those discussed in this research.

Table 5. R-Square Test (R2)

Items	R-Square (R2)
Supply Chain Performance (Y)	0.531

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

- b. (Ketut Sutriana et al., 2022) categorize quantities f^2 into three types, namely: interpretation of the threshold value, namely 0.02 for weak influence, 0.15 for moderate influence, and 0.35 for strong influence. Based on the results of the f^2 test, it shows that there are two exogenous variables that have a moderate influence on the endogenous variables and there is one exogenous variable that has a weak influence on the endogenous variables. So it can be concluded that most of the endogenous variables have a moderate influence on exogenous variables in the structural order.

Table 6. F-Square Test (F2)

No	Connection	Mark	Criteria
1.	Innovative (X1) on supply chain performance (Y)	0.010	Weak
2.	Proactive (X2) towards supply chain performance (Y)	0.346	Moderate
3.	Risk taking (X3) on supply chain performance (Y)	0.203	Moderate

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

- c. Based on the Q-Square value obtained, the value for Supply Chain Performance is 0.134. That the value is above 0, and below 0.15 means that the Supply Chain Performance variable can be concluded to predict the model well in the small category.

Table 7. Q-Square Test (Q2)

Items	Q-Square(Q2)
Supply Chain Performance (Y)	0.134

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

- d. The GoF value in SEM with PLS was calculated manually(Qosasi & Permana, 2017)with the formula:

$$GoF = \sqrt{0.529^2 \times 0.531^2}$$

$$GoF = 0.280$$

In the equation above, AVE is the weighted average value with the weights obtained from the number of indicators for each latent variable. Using this formula, the GoF value of the model is obtained at

0.280, which means that a measurement that exceeds the GoF threshold value is medium, to state that the model is acceptable and the analysis interpretation can continue.

- e. Hypothesis testing in this research used a significance level of 5% with a confidence level of 0.05. In hypothesis testing, statistical hypotheses can be accepted or rejected based on the specified level of significance. The probability of making a wrong decision is 5%, while the probability of making a correct decision is 95%. The following are the criteria for hypothesis testing:

Ho is rejected and Ha is accepted if the p-value <0.05

Ho is accepted and Ha is rejected if the p-value is > 0.05

Table 8. Path Coefficients Test

Items	Original Sample (o)	T Statistics (O/STDEV)	P-Values
Innovative (X1) -> Supply Chain Performance (Y)	-0.097	0.478	0.633
Proactivity (X2) -> Supply Chain Performance (Y)	0.486	2,623	0.009
Dare to Take Risks (X3) -> Supply Chain Performance (Y)	0.425	2,103	0.035

Source: Processed by the outhor via SmartPLS 3.2.9, 2023

The path coefficients test has a value where the innovative variable has an influence on supply chain performance of 0.633, the proactive variable has an influence on supply chain performance of 0.009, the risk-taking variable has an influence on supply chain performance of 0.035.

Hypothesis testing has been carried out in this research to determine whether the hypotheses that have been made in this research have a positive and significant influence. The results of the first hypothesis test are the influence of innovation on supply chain performance. Path Coefficients test with Original sample value (O) Gets a value of -0.097, T-statistics 0.478 with P-Values getting a value of 0.633 which means it is greater than >0.05, so it can be stated that the Innovative variable (X1) has no positive and significant effect on Supply Chain Performance (Y). The results of the second Hypothesis Test are the influence of proactiveness on Supply Chain Performance. Path Coefficients test with Original sample value (O) Gets a value of 0.486, T-statistics 2.623 with P-Values getting a value of 0.009 which means it is smaller than <0.05 so it can be stated that the Proactive variable (X2) has a positive and significant effect on Supply Chain Performance (Y). The results of the third hypothesis test are the influence of daring to take risks on supply chain performance. Path Coefficients test with Original sample value (O) Gets a value of 0.425, T-statistics 2.103 with P-Values gets a value of 0.035 which means it is smaller than <0.05 so it can be stated that the Dare to Take Risks variable (X3) has a positive and significant effect on Supply Chain Performance (Y).

4. CONCLUSION

- a. The innovation dimension does not have a positive and significant effect on PT XYZ's supply chain performance. With these results, the researcher concludes that innovation does not have a significant influence on supply chain performance variables because PT XYZ operates in the service sector. So far, PT. Elnusa Tbk only focuses on its main business, namely oil and gas drilling services, and it is not certain that this company will expand into other business sectors
- b. The proactive dimension has a positive and significant effect on PT XYZ's supply chain performance. Based on these results, the researchers concluded that if employees have a proactive attitude, they can improve supply chain performance at PT XYZ.
- c. The dimension of daring to take risks has a positive and significant effect on PT XYZ's supply chain performance. With these results, the researcher concludes that if employees dare to take risks, they can improve supply chain performance at PT XYZ.

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