

Study of Entrepreneurial Orientation, Managerial Ability Business Strategy on Business Growth in Sulawesi Tenggara

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Abstract: *This study aims to analyze and determine the effect of entrepreneurial orientation, managerial ability and business strategy for business growth. This study uses the approach of causality between variables with a sample of 159 respondents, and analytical equipment using is Structural Equation Model (SEM). The results showed that, the most powerful variables contribute in enhancing the growth of small and medium enterprises is a business strategy, followed by managerial ability, while the entrepreneurial orientation variables contribute most in improving the growth of small and medium businesses. This study found that, entrepreneurial orientation, managerial ability and business strategy have a positive and significant effect in improving the growth of small and medium enterprises in the Sulawesi Tenggara.*

Keywords: Entrepreneurship Orientation, Managerial Ability, Business Strategy, Business Growth

1. Introduction

Developments in science and technology today, has had an impact on the progress of the business world, especially in small-scale enterprises and medium enterprises (SMEs), both of which move in the industrial sector and trade sector. When viewed in terms of the growth of SMEs, especially locally based, quantitative rather encouraging but when viewed in terms of the quality of the effort still is in need of attention and support from various parties, especially the government.

The existence of small and medium enterprises (SMEs) in Indonesia in general grow and take root in the community with the characteristics of relying on the power of local resources available in each region. If small and medium enterprises that want to grow and develop, especially in terms of quality, it is necessary alignments in the process of empowering entrepreneurs. Improving the quality of human resources for entrepreneurs is a most urgent needs, because of the condition of the external business environment increasingly unpredictable and rapidly changing.

To anticipate the impact of changes in the business environment, the business world requires entrepreneurs who have the entrepreneurial orientation and the ability to manage the business and have the intelligence to implement its business strategy in accordance with the demands of the changing environment. According Srie (2006:64) that, small and medium enterprises are still weak position due to lack of business information and market access, lack of entrepreneurship, not optimal business cooperation networks, lack of capital and technology to improve its competitiveness. These weaknesses can actually be overcome if the entrepreneur has the ability and entrepreneurial spirit. Entrepreneurship ability as measured by the characteristics of entrepreneurship has contributed to the advancement of business (Endang, 2005). There are a variety of theories and research in the field of entrepreneurship that explains the importance of the role of

entrepreneurial orientation and its impact on performance (Casson, 1982; Burch, 1986; Riyanti, 2003, Nurhayati, 2004.

According Covin & Slavin (1986) that, entrepreneurial orientation showed positive results on the performance of the organization. This means that, in order to accelerate the improvement of the competitiveness of enterprises will require a strong entrepreneur. Therefore, the development of entrepreneurship is not just about numbers but also in quality. Entrepreneurial quality will encourage businesses to grow and develop consistently in any environmental condition through proper strategy in order to achieve the best performance. Efforts to develop businesses that have high competitiveness, entrepreneurial orientation is not only needed but also necessary management support, especially from the business capabilities and skills related to management and business development. Stoner and Freeman (1992:14) revealed that, how far an organization achieve its goals and meet the needs of the community depends on whether or not the manager of the organization running the job. Professional managers who have the experience, knowledge, education, and training that cumulatively contribute to the company (Dollinger, 1995:15). This means that, managerial ability has contributed in improving business performance, as proposed by Rahayu (2009: 178) that, management capabilities and significant positive effect on the performance of the small and medium industries in East Java embroidery.

Managerial ability into observation in this study always refers to an individual's capacity to perform various tasks in a job. Robins (1996:82) states that, the abilities of an individual is essentially composed of two sets of factors, namely the intellectual abilities and physical abilities, while Mangkunagara (2000: 67) states that, together with the ability of knowledge plus skills. This means that the ability of a person's work can be measured in two dimensions, namely, knowledge and skills. Both components have been used as a dimension forming managerial ability. Managerial ability in question is a set of knowledge and skills, both administratively and operationally, to manage and develop

the need to grow and thrive. Some of the results of previous studies have shown that, managerial ability has a strategic role in improving business performance as expressed by Welsa (2006) that, the ability of the business to have a significant impact on business performance. Likewise discovered by Mahmuddin (2010) that the managerial capability has a significant impact on business continuity.

The level of business success can be observed through a variety of factors, but in this study the level of business success can be seen from the growth of the business. Business growth can be seen as a successful effort shown by the ability of the company to obtain the level of revenue growth, increasing sales volume, the rate of profit as well as entrepreneurial satisfaction. To achieve the business goals of the young not because a lot of factors that come into play, but in this study only focused on entrepreneurial orientation factor, managerial ability and business strategy.

The growth rate can be realized with good business, if a business has an advantage in the field of business strategy implementation. Excellence business strategy according to Porter (1989) can be run with a comprehensive approach to overall cost leadership, differentiation and focus. According Haiyang (2000) that, business strategy can act as a mediation between the business environment with the performance of the business, while Pearce (2003) states that one of the factors that determine the achievement of objectives is a factor of the business strategy. Contribution to business strategy in relation to the success of the business has been widely studied, and proved that the business strategy has a significant influence on the performance of small industries. Likewise, it has been found by Adnan (2007) that, business strategy have a direct positive effect, but weak influence on the business performance.

Focused on the above description, it can be argued that, entrepreneurial orientation factor, managerial ability and business strategy have contributed to the increased growth of the business. Thus, the orientation of this study is intended to analyze and determine the influence of entrepreneurial orientation on business growth, managerial ability to business growth and business strategies influence on the growth of small and medium enterprises in Sulawesi Tenggara.

2. Literature Review

2.1. Business Growth

Every effort is built definitely has a variety of goals, both short term and long term, both financial and non-financial nature. The goal is a picture of the desired state by the company in the future to be realized (Etzioni, 1985). The purpose is the end result being pursued by the company through its existence and operation. For example, the sustainability of profits, efficiency, satisfaction and employee development, quality of products or services to consumers, social accountability, market leadership, creating a profit, the maximum price for the shares to the shareholders, asset control and adjustment (Glueck, 1999). This means that, there are various indicators that can be used to measure the level of success of the business in operation.

Hunger (2002) states that the company's performance measurement more financial approach to indicators for example, return on investment, while Kaplan (1996) stated that the financial performance was not able to talk much about the past or the company does not automatically bring the company into a better direction, whereas Moerse (1996) states that, measuring the success of the company are grouped into two, namely the measurement of financial success and measurement of non-financial success.

The concept of business success has been used by Kotey (1997) that, in measuring the success of a business is not just looking at the financial side but also from the non-financial side, the satisfaction scores achieved by the businessman. To measure the success rate of small and medium enterprises in the operations that can be used approach to business growth, both financial and non-financial. The growth rate of small and medium enterprises in this study, measured using indicators of a company's ability to obtain the level of revenue growth, increased sales volumes and to increase profits and the level of satisfaction felt by the entrepreneurs. The success of entrepreneurs in achieving some of the goals is determined by various factors, but in this study only observed several factors suspected to have a strong contribution in achieving the growth rate of small and medium enterprises, namely; entrepreneurial orientation, managerial ability and business strategy.

2.2. Entrepreneurship

The ability of small and medium enterprises to compete is determined by two main conditions, namely the external environment and internal environment. The elements of the internal environment that still need to be improved is the quality of human resources, especially in terms of entrepreneurial capacity of small and medium entrepreneurs. Entrepreneurial abilities process-oriented, ie how entrepreneurship is implemented include methods, practices and decision-making style to act in an entrepreneurial (Ansir, 2009: 12). Entrepreneurial orientation has a role and impact on performance (Burch, 1986; Rahayu (2009). According to Guth and Ginsberg (1990) that, the successful application of entrepreneurial orientation on small and medium businesses can encourage the application of this concept to a giant corporation. This illustrates the importance of entrepreneurial potential needs to be owned by an entrepreneur, as told by Shane (2003) that in entrepreneurial human factor plays an important role in addition to other factors. Then Lee (2000) stated that the success of the business depends on the role of entrepreneurship itself. The statement has been proved by several previous investigators stating that, entrepreneurial characteristics have an influence on business performance (Herri, 2003; Adnan, 2007). Likewise entrepreneurship in terms of the process, it has been proved that the entrepreneurial orientation has an effect on business performance improvement (Rahayu, 2009; Ansir, 2009).

Focused on the above description, than be concluded that, entrepreneurial orientation have contributed to the level of business success, not least for small and medium businesses. Forming elements entrepreneurial orientation among experts have differences, but in this study the researchers used a concept that has been put forward by Lumpkin and Dess

(1996), namely autonomy, Innovativeness, risk taking, proactive and competitive aggressiveness. With basic concepts and results of the study it can be argued that hypothesis (H1), entrepreneurial orientation has a positive and significant effect on the growth of small and medium enterprises in the Sulawesi Tenggara.

2.3. Managerial Ability

An entrepreneur who wants to succeed in his career as an entrepreneur in addition have the entrepreneurial spirit needs to be supported by their ability to self-employment. Capability is part of the deep personality and attached to someone who can be predicted as a state and job duties (Dharma, 2002), whereas Suryana (2003) states that the ability can be defined as the knowledge, skills of individuals who direct effect on performance³¹. Then Rahayu (2009:30) states that the effectiveness of managerial ability is very important in achieving success in the business world. According to Robins (1996:82) that the abilities of an individual is essentially composed of two sets of factors, namely the ability intellectual and physical abilities. Intellectual abilities are abilities necessary to carry out mental activities, include: counting skills, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, visualization and memory space. While the physical ability is the ability required to perform tasks that require stamina, dexterity, strength and skill similar (Robbins, 1996:82).

Managerial ability is the ability possessed by entrepreneurs in managing their business, both associated with the knowledge or intellectual abilities and skills in managing the business. The managerial ability is one of the factors that contribute to the improvement of business capabilities and can have an impact on the achievement of company performance. Hill and Jones (1998) in his study found that, the ability of entrepreneurs to have a greater role in creating the company's performance. Likewise, Baum (2001) found that the ability of entrepreneurs have an influence on the success of the business, while Welsa (2006) states that, the ability of businesses have a significant effect on the performance of the business. Managerial ability established by the ability of knowledge in business management and business development include: knowledge of the consumer, knowledge of competitors, knowledge of the supplier and the distribution of goods and services produced and the ability to analyze and diagnose customer. While the level of skills that make up the managerial capability in this study include, technical skills, conceptual skills, decision making skills and time management skills as well as human resource management skills.

Based on the description of the concept of managerial ability and supported by the results of previous studies, it can be presumed (H2) that, managerial capability established by the ability of knowledge and skills in managing and developing the business has a positive and significant effect on the growth of the business.

2.4 Business Strategy

One of the biggest challenges of small and medium businesses that always appear on the surface is a production that is not able to be absorbed by the market, mainly due to the inability of small and medium enterprises in competing (Ansir, 2009: 15). Therefore, a business strategy that really focuses on connecting companies with customers is an urgent need for small and medium enterprises in order to achieve the targeted growth of previous efforts.

To enhance the competitive advantage of small and medium enterprises, it is necessary to use the right strategy. Strategy is the formulation of the mission and goals of the organization which include action to achieve the mission and objectives, while the business strategy defined in this study is the ability of small and medium enterprises in analyzing and utilizing the advantages of internal and external environmental forces to boost the growth of the business suit expected. Porter (1993:1) says that the competitive strategy is the search for a favorable competitive position in an industry, a fundamental area where the competition takes place. In this study, used the concept of a business strategy that has been proposed by Porter (1993:3), the overall cost leadership, differentiation strategy and focus strategy.

Business strategy can act as a mediation between the business environment with the performance of the business (Haiyang: 2000), while Pearce (2003) states that one of the factors that determine the achievement of objectives is a factor of the business strategy. This means that, the business strategy is needed by small and medium entrepreneurs in order to achieve company goals. The results of empirical studies which state that organizations that have a clear strategy / formal, superior performance compared to the organization without / not formulated clearly (Pearce, 1987 in Adnan (2010:38). Then some previous studies have shown that, business strategy has a significant contribution to business performance (Baum, 2001; Nuhayati, 2003; Adnan, 2007; Rahayu, 2009; Ansir, 2009. Focused on the above description, it can be put forward the hypothesis (H3) that, business strategy has a positive and significant effect on the growth of small and medium enterprises in Sulawesi Tenggara.

3. Framework Concept

The success of a businessman in the operations can be seen from its ability to increase earned income, and an increase in sales volume and the level of entrepreneurial profit and satisfaction levels. To accelerate the achievement of these objectives, it is necessary to entrepreneurial orientation, especially with regard to autonomy, the ability to innovate and take risks and be proactive in observing the development of business and have the ability competitive aggressiveness. The concept of entrepreneurial orientation is a view of Lumpkin and Dess (1996), and also serve as an exogenous variable that is initialed as X1. Some of the results of previous studies showing that, entrepreneurial orientation has the role and impact on performance (Burch, 1986; Riyanti, 2003; Nurhayati, 2004). Then Rahayu (2009) study found that, entrepreneurial orientation has a positive and significant effect in improving business performance.

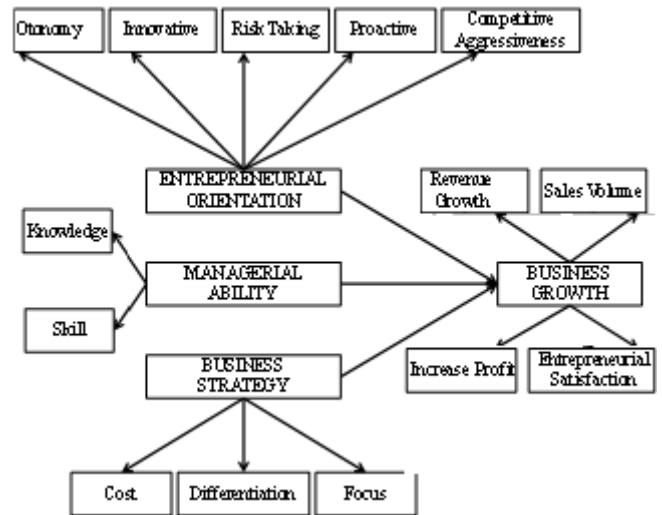
Success in running its business in addition to having the necessary entrepreneurial orientation is also supported by the managerial ability to manage and develop their businesses. Managerial ability, especially with regard to the level of knowledge in managing the business and develop the business and the level of skills possessed include: technical skills, human relation skills, conceptual skills, decision making skills and time management skills (Ronald, 2000: 17 in Suryana, 2003: 65). So in this research, managerial ability is a collection of knowledge and skills necessary to manage and develop the business, which is divided into two parts, namely, knowledge and skills (X2). According Rahayu (2009:65) that, the effectiveness of managerial ability is very important in achieving success in the business world. Then some previous studies have shown that, managerial ability have contributed to the success of the business, as proposed by Hill and Jones (1998) in his study found that, the ability of entrepreneurs to have a greater role in creating the company's performance. Likewise, Welsa (2001) found that the ability of entrepreneurs have an influence on the success of the business.

Development of a business in addition influenced by internal conditions of business, is also influenced by the environment outside the business. One of the factors that may hinder the development of small and medium enterprises due to intense competition it faces. Therefore, to deal with the level of competition is the management of business needs to have a strategy in developing a business. In a business context, strategic business direction that follow describe the chosen environment and the guidelines for allocating resources and effort. Excellence business strategy (X3) according to Porter (1980) can be run with a comprehensive approach to overall cost leadership, differentiation and focus. According Haiyang (2000) that, business strategy can act as a mediation between the business environment with the business performance, while Pearce (2003) states that one of the factors that determine the achievement of objectives is a factor of the business strategy. So the business strategy has contributed to the success of the business (Adnan, 2007; Rahayu, 2009; Ansir, 2009).

Based on these descriptions, it can be said that, there are various factors that can affect the growth of small and medium enterprises, whether related to the company's ability to obtain the level of revenue growth, increased sales volumes and to increase profits and the level of satisfaction felt by successful entrepreneurs . In this study the factors thought to have contributed to the achievement of the growth of small and medium enterprises in Sulawesi Tenggara is entrepreneurial orientation, managerial ability and business strategy.

The relationship between entrepreneurial orientation variables (X1), managerial ability (X2) and business strategy (X3) were categorized as exogenous, business growth (Y) as an endogenous variable, can be arranged in a research model as follows:

3.1 Model Research



4. Methodology

This study uses the approach of causality between variables entrepreneurial orientation, managerial ability and business strategy for business growth. The target population is the entire small and medium businesses engaged in the industrial sector and are scattered throughout the region of Sulawesi Tenggara who pursue their business for at least five years and over. Target sample in the study was determined by 170 respondents deliberately held information through questionnaires distributed throughout the study area, but that was collected and analyzed declared eligible for as much as 159 respondents.

This study uses primary data obtained directly from the field through a questionnaire containing statements related to the observation variables, most of which are closed and have been tested for validity and reliability levels. All variables were observed in this study was measured with a Likert scale of five levels with a score of 1 s / d 5, whereas the analytical equipment used is Structural Equation Model (SEM) and the solution through the computer as a means to process the data from these studies. SEM analysis equipment is used for all observations variables include, entrepreneurial orientation, managerial ability and business strategy and business growth can not be measured directly but with through indicators.

5. Results and Discussion

5.1. Variable Description Research

Before performing data analysis it is necessary to test their level of normality of data by using standard univariate skew index and index skurtosis multiunivariate. The test results of all observed variables show the results of the normality of the data output with a significance level of 99% both in univariate and multivariate so that it can be said that the data distribution is declared unfit for use. Similarly to the outlier test data both univariate and multivariate outliers outlier otherwise been eligible for further analysis.

To obtain information about the support of all the indicators that make up each variable research is carried out confirmatory factor analysis of the variables entrepreneurial orientation, managerial ability and business strategy and business growth variables. The results of confirmatory factor

analysis of entrepreneurial orientation variables formed by the four dimensions show the value of loading factor and the level of significance, namely: Autonomy of 0.581 (0.000), Innovativeness of 0.547 (0.000), Risk Taking of 0.788 (0.000), proactive of 0.685 (0.000) as well as competitive aggressiveness of 0.624 (0.000). Thus it can be said that, all the dimensions that make up the entrepreneurial orientation is very significant variable in support of these variables, the most powerful and provide support is the dimension of risk taking. This means that small and medium businesses in Sulawesi Tenggara had the courage to risk taking against any decision in developing its business, although the contribution of the low innovation dimension in providing support to the entrepreneurs entrepreneurial orientation.

The success of a business greatly influenced by managerial ability possessed, especially with regard to the level of knowledge about the business and skills in managing the business. Factor confirmatory test results show that the dimensions of business knowledge and skills in managing the business has provided significant support in the form of variables managerial ability, where the dimensions of business knowledge gained value Loading Factor of 0.687 (0.000) and skills in managing the business amounted to 0,806 (0,000). If these results are observed visually that the greatest contribution in providing support to the formation of managerial ability variable is the dimension of skills in managing the business. This means that, small and medium entrepreneurs in Sulawesi Tenggara generally have the skills to manage a business in comparison with the level of business knowledge that they have. This is acceptable because in general entrepreneurs are immigrants who already have a business Talent derived from their ancestors. To accelerate the growth rate of business then business strategy factor plays an important role because the situation changing business environment and the level of business competition is very tight. There are various generic strategies that can be used in developing the business, namely cost leadership strategy, differentiation and focus strategy. The third strategy used in this study as a dimension of variables forming business strategy.

Based on the results of confirmatory factor analysis that, the dimensions forming the stated business strategy is very significant in shaping business strategy variables, namely: strategy costs by a factor loading value of 0.811 (0.000), differentiation of 0.687 (0.000) and the focus of 0.770 (0.000). If seen from the test results yet confirming factor appears that the most substantial in providing support to the establishment of a business strategy is a strategy variable costs and the lowest is the differentiation.

Based on the results of the confirmatory factor analysis of business growth variable appears that all the indicators used in forming the independent variables are expressed very significant, namely: revenue growth rate with the value of the loading factor of 0.686 (0.000), increasing sales volume amounted to 0.587 (0.000), the rate of profit 0.852 (0.000) as well as entrepreneurs satisfaction of 0.530 (0.000). Indicators of the most powerful form of business growth variable is the rate of profit, while the lowest is the contribution of entrepreneurship satisfaction. This means that in order to accelerate the growth of the business, the business activities

must have the big advantage that the level of internal capital resources to grow strong businesses and business activities can be developed.

5.2. Result Analysis

Based on the results of testing the model using SEM analysis it appears that, the test results are in accordance with the requirements of the criteria indicates overall goodness of fit models. Thus it can be said that the model of this study declared eligible for further analysis. Summary of results of testing the hypothesis that has been stated in the research can be seen in the table 1 on the following page.

Table 5.2.1: Results of Hypothesis Testing Model of The Relationship Between Entrepreneurial Orientation, Managerial Ability, Business Strategy on Business Growth

Hypothesis	Loading Factors	t-test	Prob
H1	0,193	2,221	0,022
H2	0,261	3,300	0,001
H3	0,383	2,911	0,000

6. Discussion

This study aimed to determine the contribution of exogenous variables include entrepreneurial orientation variables (X1), managerial ability (X2) and business strategy (X3) of the exogenous variables, namely business growth (Y) small to medium in Sulawesi Tenggara. Contribution of each exogenous variables on endogenous variables can be described as follows:

6.1. Orientation Entrepreneurship To Business Growth

The spirit of entrepreneurship is not just belong to the entrepreneurs but can be owned by any person who think creatively and act innovatively. Therefore, it is anyone who wants to achieve success in business, the entrepreneurial orientation factor plays an important role, not least for those who are already living as a businessman, both are still in the small and medium category.

Based on the results of the analysis show that, entrepreneurial orientation variables (X1) which is formed by the dimensions of autonomy, innovative, risk-taking, proactive and competitive aggressiveness has a positive and significant effect on business growth (Y), both the growth of the business in relation to the company's ability to increase earn revenue growth, increasing sales volume and an increase in profit and entrepreneurial satisfaction. This can be seen from the results of hypothesis testing with loading values of 0.193 and 0.022 probability value. These findings indicate that, first hypothesis (H1) who stated that, entrepreneurial orientation has a significant effect in improving business growth is accepted as a probability value of $0.022 < \alpha 0.05$. It means to increase the growth of small and medium enterprises in Sulawesi Tenggara, especially the increase of revenues, sales volume and an increase in the profit and entrepreneurial satisfaction, then entrepreneurs

must have the ability in the field of entrepreneurial orientation.

All dimensions of entrepreneurial orientation of small and medium enterprises in Southeast Sulawesi was declared to be in the high category, and the most powerful in providing support is taking a risk, then proactive, competitive aggressiveness, autonomy and innovativeness. In reality in the field shows that, in general, small and medium entrepreneurs have the courage to take risks and greater proactive measures to achieve business success, but unfortunately they lack the innovative spirit in trying.

6.2. Managerial Ability To Business Growth

The results of hypothesis testing that, managerial ability (X2) has a positive and significant effect in improving business growth (Y). It can be seen from the loading factor of 0.261 and the probability (p) value of 0.001 or $p < \alpha 0.05$. Thus, the second hypothesis (H2) which states that the managerial ability has a significant influence on the growth of business are accepted. This finding implies that, the success of entrepreneurs in improving their business growth, particularly in terms of profits and revenue growth and success in increasing sales volume and the level of satisfaction of self-employment, can be realized well thanks to the support of managerial ability, especially in terms of skills in managing effort, although in this study they lack adequate knowledge in the field of business. The most dominant managerial ability in contributing to the growth of small and medium enterprises in Sulawesi Tenggara is technical skills, human relations skills, conceptual skills, decision more skills and time management skills. Managerial ability to do so has owned small and medium entrepreneurs so that growth can be achieved with good effort.

The results of this study at the same time also contributed to the statement Hill and Jones (1998) that, entrepreneurial skills have a greater role in creating the company's performance. Similarly to the opinion of Day (1994 in Adnan (2011:88) that the ability is an important strategy in contributing to the sustainability of competitive advantage. These findings may support the results of previous studies which state that the entrepreneurial competencies have an influence on the success of the business (Baum, 2001), and managerial ability has a significant influence on the performance of small and medium industries in East Java Embroidery (Rahayu, 2009:180).

6.3. Business Strategy To Business Growth

Structural model test results show that the business strategy variable (X3) which is formed by the dimensions of cost strategy, differentiation strategy and focus strategy has a significant effect in improving business growth (Y) SMEs in Sulawesi Tenggara. It can be seen from the value of the variable factor loading 0,383 business strategy with probability 0.000. Thus it can be said that the third hypothesis (H3) which has been stated previously stated can be accepted as true because the p-value (0.000) $< \alpha 0.05$.

The results of this study implies that, to boost the growth of small and medium enterprises engaged in the industrial

sector in Sulawesi Tenggara it is necessary business strategy. The greatest business strategies in providing support to increase profits and revenue growth as well as increased sales volume and entrepreneurial satisfaction is cost strategy, followed by focus and differentiation strategies. These findings as well as providing support to the concept of a theory which states that, to achieve strategic competitiveness if a company successfully formulate and implement a value-creating strategy (Hitt, Ireland and Hoskisson, 1997). According Pearch (2003) that the existence of a strategy for beneficial business for keep, maintain, improve performance and competitive advantage of an organization. The results of this study as well as to provide support to previous research which states that the business strategy has an influence on the improvement of business performance (Luo, 1999; Adnan, 2007; Ansir, 2009; Rahayu, 2009).

Based on the research model in this study it appears that, all exogenous variables are analyzed, covering the entrepreneurial orientation, managerial ability and business strategy can provide a very significant contribution in improving the growth of small and medium enterprises engaged in the industrial sector in Sulawesi Tenggara as an endogenous variable. Of the three exogenous variables observed in this study it appears that, which is most responsible for driving the growth of small and medium enterprises is a business strategy, followed by managerial abilities and entrepreneurial orientation.

The results of this study, emphasizing that, to boost the growth of small and medium enterprises in Sulawesi Tenggara, the factor that most needs to be improved is the ability of entrepreneurs in formulating business strategy business strategy mainly related to cost strategy, and the strategy of focus and differentiation. Then another factor that needs to be improved is the ability of managerial mainly related to skills in managing the business, although a working knowledge of the small and medium businesses contributions to improving business growth is still limited. Variable lowest research contributions to improving the growth of small and medium enterprises in Sulawesi Tenggara is entrepreneurial orientation, especially with regard to the ability to innovate. Therefore, to accelerate business growth, the businesses are expected to improve the ability to innovate. However, in this study all exogenous variables studied had a positive and significant effect in improving the growth of small and medium enterprises in Sulawesi Tenggara.

7. Conclusions and Recommendations

7.1. Conclusion

Based on the results of the data analysis and discussion of the results of research that has been described, it can be some conclusions as follows:

- a. The results showed that the most powerful variables contribute in enhancing the growth of small and medium enterprises engaged in the industrial sector is primarily a business strategy cost strategy, focus and differentiation strategies. Furthermore, variable managerial ability ranks second in contributing to the increased growth of the business, while the entrepreneurial orientation variables in

this study the lowest contribution while still having a significant effect in improving business growth.

- b. The study found that, entrepreneurial orientation has a significant influence in enhancing business growth, especially the level of profits, increase revenue, volume of business and entrepreneurial satisfaction. The most dominant entrepreneurial dimension in providing support to entrepreneurial orientation that is the courage to take risks. This means that, most of the small and medium-sized businesses in Southeast Sulawesi has had the courage to take risks in business, followed by aggressiveness in trying and independence and innovation in business.
- c. It was also found that, managerial capacity factors have a significant influence in enhancing the growth of small and medium enterprises in Sulawesi Tenggara, especially the ability of skills in the field of endeavor. This finding means that, in general, small and medium entrepreneurs who observed already have business skills are high when compared with the ability of the knowledge they have.
- d. The study also found that, in general, small and medium entrepreneurs in Sulawesi Tenggara has had the ability to implement its business strategy, particularly with regard to cost strategy, focus and differentiation strategies that can increase business growth, especially the increase in profit, revenue growth and sales volume as well as entrepreneurial satisfaction. The results of this study implies that, if you want to increase business growth, it is necessary to increase cost control strategy or strategies costs and focus and differentiation strategies.

7.2. Recommendation

Based on the results of the study found a number of weaknesses that need to be revisited, especially with regard to the ability of innovation, entrepreneurship and the knowledge level of business differentiation. In connection with these things it is suggested:

- a. To improve the ability of small and medium business entrepreneurs to innovate, it is necessary to innovate capacity building training in entrepreneurship, including the development of the ability to see and capture business opportunities that have a strategic advantage.
- b. Viewed from the side of the strategy appears that, in general, small and medium enterprises in Southeast Sulawesi prioritize cost control strategy, and the strategy to focus on trying, while the differentiation strategy is still less attention. Therefore, to increase business growth it is necessary to differentiate the business, product or market segment

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