









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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