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# ENTREPRENEURIAL ORIENTATION, NETWORK RESOURCES, FIRM PERFORMANCE IN INDONESIAN ENTREPRENEURS' ASSOCIATION: THE MODERATOR EFFECT OF ENVIRONMENTAL DYNAMIC, SOCIAL AND BUSINESS NETWORK

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**Abstract:** This study investigates the moderating effects of environmental dynamics, social networks, and business networks on the relationship between entrepreneurial orientation and firm performance. Through a questionnaire survey, 315 questionnaires were collected for analysis from managers and owners of businesses registered with KADIN, HIPMI, AKLI, GAPENSI, and REI Indonesia. This study made use of PLS-SEM analysis. Our results indicate that entrepreneurial orientation has a significant effect on business success and that network resources moderate this relationship. Moreover, our findings imply that environmental dynamics, social networks, and business networks augment the effect of entrepreneurial orientation on firm performance. The outcomes of this study add to both theory and practice. Theoretically, this study contributes to the body of knowledge and literature on how entrepreneurial orientation may enhance business performance via network resources following the concept of social capital that is influenced by a dynamic environment of social and commercial networks. This study can potentially improve corporate performance through strategic and entrepreneurial focus. The administration may employ this strategy to circumvent resource restrictions imposed by restricted access and a dearth of new opportunities. Therefore, Network resources enable enterprises to access additional resources, leading to a more successful entrepreneurial orientation implementation. In addition, environmental dynamics and social and business networks encourage the application of entrepreneurial orientation to enhance corporate performance.

**Keywords:** Network, Entrepreneurial, Firm Performance, Environmental Dynamic

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## INTRODUCTION

The COVID-19 pandemic in late 2019 produced economic and non-economic damages (Chakraborty and Prasenjit, 2020; Lal et al., 2020; Mukiibi, 2020). Indonesia's economic growth has slowed, and the country has sought a policy adjustment to give firms chances and challenges to survive and thrive (Nort, 1990; Li et al., 2011; Williamson, 2008). Keeping the company alive by innovating to compete (Azizah and Amin, 2020; Nugraha and Kurnia, 2017). The entrepreneurial orientation is key to industry performance, according to Tajeddini et al. (2020) and Fu et al. (2019). Entrepreneurial Orientation is a business approach for inventive, proactive, risk-taking, aggressive, and autonomous performance-enhancing initiatives (Wang et al., 2020). Numerous scholars have studied how Entrepreneurial Orientation influences industrialized country firm performance, with mixed results. The evidence shows that Entrepreneurial Orientation boosts corporate performance (Jiang et al., 2018; Tajeddini et al., 2020; Fu et al., 2019; Ribeiro et al., 2021). Wiklund and Shepherd (2005) show that organizational effectiveness does not affect business performance. Oktavio et al. (2019) and Bhuian et al. (2005) argue Entrepreneurial Orientation hurts company performance. Although it's reversed, Tang et al. (2008) identified a U-shaped relationship between Entrepreneurial Orientation and performance.

Covid-19's unpredictable and chaotic climate hurts the company's performance in Indonesia. Market demand unpredictability and changing rates describe the dynamic environment (Tajeddini et al., 2020). The environment-driven competition requires applicable management methods. Environmental factors drive firms to take proactive and inventive measures to survive and compete (Piporas et al., 2017). As Tajeddini et al. (2020) and Ray et al. (2004) show, environmental dynamics promote entrepreneurial orientation and business performance (2014). But Tajeddini et al. (2020) focused on one industry and found that small enterprises have stronger environmental dynamic interactions. Entrepreneurial Orientation helps organizations adapt to changing conditions. However, the company needs outside help to meet its needs. Social capital-based informal commercial relationships let the businesses share resources (Chen et al., 2016; Liu et al., 2019; Sami et al., 2019). Working

with selected network partners will give the company experience and respectability (Luo et al., 2008). How connected a person, business, management, or entrepreneur is to others is called network links (Tajeddini et al., 2020). Companies' networks can improve options, solve problems, increase stakeholder relationships, and enable formal and informal collaboration (Adongo and Kim, 2018; Gao et al., 2017; Ying et al., 2016). Networks can be business or social (Boso et al., 2013; Tajeddini et al., 2020; Wensong-Bai et al., 2021).

Business networks let organizations collaborate to boost productivity (Barringer et al., 2016; Wincent et al., 2010). Entrepreneurial Orientation strategy uses a business network to capture external knowledge and skills-based commercial prospects (Li and Zhou, 2010). Tajeddini et al. (2020) found corporate networks improve Entrepreneurial Orientation. Boso et al. (2013) and Sheng et al. (2011) found that a well-organized company's system has little impact on the business network. Jiang et al. (2018) show that a strong business network might hinder resource acquisition, diminishing the relationship between Entrepreneurial Orientation and performance. This research is motivated by academic inconsistencies on business networks as moderators, especially in developing nations like Indonesia. Social networks provide regionally accessible tools and data to businesses (Boso et al., 2013). Social capital theorists suggest businesses use social networks to boost economic efficiency in emerging countries (Lau and Bruton, 2011; Portes, 1998). Social networks provide resources and ways for capitalizing on emerging opportunities (Manolova et al., 2008; Chung et al., 2012) to strengthen Entrepreneurial Orientation programs and improve performance (Chung et al., 2012; Manolova et al., 2008; Wensong-Bai et al., 2021). Strong social networks gain from local market experience and early notice of government regulations, monetary and non-monetary incentive measures, and policy changes (Luo et al., 2008). This study uses these characteristics to broaden the empirical study of Boso et al. (2013), which is more relevant, and to demonstrate the constancy of social network moderating effects, especially in developing nations like Indonesia.

Enterprise Entrepreneurial Orientation requires network resources to perform well. Acquisition of network resources shows a company's abil-

ity to get valuable resources from its network partners (Jiang et al., 2018). Because firms may access more resources faster through their networks, network resources can boost the productivity (Sami et al., 2019). Jiang et al. (2018) and Wang et al. (2020) found that Entrepreneurial Orientation improves company performance indirectly when resource acquisition mediates. However, buying network resources requires time and money. Therefore, it does not affect performance (Ribeiro et al., 2021). This study is inspired by the academic contradictions to investigate the matter further. Early scholars left a gap that this study fills. This study will explore Entrepreneurial Orientation's direct and indirect effects on performance, as mediated by network resources, and the moderating effect of the dynamic environment and social and business networks. This study uses the grand theory of social capital instead of RBV (resource-based view) because trust, norms, and networks can improve resource acquisition efficiency. The scope of Entrepreneurial Orientation performance investigations has expanded with this study. Previously, studies focused on wealthy nations and SMEs. This research better understands the complexity of Entrepreneurial Orientation.

This study examined the company performance using each organization's Balanced Scorecard (BSC) (Wang et al., 2020; Sami et al., 2019). This probe targets KADIN, HIPMI, AKLI, Gapsensi, and REI-registered Indonesian businesses. This study examines firms with substantial government involvement and enterprises with low government intervention but strong business and social interactions with business partners in a dynamic setting to identify the moderate effect of each network on entrepreneurial orientation and firm performance. This work advances theory and practice. This study contributes to the literature on how Entrepreneurial Orientation may increase firm performance with network resources as a mediator, according to the notion of social capital modulated by network links and a dynamic environment. Managers can use Entrepreneurial Orientation approaches to overcome resource constraints caused by limited access and new opportunities owing to various factors. Network resources help the organizations gain new resources, improving Entrepreneurial Orientation implementation. Dynamic environments and social and corporate networks help

apply Entrepreneurial Orientation to improve company performance.

## LITERATURE REVIEW

### The Social Capital Concept

Bourdieu (1985) defines social capital as a resource based on the relationships, networks, and group membership. Trust, social norms, and social networks (networks) are the primary components of social capital (Coleman, 1994; Putnam, 1993; Fukuyama, 1995, 1999, 2001 in Lawang, 2004). The created network can provide useful resources for network formation (Jiang et al., 2018). Significant advantages are provided by network resources for acquiring valuable resources through the firm's network of partners to achieve the improved firm performance (Ribeiro et al., 2021).

According to Boso et al. (2013), social capital theory can explain the social and corporate networks. The business network is a relationship between the company's management and external parties, such as customers, suppliers, rivals, and collaborators (Peng and Luo, 2000; Sheng et al., 2011). Business networks can facilitate the dissemination information necessary to build strategies (Rindfleisch and Moorman, 2001; Saxenian, 1996). A social network is a partnership between businesses and individuals in the local community who can supply varied information in advance, thereby aiding the business in establishing strategies (Boso et al., 2013).

The formation of business and social networks is a factor that pushes managers to implement entrepreneurial orientation strategies for optimal firm performance (Jiang et al., 2018; Ribeiro et al., 2021; Covin and Miller, 2014). The entrepreneurial orientation approach is the right step to be more adaptable and exploratory in the market you intend to dominate or win, consequently affecting optimal firm performance. This theory can directly explain why firms with an entrepreneurial orientation strategy must obtain vital information and strong legitimacy, enabling them to explore the new market opportunities more efficiently to create competitive advantage and optimal firm performance.

### Firm Performance

Firm performance is an accomplishment attained by a company over a specific time through

the execution of ongoing activities aimed at preserving the company's existence (Putri et al., 2021). According to Chen et al. (2016), firm performance is one of the factors of a company's profitability and a reflection of its capacity to manage and allocate resources. Multiple characteristics and indicators can be used to assess a company's performance. Generally, a company's financial performance is measured by its financial performance (Maaloul et al., 2018). However, financial performance is insufficient for measuring business performance since it creates an imbalance in measuring firm performance between profit-focused and non-profit-oriented firms and between short-term and long-term performance (Sukoco and Ibrahim, 2020; Zuniawan et al., 2020). The firm's success is evaluated not only from a financial standpoint but also from a client viewpoint, internal business procedures, and growth and learning perspectives. A Balanced Scorecard is one of the instruments for assessing the corporate performance from a financial and non-financial standpoint (Kaplan and Norton, 1996). BSC incorporates significant techniques and concepts from numerous fields and theories into single performance assessment system to enhance performance of businesses (Wang et al., 2020).

### Entrepreneurial Orientation

Entrepreneurial orientation is a company's tactical measures to realize entrepreneurial decision-making processes, procedures, and practices (Boso et al., 2013; Dai and Si, 2018; Ribeiro et al., 2021). EO depicts a management style that embraces change, innovates, produces value, and develops new goods and services to achieve competitive advantage and superior performance. Innovative, proactive, risk-taking, aggressive competitiveness and autonomy are the five indicators of EO (Wales, 2012; Hughes and Morgan, 2007; Lumpkin and Dess, 1996; Lomberg et al., 2016). EO is supported by various strategic orientations so that, collectively, they can improve firm performance results through the creation of new knowledge, the development of new capabilities, and the efficient management of resources to foster innovative thought in a dynamic and competitive environment (Taheri et al., 2019; Jalilvand et al., 2018; Martin and Javalgi, 2016; Cavusgil and Knight, 2015). EO is a strategic orientation that demands resources; hence, the consequences for entrepre-

neurial orientation performance can be hindered in the absence of large-scale financial support (Teng, 2007; Ribeiro et al., 2021).

### Network Resource

Companies place a premium on their resources, particularly their knowledge-based resources, which are intrinsically difficult to copy and give sustainable competitiveness (McEvily and Chakravarty, 2002). Therefore, the company must have the ability to acquire the necessary resources. The importance of the resource networking stems from the fact that resources with value, scarcity, non-imitation, and non-replaceability can generate competitive advantages and, hence, have a significant impact on performance (Bygrave, 1992). According to social capital theory, businesses with minimal internal resources might gain additional or complementary resources through the bonds they have established (Jiang et al., 2018). The combination of resources and networks can generate benefits for the company in the form of complementing resources from network ties, increasing the value of the firm's resources and giving it a competitive advantage over other businesses (Kenny and Fahi, 2011).

### Environmental Dynamic

The environmental dynamic is characterized by the rate of change and the magnitude of uncertainty, such as technological advancements, customer taste diversity, competition intensity, and market demand (Tajeddini et al. 2020). When competition intensifies, and client preferences shift, the environment becomes more dynamic, and the rate of development accelerates. Consequently, the development period between product release and product recall is shortened. As information becomes obsolete (no longer usable), new tangible and intangible goods emerge (Tajeddini et al., 2020). Companies will have a more challenging time assimilating and predicting environmental conditions, identifying the potential effects of creative technological advances on consumer wants and behaviour, and taking action with specific and pertinent actions (Kabadayi et al., 2007). The dynamic environment creates competitive pressure that needs management to develop capital and resource-acquisition strategies emphasizing innovation, risk-taking, proactivity, competitive aggression, and autonomy

to win the competition (Priporas et al., 2017). Companies that can function efficiently with entrepreneurial orientation in a dynamic environment will be able to retain their existence and maximize company performance because they can seize new market niches (Koberg et al., 2003).

### Social Network

As a result of their position in the framework of social interactions, actors have access to social networks as a resource. As a result of their location in the social network structure, social networks have produced patterns of resources and data accessible to businesses (Nahapiet and Ghoshal, 1998; Lin, 1999). Social networks exhibit formal and informal network characteristics. Companies and local authorities such as tribal chiefs, priests, or industrial leaders develop formal networks (Acquah, 2007) to facilitate resource allocation and collect information sources. Informal social networks have resulted in an unprecedented amount of information sharing (Kivinen and Tumennasan, 2019) since, in these networks, contacts are not limited by distance but can occur globally and across borders.

A firm needs a social network to gain a competitive advantage and continue its existence in each location. Social networks are evolving into a tool for developing more efficient marketing and branding initiatives. A robust social network serves as a shield to protect economic entrepreneurs' investments from potential environmental concerns and enables businesses to capitalize on emerging opportunities (Chung et al., 2012; Manolova et al., 2008).

### Business Network

The relationship between the managers and company partners is called a business network (Peng and Luo, 2000). Business networks can facilitate cooperation, trust, and adaptability between businesses (Luo et al., 2008; Sheng et al., 2011). This network allows businesses to exchange expertise, information, and resources, leading to shared learning and the transmission of market-related information to assist businesses in adapting to market uncertainty (Chung et al., 2012; Zhang et al., 2015). The business network has become a mechanism for connecting with one another to ease resource acquisition and indirectly impact firm opera-

tions' effectiveness (Barringer et al., 2016). Additionally, business networks can expedite the flow of information to provide a competitive advantage in the market before rivals (Menor and Roth, 2008).

## HYPOTHESIS DEVELOPMENT

### Entrepreneurial Orientation and Network Resource

Entrepreneurial orientation is a strategy that explains the procedures and actions that enable firms to make tactical decisions and take tactical action (Ribeiro et al., 2021; Mehrabi et al., 2019; Jiang et al., 2018). Companies with a high Entrepreneurial Orientation demand a substantial number of resources since they are innovative, proactive, and willing to take risks (Wang et al., 2020). According to the theory of social capital, businesses will readily receive resources if they can cultivate an attitude of mutual trust and a sense of unity to contribute to one another (Fukuyama, 1995). According to Boso et al. (2013), social capital is relevant to Entrepreneurial Orientation strategy because it aims to acquire resources from external parties to meet the firm's demands to be inventive, proactive, competitively aggressive, risk-taking, and autonomous to reach its goal. Companies with a high Entrepreneurial Orientation tend to require additional resources, necessitating the formation of the network resources. Ribeiro et al. (2021) and Jiang et al. (2018) found that Entrepreneurial Orientation has a positive association with network resources, which supports this claim.

**H1:** Entrepreneurial Orientation affects network resources.

### Network Resource and Firm Performance

A network enables a company to share valuable information and material resources with its partners (Liu et al., 2019). Companies' networks can become network resources and offer numerous advantages in the form of information exchange with network partners (Gulati et al., 2011; Burt, 2009). Network resources can expedite the exchange of resources, knowledge, and data to enhance the operation of a business (Jiang et al., 2018; Ribeiro et al., 2021). The network's expertise and information can improve performance by developing new inventions and identifying market niches (Dong et al., 2013; Sheng et al., 2011). Numerous experts have argued that network resources can en-

hance business effectiveness (Zheng et al., 2013; Jiang et al., 2018; Wang et al., 2020; Ribeiro et al., 2021).

**H2:** Network resources have an effect on firm performance.

### **Entrepreneurial Orientation and Firm Performance**

Entrepreneurial orientation is a company's strategic effort to implement entrepreneurial decision-making methodologies, procedures, and practices (Boso et al., 2013; Dai and Si, 2018; Ribeiro et al., 2021). Entrepreneurial Orientation contributes significantly to the industry's competitive advantage and excellent performance (Tajeddini et al., 2020; Taheri et al., 2019; Fu et al., 2019; Vega-Vazquez et al., 2016; Moghaddam et al., 2018). By analyzing and seizing new chances, firms with an entrepreneurial mentality can improve their performance (Ireland et al., 2003; Kallmuenzer et al., 2019; and Ribeiro et al., 2021). Numerous researchers have discovered that Entrepreneurial Orientation positively impacts business performance (Boso et al., 2013; Jiang et al., 2018; Fu et al., 2019; Tajeddini et al., 2020; Ribeiro et al., 2021).

**H3:** Entrepreneurial orientation has an effect on firm performance.

### **Entrepreneurial Orientation and Firm Performance with Environmental Dynamic as Moderator**

The impact of the entrepreneurial orientation on firm success is contingent upon external and internal factors (Lyon et al., 2000; Rauch et al., 2009; Adomako et al., 2016). The firm's external circumstances necessitate a dynamic environment (Adomako et al., 2016; Tajeddini et al., 2020). The dynamic environment creates new difficulties and opportunities, necessitating firms' responsiveness and promptness (Helfat et al., 2007). This dynamic environment will have a positive impact on a company's performance if it has a high Entrepreneurial Orientation spirit. It is because Entrepreneurial Orientation, with its five dimensions of innovation, proactive, aggressively competitive, autonomy, and risk-taking, will be able to identify and act to overcome challenges and take advantage of new opportunities in a dynamic environment (Ribeiro et al., 2021). Adomako et al. (2016) and Tajeddini et al. (2020) demonstrate that dynamic situations

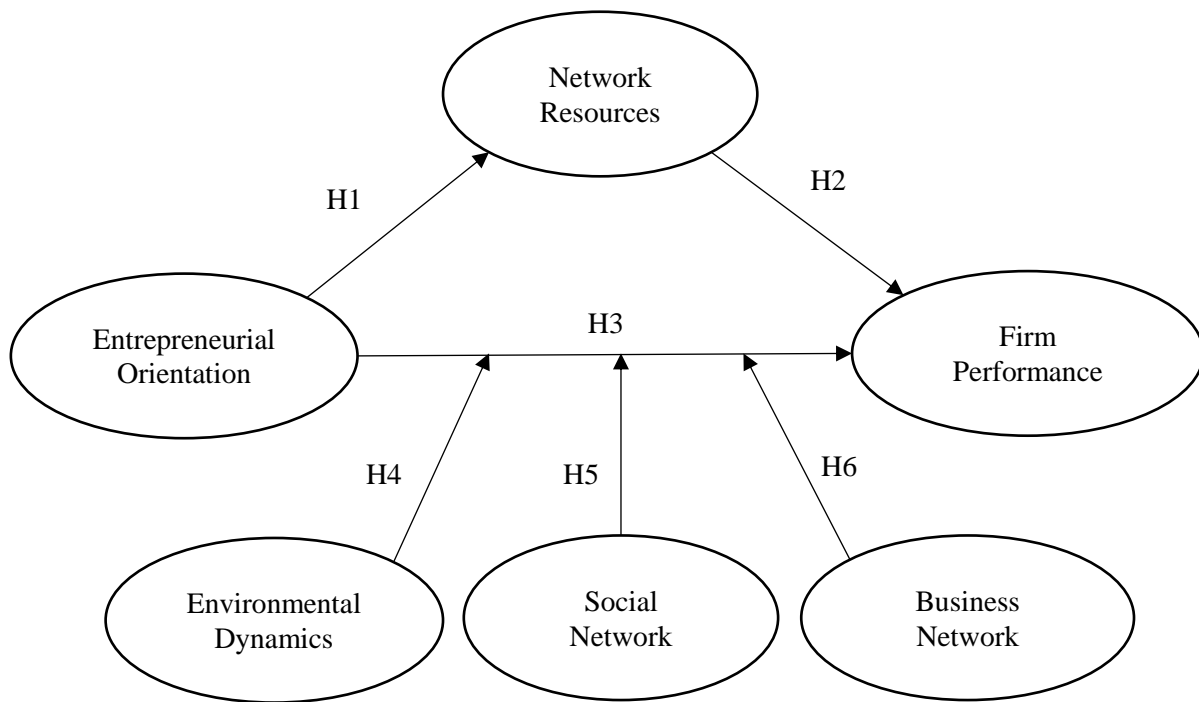
bolster the association between Entrepreneurial Orientation and performance.

**H4:** The environmental dynamic will strengthen the effect of entrepreneurial orientation on firm performance.

### **Entrepreneurial Orientation and Firm Performance with Social with Business Network (Network Ties) as Moderator**

Entrepreneurial orientation firms tend to require greater resources to develop new chances to achieve higher performance (Ribeiro et al., 2021). By acquiring networks, companies can obtain more resources (Jiang et al., 2018). Two perspectives on network links exist commercial and social networks (Boso et al., 2013; Tajeddini et al., 2020; Bai et al., 2021). A business network is a formal or informal contact between managerial parties and other parties participating in business activities, such as suppliers and purchasers (Chung et al., 2012; Luo et al., 2008). Companies can utilize business networks to interact with one another to facilitate resource acquisition and indirectly improve firm operations' effectiveness (Barringer et al., 2016). Boso et al. (2013) demonstrate that corporate networks can enhance the performance-enhancing benefits of strategic orientations such as entrepreneurial orientation.

Social networks can exist between businesses and local leaders like tribal chiefs, monks, or industrial executives (Acquaah, 2007). Entrepreneurs who build social networks will receive institutional support and assistance from local public officials, conventional authorities, and peers (Acquaah, 2007; Luo et al., 2008). Social networks enable businesses to gain advantages and advantages to augment established orientation techniques such as Entrepreneurial Orientation and increase firm performance (Luo et al., 2008). Entrepreneurs will obtain a deeper understanding of the target market. Companies with an Entrepreneurial Orientation strategy will utilize the benefits of social networks to plan for competition regarding environmental changes, rules, and specific information, reducing the firm's risk of failure. Numerous researchers have demonstrated that business and social networks improve the correlation between Entrepreneurial Orientation and performance (Sheng et al., 2011; Boso et al., 2013; Tajeddini et al., 2020; Wensong-Bai et al., 2021).



**Figure 1. Conceptual Framework**

- H5:** The social network will strengthen the effect of entrepreneurial orientation on firm performance.
- H6:** Business network will strengthen the effect of entrepreneurial orientation on the firm performance.

**METHOD**

**Population and Samples**

This study's population consists of managers or owners of Indonesian businesses registered with the KADIN Association (90,850 members), HIPMI (42,000 members), AKLI (3,500 members), GAPENSI (22,000 members), and REI (4,500 members). The Association of KADIN, HIPMI, AKLI, GAPENSI, and REI choose enterprises to participate because business owners are motivated to develop a solid network. This study employed proportionate random sampling based on five different forms of firm connections in the Indonesia. Classifying the population into subpopulations based on certain features of the population elements is the first step in selecting samples at random. Second, the sample for each subpopulation is picked using either a basic random method or a systematic method. Alternative probability sampling methods are deemed less efficient and less pertinent

to the problem or research question than this sampling method (Wilden and Gudergan, 2015). All managers or owners of enterprises registered with these associations can be employed as study samples since they boost generality and capture the cross-culture of each firm and association across all Indonesian areas. The number of samples in this study was 400 samples based on the Slovin formula, which were then distributed proportionally into strata, notably KADIN (223 samples), HIPMI (103 samples), AKLI (9 samples), GAPENSI (54 samples), and REI (54 samples) (11 samples).

**Data Collection Techniques**

Companies registered with KADIN, HIPMI, AKLI, GAPENSI, and REI in Indonesia were surveyed by issuing a list of questions (questionnaires) to be completed by the responding manager or owner. The questionnaire is divided into two sections. The initial section consists of various general questions. The second section consists of several questions pertaining to entrepreneurial orientation, network resources (network resources), a dynamic environment, and network ties (network ties) comprised of social networks (social networks), business networks (business networks), and firm performance. As many as 400 surveys were

distributed directly to respondents for each proportionate association. Then, respondents' completed questionnaires are picked beforehand so that incomplete questionnaires are not included in the study.

### Variable Measurement (Research Instrument)

This study employs four types of variables: the dependent variable (firm performance), the independent variable (entrepreneurial orientation), the mediating variable (network resources), and the moderating variables (environmental dynamics, business network, and social network). Using the Balanced Scorecard (BSC) with 16 items borrowed from the research of Sami et al. (2019) and

Wang et al. (2020), this study examined firm performance indicators (2010). The scale of measurement is a Likert scale. The entrepreneurial orientation variable was measured with 17 questions borrowed from the studies of Covin and Wales (2012), Hughes and Morgan (2007), Lumpkin and Dess (1996), and Xiyu et al. (2020). The network resource variable was also examined using four Likert-scale items borrowed from the research of Simon et al. (2011), Jiang et al. (2018), and Ribeiro et al. (2021). The business network and social network variables were examined using three questions borrowed from Boso et al. (2013) and Lau and Bruton (2011) research. All measurement scales go from 1 (Strongly Disagree) to 5 (Strongly Agree).

**Table 1. Items Operational**

Variable	Item
Entrepreneurial Orientation	Our company is recognized as an innovator among businesses in our industry.
	We promote innovative new products/services in our company.
	Our company provides excellence in developing new products/services.
	Our company is always experimenting with new products/services.
	We have built a reputation as the best in our industry for developing new methods and technologies.
	Our company's top managers generally tend to invest in high-risk projects.
	Our company has a high tolerance for high-risk projects.
	Our business strategy has a strong propensity to take risks.
	We attempt to exploit anticipated changes in our target markets in front of our competitors.
	We take the initiative whenever possible in our target market operations.
	We react opportunistically to shape the business environment in which our operations take place.
	We usually adopt a "beat the competition" course of action in our target markets.
	We take adversarial steps to achieve competitive goals in our target markets.
	Our actions toward competitors can be referred to as aggressive.
	Our employees perform independently in our business operations.
Our employees perform independently to drive their business ideas to completion.	
Our employees are self-directed in their pursuit of target market opportunities.	
Network Resources	Our Company has maintained good relationships with various levels of government agencies.
	Our company has easy access to capital (financial, human and physical) to support its operations.
	Our company can quickly obtain financial resources.
	Our company has substantial resources to fund corporate expansion and investment.



Variable	Item
Environmental Dynamics	Companies often change marketing practices to keep up with the market and competitors.
	The company's products become obsolete in an industry that moves very slowly.
	Competitors' actions are fairly easy for the company to predict
	Consumer demand and tastes are fairly easy for the company to forecast
Business Network	The production or service technology used by the company has not changed much or is sophisticated.
	The company's top managers have built good ties with suppliers.
	The company's top managers have built good ties with customers.
Social Network	The company's top managers have built good ties with competitors.
	The company obtains industry information from our established network more quickly than competitors.
	The company has a professional relationship with someone influential in the industry.
Firm Performance	The company has engaged with an influential person in the industry with informal social activities.
	We are pleased with the Return-on-Investment results in the accounting period.
	We are pleased with the economic value added gained in the accounting period.
	We are pleased with the cash flow (income) obtained in the accounting period.
	We are pleased with the results of the price reductions in the accounting period.
	We are pleased with the profitability obtained in the accounting period.
	We are happy for the customer loyalty during the accounting period.
	We are pleased with the customer satisfaction during the accounting period.
	We are pleased with the acquisition of new customers during the accounting period.
	We are pleased with the company's ability to process innovation during the accounting period.
	We are pleased with the company's flexibility in the production process during the accounting period.
	We are pleased with the company's ability to reduce/control during the accounting period.
	We were pleased with the company's ability to respond quickly to customer requests during the accounting period.
	We are pleased with the company's ability to manage corporate information during the accounting period.
We are pleased with the company's ability to manage employees during the accounting period.	
We are pleased with the company's ability to improve employee productivity during the accounting period.	

### Descriptive Statistics

Utilizing frequency, central tendency (mean, median, mode), dispersion (standard deviation and variance), and correlation coefficients amongst the research variables, descriptive statistics are employed to produce a description or description of data (Supomo and Indriantoro, 2009). This re-

search describes the entrepreneurial orientation, company performance, network resources, dynamic environment, business and social networks.

### Hypothesis Test

The technique for data analysis employs Partial Least Square (PLS) with the assistance of

SmartPLS software. Partial Least Square is a structural equation analysis (SEM) with a variance base that can jointly test the measurement model, the structural model, or predict a model (Abdillah and Jogiyanto, 2011). Moderation test was conducted utilizing moderated regression analysis (MRA), estimated using SEM-PLS (Baron and Kenny, 1986; Bisbe and Otley, 2004; Kock, 2011). This moderation test focuses on the interaction coefficient between the moderating variable and the independent variable. The hypothesis is supported if the interaction coefficient is significant and positive. The magnitude of the error determines the strength of the correlation between the independent and the dependent variables. The correlation between the two variables becomes weaker as its magnitude increases.

## RESULTS

This study describes the entrepreneurial orientation, network resources, business links, political ties, dynamic environment, and company performance characteristics through descriptive statistical tests. The data that can be analyzed is 315 owners and managers who responded to a survey. 400 Questionnaires were submitted and just 85 did not return. Seventy-eight percent of the returned questionnaires (315) contained complete data. The findings of each variable's description are reported in Table 2. It can be explained again by comparing the theoretical and empirical values, as shown in Table 3. According to the Tables 2 and 3, the average empirical value of entrepreneurial orientation

is 80.06, greater than the theoretical value of 51. The conclusion based on the subject's assessment, the proper approach is required to explore new market prospects based on risk-taking, proactivity, competitive aggression, and autonomy to achieve superior performance. The strategy is entrepreneurial orientation, which demonstrates the company's market responsiveness.

The average empirical value of network resources is 19.11, greater than the theoretical value of 15. The subject concludes that a plan to develop a strong network with multiple partners to acquire access to knowledge and other complementary resources to achieve competitive advantage and superior performance is required. The average actual value of social networks is 13.63, greater than the theoretical value of 9. The conclusion based on the subject's assessment, a plan to gather and exchange resources and knowledge by constructing a strong social network is required to meet the firm's aims, namely good performance. The average empirical value of the business network is 13.29, which is greater than its theoretical value of 9. The subject concludes that a plan is required to establish strong relationships with external parties, including customers, suppliers, competitors, and other market-based partners. Leveraging technology to reach the company's performance objective. The empirical average performance value of the company is 71.08, which is greater than the theoretical value of 48. According to the subject's evaluation, the company's performance has been attained satisfactorily.

**Table 2. Test of Descriptive Statistics**

	N	Min	Max	Mean	Std. Dev
Entrepreneurial Orientation (EO)	315	73	85	80.06	12.65
Network Resources (NR)	315	18	20	19.11	8.98
Social Network (SN)	315	12	15	13.63	6.39
Business Network (BN)	315	13	15	13,29	6,80
Environmental Dynamic (ED)	315	23	25	22,14	10,56
Firm Performance (FP)	315	65	80	71,08	11,05

Source: Primary processed data (2022)

**Table 3. Comparison of Theoretical Values with Empirical Values**

Variabel	Measure	Theoretical	Empirical
Entrepreneurial Orientation (EO)	Min	17	73
	Max	85	85
	Mean	51	80,06
Network Resources (NR)	Min	4	18
	Max	20	20
	Mean	15	19,11
Social Network (SN)	Min	3	6
	Max	15	20
	Mean	9	13,63
Business Network (BN)	Min	3	5
	Max	15	20
	Mean	9	13,29
Environmental Dynamics (ED)	Min	5	23
	Max	25	25
	Mean	15	22,14
Firm Performance (FP)	Min	16	65
	Max	80	80
	Mean	48	71,08

Source: Primary processed data (2022)

### Outer Model Test

According to Ghozali and Latan (2015), the outer model assesses the association between indicators and their latent variables. In evaluating the outer model with reflecting indicators, convergent validity, discriminatory validity, and composite reliability are considered. Loading factor values for the reflective construct indicators show a value  $> 0.50$ . That is, the reflective construct indicators for each variable are considered valid. The AVE value for each construct shows a value  $> 0.50$ . These results state that all reflective constructs are considered valid and have met the requirements of discriminant validity. The result shows that the composite reliability for each construct has a value  $> 0.70$ . That is, the value is considered reliable or meets the reliability test. This condition indicates

that all constructs can be carried out to the next stage, namely the structural model (inner model).

### Inner Model

This study investigates the structural model by examining the output of the path analysis and the R-square value, which is the model's goodness-of-fit test. In addition, bootstrapping is used to determine the significance value of t-statistics in order to assess the estimation's stability. This test result is shown in Table 4. Table 4 indicates that all hypotheses are accepted because the T statistic value is more than 1.96 or less than 0.05. Entrepreneurial Orientation influences Network Resources (NS); Network Resources (NS) influences Firm Performance (KP); and Entrepreneurial Orientation influences Firm Performance (KP).

**Table 4. Path Coefficients Test**

Hypothesis	Coefficients Beta	T statistics	P-value	Effect T statistics $> 1,96$	Conclusion
EO -> NR	0,479	5,503	0,000	significant influence	Accepted
NR -> KP	0,688	7,621	0,000	significant influence	Accepted
EO -> KP	0,302	5,146	0,000	significant influence	Accepted

Source: Primary processed data (2022)

### Indirect Effect Test

Testing the mediating variable in the study by examining the indirect effect of the Entrepreneurial Orientation variable on Firm performance. The test results can be seen in Table 5. Table 5 shows that Network Resource is a mediating variable because the P-value is below 0.005. Entrepreneurial Orientation has an effect on Firm Performance through Network Resources.

### Goodness of Fit

The goodness fit model test describes the variability of the latent variable obtained from the determinant coefficient R-square (R<sup>2</sup>). The results of the R square of this study are shown in Table 6. Based on Table 6, network resources and firm performance have an adjusted r-square value of 0.469 and 0.552, respectively. The entrepreneurial Orientation variable can explain the influence on network resources by 46.9%, and the Entrepreneurial Orientation and Network resources can explain the effect on firm performance by 55.2%. This study did not test other factors for network resources by 53.1% and firm performance by 44.8%. Both variables have a value of r square with a moderate ca-

tegory, meaning that the model used in this study is quite good.

### Moderator Effect Test

Based on table 9, this study tested 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> research hypotheses. The result of moderation testing of Dynamic Environment (DE) interacted with Entrepreneurial Orientation (EO) (DE\*EO) for 4<sup>th</sup> hypothesis show that Dynamic Environment has a positive coefficient value of 0.394 with a P-value of 0.00. Social Network (SN) interacted with Entrepreneurial Orientation (EO) (SN\*EO) for 5<sup>th</sup> hypothesis show that Social Network (SN) has a positive coefficient value of 0.268 with a P-value of 0.00. Business Network (BN) interacted with Entrepreneurial Orientation (EO) (BN\*EO) for 6<sup>th</sup> hypothesis show that Business Network (BN) Has a coefficient value of 0.317 with a P-value of 0.00. so, the three variables have a P-value below 0.05 which indicates that all of these variables are moderating variables, and the effect is strong with a positive coefficient value. It is concluded that Dynamic Environments, Social Networks, Business Networks, and strengthen the influence of Entrepreneurial Orientation on Firm Performance.

**Table 5. Indirect Effect Test**

Hipotesis	Coefficients Beta	T statistics	P-value	Conclusion
EO → NR → KP	0,329	6,837	0,000	Mediating

Source: Primary processed data (2022)

**Table 6. R Square Adjusted Test**

	R Square Adjusted
Network Resources	0,469
Firm Performance	0,552

Source: Primary processed data (2022)

**Table 7. Moderator Effect Test**

Hipotesis	Coefficients Beta	T statistics	P-value
H4 → (DE*EO)	0,394	6,222	0,000
H5 → (SN*EO)	0,268	3,335	0,000
H6 → (BN*EO)	0,317	5,760	0,000

Source: Primary processed data (2022)

## DISCUSSION

### The Impact of Entrepreneurial Orientation on Network Resource

The investigation reveals that Entrepreneurial Orientation substantially impacts network resources. Entrepreneurial Orientation serves as the basis for encouraging businesses to obtain network resources. Companies with a high Entrepreneurial Orientation tend to require substantial resources due to the firm's ambition to be inventive, proactive, competitively aggressive, risk-taking, and autonomous. These five factors urge businesses to acquire network resources to acquire further resources. Innovation pushes businesses to gain new knowledge, necessitating the acquisition of network connections to acquire resources from external parties for the corporate development. A proactive company will move quicker than its rivals, acquiring more network resources. The acquired network resources will capitalize on anticipated changes in the target market and swiftly modify the firm's business environment.

The firm with high Entrepreneurial Orientation also dares to take risks so that companies will not hesitate to collaborate and expand partners to obtain the desired resources. Companies with principle of autonomy show an attitude of freedom, responsibility and independence. They will try to direct themselves to pursue target market opportunities by seeking resources optimally through network resources. Companies with competitive aggressiveness make them overcome competitors and are characterized by offensive attitudes or responses or aggressive responses to competitors' actions. The firm will continue to pay attention to its business growth and improve performance by obtaining adequate resources from established business networks to achieve a good competitive position. The firm obtains network resources through networks with its partners. Partners use this network to support each other in the availability of resources needed by the firm. This study supports the social capital theory that more resources are needed to implement entrepreneurial orientation. Companies can obtain resources from the network orientation owned by the firm (social capital is oriented to trust, norms, and social networks) to form network resources. The results of this study support previous studies such as Ribeiro et al. (2021) and

Jiang et al. (2018), namely, Entrepreneurial Orientation has a positive effect on network resources; this means that network resources provide an advantage for accessing and obtaining valuable resources from network actors so that can support the implementation of Entrepreneurial Orientation to be effective.

### The Impact of Network Resources on Firm Performance

The analysis results show that network resources significantly affect the firm's performance. High network resources are a competitive advantage for the firm so that it can compete with its competitors, and when a competitive advantage has been formed, the firm tends to have good performance. Network resources benefit companies by speeding up the flow to gain access to exchanging resources, knowledge, and information so that companies can improve their performance. This study supported the social capital theory that actual and potential resources can be obtained from the network or connections owned by the firm. Resources, knowledge, and information obtained through the network can be used to develop innovations and identify market niches that can generate firm performance.

This study proved that the network resources can provide companies with access to external resources in the form of knowledge, information, and other resources through ties between companies. Network resources can reduce the cost of finding resources and minimize the uncertainty of the business environment so that it has a positive impact on improving the firm performance. However, this study found that network resources can create firm performance in the medium and long term. It is indicated by the firm's performance, which increases progressively from time to time and takes quite a long time. The results of this study support the research results of Zheng et al. (2013), Ribeiro et al. (2021), Jiang et al. (2018), and Wang et al. (2020), that network resources affect firm performance because network resources facilitate companies to exchange resources, acceleration of access to resources, knowledge, and information. When the firm obtains a lot of resources, knowledge, and information, the firm's performance will increase.

### **The Impact of Entrepreneurial Orientation on Firm Performance**

The results of the analysis show that entrepreneurial orientation has a significant effect on the firm performance. Entrepreneurial orientation is vital in helping the industry achieve competitive advantage and superior performance. These results prove that five Entrepreneurial Orientation indicators (innovative, proactive, risk-taking, competitive aggressive, and autonomy) can encourage increased firm performance. When firms are faced with challenges that arise from dynamic environmental conditions, companies tend not to be able to predict the life cycle. They can not guarantee to gain profits in the future. However, these findings suggest that companies with entrepreneurial orientation strategy will be more likely to overcome the emerging challenges by analyzing and seizing new market opportunities by acting in innovative, proactive, risk-taking, competitive, aggressive, and autonomous manner. This strategy creates a competitive advantage, which ultimately positively impacts the firm's performance. Furthermore, entrepreneurial orientation can contribute to the firm's performance because the firm has sufficient resources.

This study found that companies with entrepreneurial orientation tend to have abundant resources compared to companies that do not have entrepreneurial orientation. The results of this study support the theory of social capital that entrepreneurial orientation can overcome the barriers to resource acquisition because innovative, proactive, risk-taking, competitive aggressive, and autonomous actions provide opportunities and provide the potential for companies to acquire more resources, which ultimately impact firm performance. The results of this study support the results of research by Fu et al. (2019), Tajeddini et al. (2020), Boso et al. (2013), Jiang et al. (2018), and Ribeiro et al. (2021) that entrepreneurial orientation has significant positive effect on performance. Firm. This study's results mean that companies with an entrepreneurial orientation strategy can identify new opportunities and create superior value to produce competitive advantages that impact superior performance.

### **Impact of Entrepreneurial Orientation on Firm Performance with the Environmental Dynamic as Moderator**

The results of this analysis indicate that the

dynamic environment strengthens the relationship between entrepreneurial orientation and firm performance. The dynamic environment raises new challenges and opportunities, so companies must be responsive and react quickly. This study found that the dynamic environment has a strong influence on Entrepreneurial Orientation strategies that can improve firm performance. It is because the five dimensions of Entrepreneurial Orientation (innovative, proactive, risk-taking, competitive aggressive, and autonomy) can identify and encourage companies to act to overcome challenges and take advantage of new opportunities that arise in a dynamic environment.

This study also shows that firms that have a high entrepreneurial orientation tend to have more profits compared to companies with low Entrepreneurial Orientation because they are better able to take advantage of new opportunities to create a competitive advantage in a dynamic environment, so that which has a positive impact on improving firm performance. The results of this study support previous research conducted by Adomako et al. (2016) and Tajeddini et al. (2020) that the dynamic environment strengthens the relationship of Entrepreneurial Orientation to the firm performance. The dynamic environment characterized by the level of change and the magnitude of uncertainty, such as changes in technology, diversity of consumer preferences, and demand, encourages companies to respond quickly. Responses based on the Entrepreneurial Orientation mindset will support the firm to obtain new opportunities and create superior value so that the firm's performance will increase.

### **Impact of Entrepreneurial Orientation on Firm Performance with Social and Business Network (Network Ties) as moderator**

The analysis results show that network ties (business and social networks) strengthen the relationship between Entrepreneurial Orientation and firm performance. Entrepreneurial Orientation on the firm's performance depends on the strength of the external network ties (i.e., social and business network ties) built by the firm. Network ties can be in the form of business networks and social networks. This study found that companies with business networks have a higher value than companies without business networks, and companies with

business networks have higher performance than companies without business networks.

Business networks also help companies get closer to the network of actors operating in the market to offer access to the tools, resources, and problem-solving skills that enable the implementation of Entrepreneurial Orientation activities. The business network acts as a facilitator of Entrepreneurial Orientation efficiency and effectiveness in capturing emerging business opportunities. Thus, efforts to develop business networks can maximize the benefits of strategic orientation to create superior performance. Thus, business network strengthens the relationship of Entrepreneurial Orientation to firm performance.

This study also found that firms with social networks have higher value and performance than companies without. The benefits derived from social networks support companies to implement entrepreneurial orientation to achieve superior performance. Social networks have many benefits, such as institutional support and support from local public officials, traditional authorities and peers. In return, companies get the success of the business operations they develop because, in developing countries, officials have tight control over the allocation of resources.

The firm with social networks with government authorities can gain access to benefits, such as legitimacy, government policy information related to industry, access to tax incentives, financial resources, and fewer bureaucratic delays. In addition, the firm can also gain more knowledge about the target market. Strong social networks protect companies from developing economic investments against possible environmental threats and enable companies to exploit emerging opportunities. Thus, the implementation of Entrepreneurial Orientation by the firm will be more effective because the firm gets the support of more resources and can also achieve superior performance.

This study supports the theory of social capital that the network ties (business and social networks) provide facilities for companies to obtain more resources, knowledge, and information that support the implementation of entrepreneurial orientation in companies to achieve superior performance. The results of this study support the results of previous studies conducted by Tajeddini et al. (2020), Sheng et al. (2011), Boso et al. (2013), and

Wensong-Bai et al. (2021) that business networks and social networks strengthen the relationship of Entrepreneurial Orientation to performance. This means that network ties provide many valuable resources such as knowledge, information, social support for the existence of the firm's operations, legitimacy, funding sources, and other resources that support the implementation of Entrepreneurial Orientation to create superior performance.

## IMPLICATIONS

This work has practical and theoretical ramifications. Theoretically, this study contributes the knowledge and literature to enhancing the business performance through entrepreneurial orientation, which relates to the social capital theory mediated by network links, a dynamic environment, and technical resources. The findings of this study also contribute to the expansion of empirical research on the direct influence of Entrepreneurial Orientation on firm performance and the indirect effect of Entrepreneurial Orientation on firm performance via the mediating variable (network resource).

In practice, managers can use the Entrepreneurial Orientation instruments to overcome resource restrictions from limited access and scarcity of fresh opportunities constrained by numerous causes. Network resources enable businesses to acquire more resources, making entrepreneurial orientation implementation more successful. In addition, the study provides entrepreneurs and managers with an explanation of the significant role that network linkages play in determining the achievement of outstanding performance. Thus, managers can use it as a reference when deciding whether to construct a network to get higher performance. When taking the innovative, proactive, aggressive, competitive, risk-taking, and autonomous actions, managers must regard the existence of a dynamic environment as an essential contingency. The results of this study also present advantages for investors when making investment decisions, namely the ability to get high returns on funds placed in companies with network ties, as network linkages can assist companies in enhancing entrepreneurial orientation, which has a positive effect on firm performance. In addition, this research recommends the government implement regulations that promote enterprises to optimize network resource acquisition to increase the firm performance and ma-

intain economic stability in the nation.

## RECOMMENDATIONS

This study contains various limitations that open the door to the future research opportunities. This study first empirically investigates the role of entrepreneurial orientation using a composite measure comprised of three dimensions: creativity, proactiveness, and risk-taking. However, several specialists have cautioned that this factor has a distinct association with performance (Kreiser et al., 2013). Thus, it is anticipated that the future studies will investigate how these dimensions interact with one another and how they function independently or collectively in the network situations. Second, this study used the cross-sectional data, which can limit changes in entrepreneur behavior. Therefore, future research must adopt a longitudinal approach to determine if and how entrepreneurial activity changes over time.

## CONCLUSIONS

The entrepreneurial orientation significantly affects a firm's performance. Entrepreneurial orientation is a vital strategy to improve firm performance because the strategy must have an innovative, proactive, risk-taking, competitive, aggressive, and autonomous spirit. The firm can analyze and take new opportunities to continue to grow and create competitive advantages, which will ultimately have a positive impact on improving firm performance. Entrepreneurial orientation significantly affects network resources. Entrepreneurial Orientation strategy aligns with forming a network to obtain the desired resources. Obtaining network resources requires innovative, proactive, competitive, aggressive, risk-taking, and autonomous actions. Network resources significantly affect a firm's performance. The high network resources become a competitive advantage to compete with competitors, especially outside the network. When a competitive advantage has been formed, it will affect the firm's superior performance.

This study also shows that entrepreneurial orientation indirectly positively affects firm performance through network resources as a mediating variable. To improve firm performance, companies can implement Entrepreneurial Orientation by increasing and utilizing network resources to obtain more resources needed through the firm's part-

ner network. The dynamic environment and the network owned by the firm (business network and social network) strengthen the relationship between Entrepreneurial Orientation and firm performance. The dynamic environment encourages companies to face new challenges and opportunities, so companies must move quickly and be responsive. Thus, companies with an entrepreneurial orientation strategy can act, solve challenges, and take advantage of new opportunities to improve firm performance. In addition, business and social networks strengthen the Entrepreneurial Orientation strategy to be more adaptive and exploratory towards the target market to achieve superior firm performance.

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