Analysis of the Effect of Entrepreneurial Orientation, Innovation Capabilities and Entrepreneurial Leadership on Entrepreneurial Performance of SMEs in Sukolilo Sub-District, Surabaya, East Java

H.Teman Koesmono

Lecturer of the Faculty of Business, Widya Mandala Catholic University Surabaya, East Java-Indonesia

Abstract

This study aims to explore MSME in Sukolilo Sub District in Surabaya, East Java. This study tries to clarify these factors so that it can be seen which factors play a major role in the performance of MSMEs in Sukolilo District, Surabaya, East Java. The results of this study conclude that Entrepreneurial Orientation, Innovation Ability and Leadership have an effect on entrepreneurial motivation so that it can be said that these three variables are elements that need to be considered by beginners and SMEs who are running their business tirelessly and despair when experiencing various problems. his efforts. Besides that, Entrepreneurial Orientation, Innovation and Leadership Ability and Work Motivation also have a significant effect on Entrepreneurial Performance, so these four variables can be said to be the basic capital to improve the performance of entrepreneurs to be able to achieve maximum performance. Regarding organizational culture, it is no less important to influence the size of the influence of motivation on entrepreneurial performance, this is because organizational culture is a behavioral guide for everyone who is an entrepreneur to achieve their needs and desires both now and in the future. The higher the value of an organizational culture, the higher the influence of motivation on entrepreneurial performance in a positive way.

Keywords: entrepreneurial orientation, innovation capabilities, entrepreneurial leadership, entrepreneurial performance

1. Introduction

In the current COVID-19 pandemic season, it does not slow down entrepreneurial activities carried out by the community because whatever conditions they must continue to be carried out, and must continue to run in their efforts to meet their needs and desires in the process as members of the social community. The existence of MSMEs can help the government to absorb labor in the informal sector so that various parties will correlate with the presence of MSMEs in their respective regions. Surabaya as a city of trade and industry will continue to develop with its economic activities both regionally, nationally and internationally. Entrepreneurial activity is one of the economic activities that can help the government to produce its performance in the people's economy. When the economy is experiencing a decline in its performance, it is necessary to have encouragement to revive it through the performance of MSMEs which is one of the activities carried out by entrepreneurs to take part in maintaining the stability of economic movements in each region in their respective districts and cities. According to 2019 data from the Indonesian Association of Micro, Small and Medium Enterprises, the total contribution of MSMEs reached 65% of Gross Domestic Product (GDP). Most MSMEs in Indonesia are small businesses using local raw materials and distributed in local markets. Based on the World Economic Forum in 2010 Indonesia was ranked 15th in the opportunity to have a market for products produced by existing business enterprises and this has not been fully utilized by MSMEs because of their weaknesses or not being able to compete completely. This concerns the lack of knowledge and skills of human resources, knowledge of the increasingly rapid development of technology and the lack of information about the market as a place for distributing processed products. Data from BPS in 2020 the existence of MSMEs experienced positive growth and was able to create job opportunities for workers in the community and reduce unemployment. In particular, the city of Surabaya has the opportunity for its people to work in the informal sector in an effort to meet their daily needs. Various sources of livelihood include: the food industry, the textile industry and the agribusiness industry and others.

In Sukolilo Subdistrict, Surabaya City has a well-organized association or MSME community, but there are still many obstacles faced by them, such as capital and the market for the products they produce. Regarding the product, it still requires a lot of touches in order to get attention or buying interest from consumers, for example packaging and quality that meets consumer tastes. Other things that require guidance or coaching include 1) calculation of financial performance reports 2) business strategy 3) creativity and product innovation and 4)

digital marketing (needs for virtual media knowledge in developing products and attracting consumers). Answering all the problems experienced by MSMEs requires strengthening MSME actors through several things, including: Entrepreneurial Orientation, Motivation, Entrepreneural Leadership and Capability of Entrepreneural and Work Culture so that entrepreneurial performance can be achieved optimally and as expected. When someone wants to do business activities according to their capacity, the basic thing is to have an entrepreneurial orientation. This study tries to clarify these factors so that it can be seen which factors play a major role in the performance of MSMEs in Sukolilo District, Surabaya, East Java.

2. Literature Review

Strengthening the will to become an entrepreneur begins whether the person concerned already has a basic entrepreneurial spirit and always thinks to look forward to his life process as a social being who must interact with his environment in fulfilling his life goals. Lumpkin and Dess (1996) stated that entrepreneurial orientation or entrepreneurial orientation is a strategic part where if someone wants to run their business, insight into entrepreneurship must be possessed by understanding the basic things about entrepreneurial orientation at this time and in the future. Entrepreneurial orientation for each person will be different from other people depending on the type of business occupied and his personal goals in looking at his future life opportunities. In the insight of entrepreneurial orientation, it cannot be separated from thoughts about aspects of creativity and innovation in all business activities that are occupied by someone (either directly or indirectly. Martin and Javalgi (2016) for someone who has a strong entrepreneurial orientation spirit will have a strong entrepreneurial orientation. stronger competitiveness than other entrepreneurs by carrying out strategic innovation and creativity by looking at the behavior of their competitors.Rezad, Jafar., Ortt, Roland (2018) it has been found in many different studies that Entrepreneurial as positive effect on firm performance.Entrepreneurial motivation is the main capital for an entrepreneur to realize his goals in business activities that are occupied in accordance with their respective fields or according to the talents of each individual concerned.Robbins and Judge (2011) Motivation is The processes that account for an individual's intensity , direction and persistent e of effort toward attaining a goal. A person's motivation can arise from within himself or from other parties so that it depends on which motivation is strong from within or from outside so that it depends on the existence of the person concerned. The motivation of an entrepreneur can be from outside because it is stimulated by the conditions of the existing business environment or from his own soul so that it requires special efforts to successfully achieve its ultimate goal. Victor Vroom (1964) in Suryana (2013) in his motivation on the theory of hope says that a person to realize his expectations will act according to strength and action to achieve the end result. To realize these expectations, an entrepreneur must be able to innovate the products produced so that they can compete in the market with their competitors. Suryana (2013) Innovating for an entrepreneur is the key to success in competition according to their power or ability to develop their products (Innovation as novelty, Innovation as change, Innovation as advantage). Lawson and Samson (2001) Innovation capability is the ability to continuously transform knowledge and ideas into new products, new processes and new systems for the benefit of the company and its stakeholders. Regardless of the scale in managing a business business, it will not be separated from the existence of tangible and intangible capital factors and a person's leadership to manage other people and himself. Before managing other people, a leader is expected to be able to manage himself first, so that he will know the shortcomings and advantages of his behavior in managing an organization, especially profit-oriented.

Nourthose (2013) Leadership is a process where individuals influence a group of individuals to achieve a common goal. With regard to this definition, it is clear that leadership in entrepreneurship will be faced by a group of people who participate together in developing entrepreneurial activities carried out by someone. According to Hughes et al (2012) in Koesmono (2018) Leadership is a process to create conducive conditions for groups of people to become effective groups. The need for leaders in managing their legal business is mandatory because they will be faced with the problem of the resources needed both in the form of financial and non-financial as the main source for achieving the ultimate goal of the business. A leader will be faced with conditions that are all complex to the problems faced and in particular an entrepreneur will not be separated from the demands of how to achieve maximum performance in order to obtain the expected benefits and business continuity in the future. Work Culture is a code of conduct for people who drive organizations, both service-based and profit-driven. According to MacShane and Glinov (2003) Organizational culture is the basic pattern of shared assumptions, values and beliefs is considered to be the correct way of thinking about and acting on problems and opportunities facing organizations. Kusdi (2011) States that organizational culture is the social glue that unifies in meaningful pattern. Performance is the result of achievements that must be achieved both in the short and long term with different sizes for each scale of business they are engaged in. Wibowo (2007) performance is a description of the level of achievement of the implementation of an activity or policy program in realizing the goals, objectives, vision and mission of the organization as stated in the strategic business scheme. While Rifai (2009) performance is the result or output of a process. Rahmawati (2008) performance is

the result of one's business in acertain period of time when carrying out their duties.

Conceptual Model
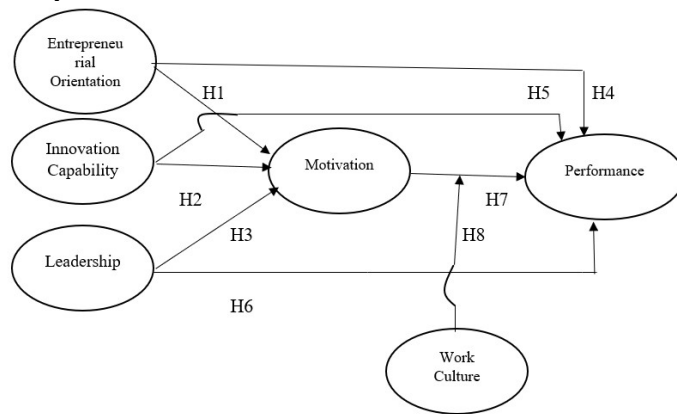
Hypothesis
The hypothesis in this study are as follows:
1. Entrepreneurial Orientation affects work motivation
2. Innovation ability affects work motivation
3. Leadership affects work motivation
4. Entrepreneurial Orientation affects Entrepreneurial Performance
5. Innovation Ability Affects Entrepreneurial Performance
6. Leadership influences Entrepreneurial Performance
7. Work Motivation Affects Entrepreneurial Performance
8. Work Culture Moderates the Effect of Work Motivation on Entrepreneurial Performance.

3. Research Method
Research Form
This study uses a hypothesis based on the problems that exist in SMEs Sukolilo District Surabaya which seeks to clarify the variables that can affect entrepreneurial performance.

Data sources and measurements
Sources of data were obtained directly from respondents as MSME actors concerned by filling out the questionnaire that had been provided beforehand while the measurement of data from the answers to the contents of the collected questionnaires used a Likert scale from the smallest to the largest numbers with the following categories: 1 (Strongly disagree) , 2 (Disagree) 3 (Neutral) 4 (Agree) and 5 (Strongly agree)

The sampling technique and number of samples used
The sampling technique is random sampling of the number of samples, Sugiono (2010) at least 100 (one hundred) people (or the number of indicators multiplied by 5-10) MSME actors.

Data Analysis Techniques
The data analysis technique used SEM (Structural Equation Modeling) with AMOS4.0 Program. Ferdinand (2014)
Regression Equation
$Y1 = aX1 + bX2 + cX3$
$Y2 = dX1 + eX2 + fX3 + gY1$

Variable definition
Entrepreneurial Orientation (X1): insight possessed by a person to carry out entrepreneurial activities
Innovation Ability (X2): a person's ability to make updates to goods or something that can increase its usefulness
Leadership (X3): the ability of a person to coordinate other people to achieve organizational goals or efforts undertaken.
Motivation (Y1): the drive possessed by a person to fulfill his needs and desires both in the short and long term.
Entrepreneurial performance (Y2): the level of ability to obtain results within a certain period of one's efforts.
Work culture (Z): behavioral guidelines in work to produce the expected output.

Research data
Respondent's age
20–25 Years = 35 People
26- 30 Years = 90 People
> 30 Years = 50 People

Respondent's Education
Middle School = 45 People
High School = 107 People
Bachelor = 23 People

Entrepreneurial experience
1-5 Years = 36 People
6-10 Years = 22 People
11-15 years old = 63 people
>15 Years = 54 People

4. Research result
Validity and Reliability Test Results
Validity testing was carried out with the help of the SPSS version 24 program. The results of the validity test on the variables of entrepreneurial orientation, innovation ability, leadership, work motivation, entrepreneurial performance, and work culture, are presented in Table I:

Table I shows the correlation value for each statement item on all variables ranging from 0.560 to 0.885, so that all statement items have a correlation value greater than 0.361 and are also significant at a significance level of 5% (Sig. 5%). The corrected item-total correlation value of all statement items is also greater than 0.30. Thus, it can be concluded that all statement items used to measure the variables of entrepreneurial orientation, innovation ability, leadership, work motivation, entrepreneurial performance, and work culture are valid and can be used for further analysis.

The next test is the reliability test, which is used to determine the reliability or consistency of variable measurement. Reliability testing was carried out using the cronbach's alpha technique, according to Malholtra the questionnaire was declared reliable if it had produced a cronbach's alpha value greater than 0.60 (Malhotra, 2007: 358).

Table II. shows Cronbach's alpha value for all variables has a value greater than 0.60, so it is concluded that the preparation of statement items used to measure the variables of entrepreneurial orientation, innovation ability, leadership, work motivation, entrepreneurial performance, and work culture can be declared reliable and can trusted as a consistent measuring tool.

Table I. Validity Statistics

Variable	Item	*Pearson Correlation* (r)	Sig. r	*Corrected Item-Total Correlation*	Decision
Entrepreneurial Orientation (X1)	X1.1	0.771	0.000	0.657	Valid
	X1.2	0.752	0.000	0.638	Valid
	X1.3	0.820	0.000	0.675	Valid
	X1.4	0.819	0.000	0.695	Valid
	X1.5	0.782	0.000	0.628	Valid
Innovation Capability (X2)	X2.1	0.811	0.000	0.697	Valid
	X2.2	0.784	0.000	0.656	Valid
	X2.3	0.885	0.000	0.802	Valid
	X2.4	0.830	0.000	0.743	Valid
	X2.5	0.881	0.000	0.807	Valid
Leadership (X3)	X3.1	0.638	0.000	0.406	Valid
	X3.2	0.763	0.000	0.641	Valid
	X3.3	0.745	0.000	0.526	Valid
	X3.4	0.659	0.000	0.405	Valid
	X3.5	0.783	0.000	0.665	Valid
Work Motivation (Y1)	Y1.1	0.773	0.000	0.636	Valid
	Y1.2	0.728	0.000	0.511	Valid
	Y1.3	0.759	0.000	0.621	Valid
	Y1.4	0.722	0.000	0.522	Valid
	Y1.5	0.681	0.000	0.503	Valid
Entrepreneurial Performance (Y2)	Y2.1	0.795	0.000	0.655	Valid
	Y2.2	0.632	0.000	0.443	Valid
	Y2.3	0.698	0.000	0.507	Valid
	Y2.4	0.801	0.000	0.659	Valid
	Y2.5	0.790	0.000	0.646	Valid
Work Culture (M)	M.1	0.636	0.000	0.457	Valid
	M.2	0.560	0.001	0.373	Valid
	M.3	0.867	0.000	0.740	Valid
	M.4	0.819	0.000	0.659	Valid
	M.5	0.773	0.000	0.644	Valid
	Req	≥0.361	≤0.05	≥0.300	

Table II. Reliability Statistics

Variable	Cronbach's α	No. of items	Decision
Entrepreneurial Orientation (X_1)	0.844	5	Reliable
Innovation Capability (X_2)	0.893	5	Reliable
Leadership (X_3)	0.743	5	Reliable
Work motivation (Y_1)	0.777	5	Reliable
Performance (Y_2)	0.799	5	Reliable
Work Culture (M)	0.790	5	Reliable
Req	≥ 0.60		

The results of the average value of Indicators and Variables

Table III. Descriptive statistics of the indicator

Variable	Indicator	Answer Percentage					Mean	Agree Level
		STS	TS	N	S	SS		
Entrepreneurial Orientation (X1)	X1.1	0.0	0.0	0.0	52.6	47.4	4.47	Strongly agree
	X1.2	0.0	0.0	1.7	50.9	47.4	4.46	Strongly agree
	X1.3	0.0	0.0	20.6	48.6	30.9	4.10	Agree
	X1.4	0.0	0.0	1.1	48.6	50.3	4.49	Strongly agree
	X1.5	0.0	0.0	9.7	51.4	38.9	4.29	Strongly agree
Innovation Capability (X2)	X2.1	0.0	0.0	15.4	45.7	38.9	4.23	Strongly agree
	X2.2	0.0	0.0	6.3	44.0	49.7	4.43	Strongly agree
	X2.3	0.0	0.0	11.4	49.7	38.9	4.27	Strongly agree
	X2.4	0.0	0.0	8.0	54.9	37.1	4.29	Strongly agree
	X2.5	0.0	0.0	11.4	46.9	41.7	4.30	Strongly agree
Leadership (X3)	X3.1	0.0	0.0	26.9	54.3	18.9	3.92	Agree
	X3.2	0.0	0.0	0.0	53.7	46.3	4.46	Strongly agree
	X3.3	0.0	0.0	16.0	49.7	34.3	4.18	Agree
	X3.4	0.0	0.0	14.9	52.0	33.1	4.18	Agree
	X3.5	0.0	0.0	0.0	46.9	53.1	4.53	Strongly agree
Work Motivation (Y1)	Y1.1	0.0	0.0	4.0	55.4	40.6	4.37	Strongly agree
	Y1.2	0.0	0.6	14.9	50.3	34.3	4.18	Agree
	Y1.3	0.0	0.0	23.4	57.1	19.4	3.96	Agree
	Y1.4	0.0	0.0	11.4	56.6	32.0	4.21	Strongly agree
	Y1.5	0.0	0.0	17.7	52.6	29.7	4.12	Agree
Entrepreneurial Perfromance (Y2)	Y2.1	0.0	0.0	6.9	50.3	42.9	4.36	Strongly agree
	Y2.2	0.0	0.0	1.1	52.0	46.9	4.46	Strongly agree
	Y2.3	0.0	0.0	12.6	55.4	32.0	4.19	Agree
	Y2.4	0.0	0.0	13.1	50.9	36.0	4.23	Strongly agree
	Y2.5	0.0	0.0	3.4	49.7	46.9	4.43	Strongly agree
Work Culture(M)	M.1	0.0	0.0	0.0	52.0	48.0	4.48	Strongly agree
	M.2	0.0	0.0	2.9	52.0	45.1	4.42	Strongly agree
	M.3	0.0	0.0	1.7	48.6	49.7	4.48	Strongly agree
	M.4	0.0	0.0	16.0	53.7	30.3	4.14	Agree
	M.5	0.0	0.0	0.0	53.7	46.3	4.46	Strongly agree

Table IV. Descriptive statistics of the variables

Variable	Mean	Level
Entrepreneurial Orientation (X_1)	4.36	Strongly agree
Innovation Capability (X_2)	4.30	Strongly agree
Leadership (X_3)	4.25	Strongly agree
Work Motivation (Y_1)	4.17	Agree
Entrepreneurial Performance (Y_2)	4.33	Strongly agree
Work Culture (M)	4.40	Strongly agree

Table V. Multivariate normality

Test	Kurtosis	c.r *multivariate*	Conclusion
Multivariate normality	-9.001	-1.620	c.r. is in the range of ±1.96, so that the multivariate data have normal distribution

The results of the normality test showed a multivariate c.r of -1.62 which was in the range of -1.96 to +1.96 at a significance level of 5%, so it can be concluded that the multivariate data were normally distributed. Thus, the analysis can be continued to the next stage.

Table VI. Multivariate outlier

Observation number	Mahalanobis d-squared	p1	p2
13	**42.908**	.014	.920
15	39.601	.032	.977
44	36.541	.064	.999
22	35.394	.081	1.000
90	35.216	.084	.999
8	35.016	.088	.998
83	35.013	.088	.996
76	34.645	.095	.995
48	34.195	.104	.995
86	34.057	.107	.992
7	33.994	.108	.985
50	33.679	.115	.985
81	33.532	.118	.978
79	33.411	.121	.969
62	33.363	.122	.950
47	33.226	.126	.935
56	32.854	.135	.947
42	32.832	.135	.918
:			
:			
172	24.470	.492	.031
141	24.466	.493	.022

The results of multivariate outlier detection based on Table VI show the largest d-squared mahalonobis value is 42.91, namely at observation/respondent number 13 (still smaller than the chi-square limit of table 59.70), so that all observations (respondents) it was decided that none were indicated as outliers and all of them can be used for analysis.

Table VII. Fit measure for the measurement model

Fit Measure		Critical Value	Initial Model		Revised Model	
			Index value	Decision	Index value	Decision
Absolute Fit Indices	Probability	> 0.05	0.001	Poor fit	0.062	Good fit
	Cmin/DF	≤ 2.00	1.231	Good fit	1.113	Good fit
	GFI	≥ 0.90	0.846	Marginal fit	0.864	Marginal fit
	RMSEA	≤ 0.08	0.036	Good fit	0.025	Good fit
Incremental Fit Indices	CFI	≥ 0.95	0.947	Marginal fit	0.974	Good fit
	TLI	≥ 0.95	0.941	Marginal fit	0.971	Good fit
Parsimony Fit Indices	AGFI	≥ 0.90	0.816	Marginal fit	0.837	Marginal fit

Table VII shows the results of the evaluation of the suitability of the model on the revised measurement model, resulting in all acceptable criteria (good fit and marginal fit), so the measurement model can be accepted.

Construct validity

Construct validity shows a test to find out how far the indicators measure the construct. In SEM, the construct validity test is carried out through convergent validity, with the rule of thumb that a construct is said to meet convergent validity if the indicator on the construct has a standardized regression weight (factor loading) value above 0.50.

Table VIII. Construct validity

Variable	Indicator	Factor Loading (FL)	Decision
Entrepreneurial Orientation (X1)	X1.1	0.671	Valid
	X1.2	0.686	Valid
	X1.3	0.657	Valid
	X1.4	0.609	Valid
	X1.5	0.618	Valid
Innovation Capability (X2)	X2.1	0.666	Valid
	X2.2	0.542	Valid
	X2.3	0.750	Valid
	X2.4	0.730	Valid
	X2.5	0.761	Valid
Leadership (X3)	X3.1	0.767	Valid
	X3.2	0.614	Valid
	X3.3	0.727	Valid
	X3.4	0.691	Valid
	X3.5	0.574	Valid
Work Motivation (Y1)	Y1.1	0.624	Valid
	Y1.2	0.681	Valid
	Y1.3	0.636	Valid
	Y1.4	0.633	Valid
	Y1.5	0.678	Valid
Performance (Y2)	Y2.1	0.665	Valid
	Y2.2	0.571	Valid
	Y2.3	0.692	Valid
	Y2.4	0.726	Valid
	Y2.5	0.626	Valid
Work Culture (M)	M.1	0.763	Valid
	M.2	0.607	Valid
	M.3	0.697	Valid
	M.4	0.654	Valid
	M.5	0.565	Valid

Table VIII shows the measurement model, each indicator in each construct consisting of the construct of entrepreneurial orientation, innovation ability, leadership, work motivation, entrepreneurial performance, and work culture, all of which have a factor loading value greater than 0.50, so that these indicators valid in constructing and can be used to build models.

Construct reliability

The construct reliability test is checked using the construct reliability value, a construct is said to be reliable if the construct reliability value is greater than 0.70 (Solimun, 2017:78). Hair et al. (2014: 605) added, the rule of thumb construct reliability value must be greater than 0.70, and the construct reliability value greater than 0.60 is still acceptable as long as each indicator has met convergent validity. The results of the evaluation of construct reliability for each construct can be seen in Table IX:

Table IX. Construct reliability

Variable	Construct Reliability	Decision
Entrepreneurial Orientation (X_1)	0.784	Reliable
Innovation Capability (X_2)	0.821	Reliable
Leadership (X_3)	0.808	Reliable
Work Motivation(Y_1)	0.786	Reliable
Entrepreneurial Performance (Y_2)	0.792	Reliable
Work Culture (M)	0.793	Reliable

Table IX shows that each construct produces a construct reliability value greater than 0.70, so it can be concluded that these indicators are reliable in reflecting the constructs of entrepreneurial orientation, innovation ability, leadership, work motivation, entrepreneurial performance, and work culture.

Structural Model Analysis

Structural model fit

After the measurement model analysis stage is fulfilled, the next stage is the structural model analysis. The structural model stage begins with an evaluation of the structural model fit (goodness of fit) which functions to ensure that the developed model is in accordance with the data (fit). The estimation results of the structural model are presented in the following figure:
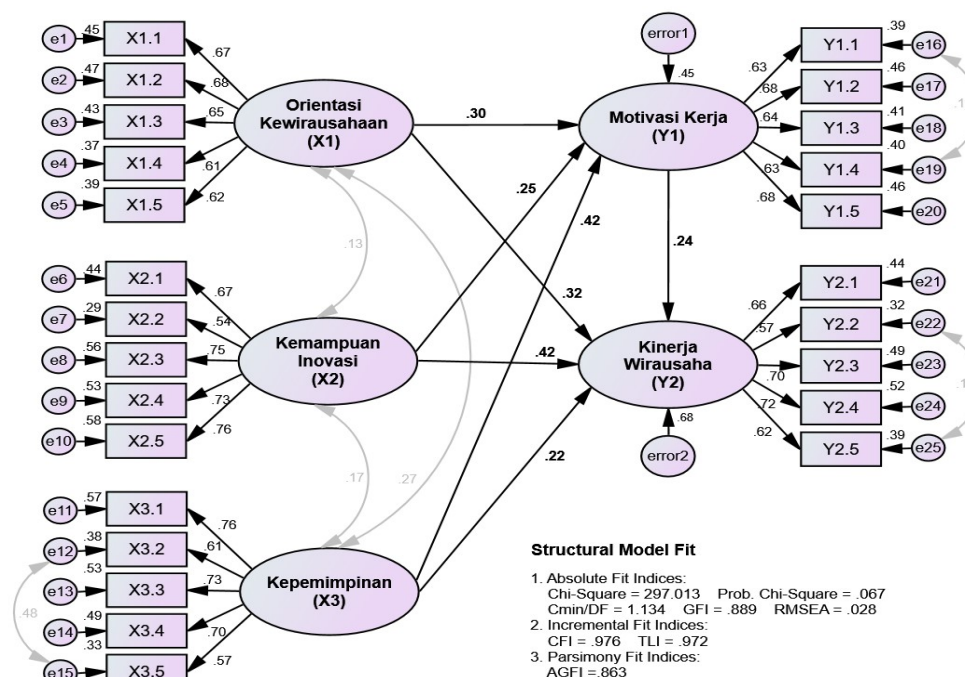

Figure: Assesing the structural model (primary model)

The results of the calculation of the goodness of fit indices generated by the structural model are as follows:

Table X. Fit measure for the structural model

Fit Measure		Critical Value	Structural Model	
			Index value	Decision
Absolute Fit Indices	Probability	> 0.05	0.067	Good fit
	Cmin/DF	≤ 2.00	1.134	Good fit
	GFI	≥ 0.90	0.889	Marginal fit
	RMSEA	≤ 0.08	0.028	Good fit
Incremental Fit Indices	CFI	≥ 0.95	0.976	Good fit
	TLI	≥ 0.95	0.972	Good fit
Parsimony Fit Indices	AGFI	≥ 0.90	0.863	Marginal fit

The results of the structural model suitability test show that all criteria for absolute fit indices, incremental fit indices, and parsimony fit indices have met the requirements (marginal fit and good fit), so that the structural model is acceptable, and further testing of the significance of the effect between variables, both the influence is carried out direct or indirect influence.

5. Analysis of the direct effect

The next stage of structural model analysis is testing structural relationships on the direct effect path, namely examining the estimated parameter relationships between variables that represent each theoretical hypothesis. The hypothesis can be accepted if the path parameter is statistically significant with the direction of influence as predicted, meaning that the path parameter must be greater than zero for the positive direction and less than zero for the negative direction (Hair et al., 2014:589).

In testing structural relationships, hypothesis testing is carried out to test the significance of the influence between variables, using the critical ratio (CR) and probability values (p-value). Whether or not there is a significant effect between variables using the provisions if the CR value 1.96 or the p-value 5% significance level, then it is decided that there is a significant effect between these variables.

The following are the results of testing structural relationships in order to test each research hypothesis based on SEM output:

Table XI. Summary of the direct effect testing

Hip.	Structural relationship			Std. Estimate	C.R.	P value
H_1	Entrepreneurial Orientation (X_1)	→	Work Motivation (Y_1)	0.297	3.003	0.003**
H_2	Innovation Capability (X_2)	→	Work Motivation (Y_1)	0.255	2.851	0.004**
H_3	Leadership (X_3)	→	Work Motivation (Y_1)	0.416	4.195	0.000**
H_4	Entrepreneurial Orientation (X_1)	→	Entrepreneurial Performance (Y_2)	0.319	3.432	0.000**
H_5	Innovation Capability (X_2)	→	Entrepreneurial Performance (Y_2)	0.417	4.494	0.000**
H_6	Leadership (X_3)	→	Entrepreneurial Performance (Y_2)	0.224	2.413	0.016*
H_7	Work Motivation (Y_1)	→	Entrepreneurial Performance (Y_2)	0.240	2.113	0.035*

*. Significant at the 0.05 level
**. Significant at the 0.01 level

Base on Tabel XI above, it can be explained as follows

a. The parameter estimation results of the influence of entrepreneurial orientation on work motivation show a significant effect with a CR value of 3.003 (greater than 1.96) and a significance value (p-value) of 0.003 (smaller than 5% significance level). The resulting coefficient of influence is 0.297 (positive),

meaning that the higher the entrepreneurial orientation, the higher the work motivation. Thus, the first hypothesis which states that entrepreneurial orientation affects work motivation in MSMEs in Sukolilo District, Surabaya City, is acceptable (H1 is accepted). The results of this study support the research conducted by Kyal et al (2021) and Ludiya and Kurniawan (2020)., Soekesi et al (2016)

b. The estimation results of the parameter of the influence of innovation ability on work motivation also show a significant effect with a CR value of 2.851 (greater than 1.96) and a significance value (p-value) of 0.004 (smaller than 5% significance level). The resulting coefficient of influence is 0.255 (positive), meaning that the higher the innovation ability, the higher the work motivation. Thus, the second hypothesis which states that the ability to innovate has an effect on work motivation in MSMEs in Sukolilo District, Surabaya City, is also acceptable (H2 is accepted). The results of this study support the research conducted by Kalil and Aenurohman (2020). and Siregar et al (2019)., Dhar et al. (2020)

c. The results of the estimation of the influence of leadership on work motivation also show a significant effect with a CR value of 4.195 (greater than 1.96) and a significance value (p-value) of 0.000 (smaller than 5% significance level). The resulting coefficient of influence is 0.416 (positive), meaning that the better the leadership, the higher the work motivation. Thus, the third hypothesis which states that leadership has an effect on work motivation in MSMEs in Sukolilo District, Surabaya City, is also acceptable (H3 is accepted). The results of this study support the research that has been carried out by Hanifah et al (2014) and Altheeb (2020)., Nalim et al (2020)

d. The parameter estimation results of the influence of entrepreneurial orientation on entrepreneurial performance show a significant effect with a CR value of 3,432 (greater than 1.96) and a significance value (p-value) of 0.000 (smaller than 5% significance level). The resulting coefficient of influence is 0.319 (positive), meaning that the higher the entrepreneurial orientation, the higher the entrepreneurial performance. Thus, the fourth hypothesis which states that entrepreneurial orientation affects entrepreneurial performance in MSMEs in Sukolilo District, Surabaya City, can be accepted (H4 is accepted.). The results of this study support the research conducted by Trihudiyatmanto and Purwanto (2018) and Marwan et al (2021). Kyal et all (2021)

e. The parameter estimation results of the influence of innovation ability on entrepreneurial performance also show a significant effect with a CR value of 4.494 (greater than 1.96) and a significance value (p-value) of 0.000 (smaller than the 5% significance level). The resulting coefficient of influence is 0.417 (positive), meaning that the higher the innovation ability, the higher the entrepreneurial performance. Thus, the fifth hypothesis which states that the ability to innovate has an effect on entrepreneurial performance in MSMEs in Sukolilo District, Surabaya City, is also acceptable (H5 is accepted). The results of this study support the research conducted by Marwan et al (2021), Pramayani and Adnyani (2018) and reject the results of research conducted by Anggriani and Kristyanto (2021).

f. The results of the estimation of the influence of leadership on entrepreneurial performance also show a significant effect with a CR value of 2,413 (greater than 1.96) and a significance value (p-value) of 0.016 (smaller than the 5% significance level). The resulting coefficient of influence is 0.224 (positive), meaning that the better the leadership, the higher the entrepreneurial performance. Thus, the sixth hypothesis which states that leadership affects entrepreneurial performance in MSMEs in Sukolilo District, Surabaya City, is also acceptable (H6 is accepted). The results of this study support the research that has been carried out by Anggriani and Kristyanto (2021), Rahim et all (2015). Saasongu (2015)

g. The estimation results of the parameter of the influence of work motivation on entrepreneurial performance show a significant effect with a CR value of 2.113 (greater than 1.96) and a significance value (p-value) of 0.035 (smaller than 5% significance level). The resulting coefficient of influence is 0.240 (positive), meaning that the higher the work motivation, the higher the entrepreneurial performance. Thus, the seventh hypothesis which states that work motivation affects entrepreneurial performance in MSMEs in Sukolilo District, Surabaya City, is acceptable (H7 is accepted). The results of this study support the research conducted by Trihudiyatmanto and Purwanto (2018) and Pramayani and Adnyani (2018).) and Aftan, and Hanapi (2018)

Analysis of the indirect effect

The next stage of structural model analysis is testing structural relationships on the indirect effect path. Hypothesis testing to test the significance of the indirect effect is carried out in the same way, namely using the critical ratio (CR) value and the probability value (p-value). If the CR value 1.96 or the p-value 5% significance level, it is decided that there is a significant mediating effect.

After testing the significance of the mediation effect, the next step is to know the nature of the mediation. Ghozali (2011:248) explains, detecting the nature of mediation can be seen from the effect of mediation, if the

direct effect of exogenous variables on endogenous variables is significant, and the indirect effect through intervening variables is also through a significant path, then it is said to be partially mediation. On the other hand, if the direct effect of the exogenous variable on the endogenous variable is not significant, while the indirect effect of the intervening variable is through a significant path, then it is said to be fully mediation or perfect meditation.

The following are the results of testing structural relationships in the context of testing the indirect effect based on SEM output:

Table XII. Summary of the indirect effect testing

Indirect effect	Std. Estimate	P-value	Type of mediator
Entrepreneurial Orientation (X_1) → Work Motivation (Y_1) → Entrepreneurial Performance(Y_2)	0.071	0.016*	Partially mediation
Innovation Capability (X_2) → Work Motivation (Y_1) → Entrepreneurial Performance(Y_2)	0.061	0.031*	Partially mediation
Leadership (X_3) → Work Motivation (Y_1) → Kinerja Wirausaha (Y_2)	0.100	0.049*	Partially mediation
*. Significant at the 0.05 level n.s. Not significant **. Significant at the 0.01 level			

Based on Table XII above, it can be explained that the results of the indirect path significance test X1→Y1→Y2 showed a significant effect with a significance value (p-value) of 0.016 (smaller than the 5% significance level). Thus, work motivation significantly mediates the effect of entrepreneurial orientation on entrepreneurial performance. The nature of the mediator is known to be partially mediation, meaning that increasing entrepreneurial performance in MSMEs in Sukolilo Surabaya can only be done by increasing their entrepreneurial orientation, but if it is also supported by increased work motivation, then the entrepreneurial performance of these SMEs can increase even more.

The results of the indirect path significance test X2→Y1→Y2 also showed a significant effect with a significance value (p-value) of 0.031 (smaller than the 5% significance level). Thus, work motivation also significantly mediates the effect of innovation ability on entrepreneurial performance. The nature of the mediator is known to be partially mediation, meaning that increasing entrepreneurial performance in MSMEs in Sukolilo Surabaya can only be done by increasing the ability to innovate, but if it is also supported by increased work motivation, then the entrepreneurial performance of the MSMEs can increase even more.

The results of the indirect path significance test X3→Y1→ Y2 also showed a significant effect with a significance value (p-value) of 0.049 (smaller than the 5% significance level). Thus, work motivation also significantly mediates the influence of leadership on entrepreneurial performance. The nature of the mediator is known to be partially mediation, meaning that increasing entrepreneurial performance in MSMEs in Sukolilo Surabaya can only be done by increasing entrepreneurial leadership, but if it is also supported by increased work motivation, then the entrepreneurial performance of MSMEs can increase even more.

Analysis of the moderation effect

The next analysis stage is testing the moderating effect. According to Hair et al. (2017: 259-269), testing the moderating effect on SEM can be done with three approaches, namely the product indicator approach, orthogonalizing approach, and the two-step approach. The analysis of moderating effects can also be corroborated by multigroup analysis (MGA) which is useful for comparing models and studying differences between sub-samples of moderating variables.

In this study, testing the moderating effect will use a two-stage approach, because the purpose of the analysis is to test the significance of the moderating effect. Furthermore, it is strengthened by multigroup analysis to determine the difference in the strength of the influence of work motivation on entrepreneurial performance, at different levels of work culture.

The results of testing the moderating effect of the two-stage approach are presented in Appendix 10, which can be summarized in the following Table XIII.

Table XIII. Summary of the moderating effect hypotheses

Hip.	Moderating relationship	Std. Estimate	C.R.	P value	Result
H_8	Work Culture (M) moderate influence of work motivation (Y_1) to performance(Y_2)	0.505 (strengthen)	6.400	0.000**	H_8 accepted
*. Significant at the 0.05 level **. Significant at the 0.01 level n.s. Not significant					

Based on Table XIII above, it can be explained that the results of the analysis of work culture moderation on the effect of work motivation on entrepreneurial performance show a significant effect with a CR value of 6,400 (greater than 1.96) and a significance value (p-value) of 0.000 (smaller). from the 5% significance level). The resulting coefficient of influence is 0.505 (positive), meaning that work culture significantly strengthens the influence of work motivation on entrepreneurial performance. Thus, the eighth hypothesis which states that work culture moderates the effect of work motivation on entrepreneurial performance in MSMEs in Sukolilo Surabaya, can be accepted (H8 is accepted).

Summary resul estimate model SEM

After estimating the main model and the model by testing the moderating effect, the regression equation can be made as follows:

Y1 = 0,297 X1 + 0,255 X2 + 0,416 X3

Y2 = 0,319 X1 + 0,417 X2 + 0,244 X3 + 0,240 Y1

Besides, it is proven that Organizational Culture moderates the effect of work motivation on Entrepreneurial Performance, with a coefficient of 0.505 greater than 0.5% (percent).

6. Conclusion

The results of this study conclude that: Entrepreneurial Orientation, Innovation Ability and Leadership have an effect on entrepreneurial motivation so that it can be said that these three variables are elements that need to be considered by beginners and SMEs who are running their business tirelessly and despair when experiencing various problems. his efforts. Besides that, Entrepreneurial Orientation, Innovation and Leadership Ability and Work Motivation also have a significant effect on Entrepreneurial Performance, so these four variables can be said to be the basic capital to improve the performance of entrepreneurs to be able to achieve maximum performance. Regarding organizational culture, it is no less important to influence the size of the influence of motivation on entrepreneurial performance, this is because organizational culture is a behavioral guide for everyone who is an entrepreneur to achieve their needs and desires both now and in the future. The higher the value of an organizational culture, the higher the influence of motivation on entrepreneurial performance in a positive way.

Appendix indicators of each indicator variable.
Entrepreneurial Orientation
1. Always think positively about business survival
2.Think carefully about the advantages and disadvantages of your business
3. Dare to face business risks
4. Always looking for new opportunities
5. Minimize the business barriers faced
Innovation Ability
1.Product development
2.Development of service model
3.Structure of storefront model
4.Packaging update
5.Using social media for promotion
Leadership
1. Serving consumers wisely and wisely
2.Involve employees on product development issues
3. Provide performance boost to employees
4.Help solve personal problems of employees

5. Placing employees as partners

Work motivation

1. Never give up in the face of problems

2.Strive to always develop the product market

3. Produce creative and innovative things

4. Create a special business strategy during the Covid 19 Pandemic season

5. Not afraid to face business risks

Work Culture

1.Always ready to face the changing business climate

2. Instilling an entrepreneurial spirit in employees

3. Avoid as little as possible the waste of costs

4.Instilling the importance of a high work ethic

5. Prayer and work are always done in business activities

Entrepreneurial Performance

1. Earnings every month according to the plan

2. Customer satisfaction is served

3. The initial capital of the business has returned as expected

4.Be able to compete with similar businesses

5. Product innovation goes according to consumer tastes

References

Aftan,Yousif.,Hanapi,Mohamad (2018). The Impact of Entrepnerial Motivationon Small Business Performance in Iraq. International journal of Academic Reserachin Business & Social Sciences. ISSN : 2222-6990.Vol.8 No.1 PP : 401-4011.

Altheeb,Sand Al (2020) Leadeship Styleand Employee Motivation: Astudy ofSaudiArabian work Environment. Prepositosy Representaciones. Special Number: Educational Psichlgy Practicesin Europeand The Middle East..ISSN : 2307-7999. E-ISSN : 2310-4635 Vol8 Spec (2) e661. pp 1-12

Anggriani,Yulvi Yusnia; Kristyanto.Anang (2021) Pengaruh Entrepereuneraial Leadrship Terhadap Kinerja UMKM Kota Surabaya melalui Inovasi. Ekuitas : Jurnal ekonomi dan
Keuangan. P-ISSN 2548-298 X., e-ISSN 2548-5024. Hal. 409-427

Dhar,Bablu Kumar.,Mutalib,Mahazan., Sobhani,Farid A.(2020). Effect of Inovation Capabiltyon Human Capitaland Organizational Performance. International Journalof Advance Science and Technology.ISSN : 2005-4238 IJAST. Vol.29 No.4 pp : 7074-7087

Ghozali, Imam (2011) Model Persamaan Struktural. Konsep dan Aplikasi dengan Program Amos Versi 5.0 Semarang Badan Penerbit Universitas Diponegoro

Hanifah; Susanti,Novi Indah; Setiawan Agus.(2014). The Effect of Leadership Style on Motivation to Improve The Employee Performance. Jurnal Manajemn Transpotasi dan Logidtik (JMTransLog) ISSN : 2355-4721.Vo.02.No.3. Hal. 221-226

Hair,Joseph F.,Anderson.,Rolph E., Tatham.,Ronald L, Black.,William C .(2014). Multivariate Data Analysis Prentice Hall International Inc. Printed in the United States of America.

Kalil, Aenurohman,Evant Andi (2020) Dampak Kreatifitas dan Inovasi Produk terhhadap Kinerja UKM di Kota Semarang.Jurnal Penelitian Humaniora Printed.ISSN 1411-5190, Onl;ine ISSN 2541-4496 Vol.21 No.1 Hal. 69-77

Koesmono,Teman (2018) Kepemimpinan Dalam Organisasi Dan Perusahaan.ISBN 978-602—6417—90-9 Penerbit Indomedika Pustaka. Sidoarjo Jawa Timur

Kyal,Hetesh.,Mandal,Anirban.,Kujur,Fedric.,Guha,Sriparna (2021) Individual Entrepreneurial Orientation on MSME'S Perfromance : Th Mediating Effect of Employee Motivation and The Moderating Effect of Goverment Intervention. IM. Research Journal of Mangement Studies. https://www.emerald.com/insight/2754-0138.htm.Vol.1 No.1 pp 21-37

Kusdi.(2011). Budaya organisasi, Teori, Penelitian dan Praktik. Penerbit Salemba Empat Jakarta.

Lawson,B., Samson,D (2001) Developing Innovation Capability in Organization : Dynamic Capabilities Approach. International Journal of Innovation Management, 5(3) 377-400

Ludiya,Eka.,Kurniawan,Asep (2020) Pengaruh Kompetensi Kewirausahaan dan Orientsi Kewirausahaan Terhadap Usaha pada UMKM bidang Fashion di Kota Cimahi. Jurnal Ilmu Manajemen Dan Bisnis. ISSN : 2337-$!!X (print)., ISSN : 2503-3502 (Online). Vol 11 No.2. Hal. 141-154

Lumpkin,G.T., Dess,G.G (1996) Clarifying The Entrepreneurial Orentation Construc and Linking It To Performance. Academy of Management Review, 21(1), 135-172.

MacShane,Steven.,Glinov,Mary Ann Von.(2003).Organizational Behavior, Emerging, Realties for The workplace

Revolution.McGrwhill.Irwin.

Maholtra, Naresh K. (2007). Marketing Research an Apllied Orientation. New Jersey : Printice Hall.

Martin,S.l., Javalgi,R.G (2016) Entrepreneural Orientation, Marketing Capabilities and Performance : The Moderating role of Comptetive Intensity on Latin American International New Venture. Journal of Business Research. ISSN :2040-2051. 69 (6) pp 11-23

Marwan.,Zamhari.,Medinal (2021) Pengaruh Orientasi Kewirausahaan dan Inovasi Produk Terhadap Kinerja UMKM (Studi Kasus Pada UMKM Bakso Bakar di Kecamatan Rangkui Kota Pangkal Pinang.Jurnal Ilmiah Progresif Manajemen Bisnis (JIPMB) STIE-IBEK. Vol 8 No. 2. November 2021 ISSN : 23545682. Hal. 141-147

Nalim., Haryono,Siswoyo., Muchran,Murniady (202) The Effect of Leadership Style and Compensation on theWorlk Performanceof Merangin DistrictOffice Employees,Jambi : Tehe Role of Work Motivation. Journal of Governance and Public Policy (JGPP) .International Open Access. ISSN : 2460 (Print). 2549-7669 (online) Vol.7 No.2 .pp. 78-87

Nourthose ,Peter G.. (2013) Kepemimpinan Teori dan Praktik. ISBN 978-979-062-434-4 Penerbit PT.Indeks, Jakarta.

Pramayani,Sagung Diah Istri.,Adnyani,Igusti,Ayu Dewi (2018). Pengaruh Pemderayaan, Perilaku Inovatif dan Motivasi Kerja terhadap Produktivitas kerja Karyawan Bumbu Bali Restoran Tanjung Benoa Badung, Bali. INOBIS : Jurnal dan Manajemen Indonesia. Volume 2 No.1 Desember 2018 Hal.1-1

Rahim,Hardi Loh., Abidin, Zanariah Zainal; Mohtar Shahini.,Ramli,Azahari (2015) The Effect of Entrepenurial Laedrship Towards Organizational Performance. ARJ International Academic Research Journal of Business and Technolgy. ISSN : 1189-8433. Vo. 1 No.2 pp : 193-200

Rahmawati, Ike Kusdyah.(2008) Manajemen Sumber Daya Manusia Penerbit Andy Yogyakarta.

Rezad,Jafar.,Ortt,Roland (2018) Entrepreneurial Orientation and performance : The Mediating Role of Functional Performnace.. The Curent of issue and Full Text archieve of This Journal is avalaible on Emrelad insight at.WWW.emeraldsight.com/2040-8269 ISN : 2040-8269.htm. Page.878-900

Rivai, V iethzal.(2009). Manajemen Sumber Daya Mnusia untuk Perusahaan dari Teori ke Praktek. Penerbit. PT.Radja Grafindo Persada. Jakarta

Robbins,Stephen P., Judge,Timothy A (2011) Organization Behavior. ISBN 978-0-13-612401-6., ISBN 10: 0-13-612401-1. Person Education Inc. Prentice Hall is an imprint of Person

Sasongu,Nongo (2015). Effect of Ledership Style on Organizational Performance in Small and medium Enterprises (SMES) in Nigeria. International Journalof Research in Management & Business Studies (IJRMBS). ISSN : 2348-6503 (online). ISSN : 2348-893X (Print). Vol 2 Issue 2 pp : 23-30

Soekesi,Agustine Eva Maria.,Utami,Margareta Sih Setija.,Nugrahaningsih,Trihandjanti.(2016) The Identificationof Motivationand Entrepreurial Orientationof Famale Entrpeneurs in Microand SmallSize Business (Case Studyof FoodBusiness Sector in Semarang,Indonesia). Proceeding of International Academic Research Coferenceon Small& Medium Enterprise (Vietnam SME Conference) DanangCity-Vietnam.ISBN: 978-943579-36-5.pp : 1-8

Solimun (2017). Structurl Equation Modelling (SEM) Lisrel dan Amos. Malang : Fakultas MIPAUniversitas Brawijaya.

Sugiyono.(2010).Metode penelitian Kuantitatif, Kualitatif dan R&DPenerbit Alfabeta Bandung.

Siregar, Zulkifli Musannip Efendi.,m Suryana., Ahman,Eeng.,Senen,Syamsul Hadi (2019) Factors Influence Innovation Work Behavior : An Individual Factors Perspective. International Journal of Scientific & Technolgy Research. ISSN 227-8616. PP : 324-327

Suryana (2013). Kewirausahaan, Kiat dan Proses Menuju Sukses ISBN 978-979061-375-1 Penerbit Salemba Empat

Trihudiyatmanto,M; Purwanto,Heri (2018) Pengaruh Motivasi, Kompetensi dan Orientasi Kewirausahaan terhadap Kinerja Usaha pada sentra UMKM Pande Besi di Wonosobo. Journal of Economic, Management, Accounting and Technology (JEMATech)Vol.1 No.1 Agustus 2018. P-ISSN:2622-8394/e-ISSN:2622-8122 Hal. 31-41

Wibowo.(2007). Manajemen Kinerja. Penerbit, Radja Grafindo Persada.Jakarta