



The Influence of Entrepreneurial Leadership and Innovation on Business Performance (Study on Micro, Small and Medium Enterprises Laksa Kota Tangerang)

Vera Fadhillah Fildzah¹

¹²³⁴ Universitas Pendidikan Indonesia, Bandung, Indonesia
verafadhillah@student.upi.edu

Abstract. This study aims to obtain an overview of entrepreneurial leadership and innovation's impact on business performance by Micro, Small, and Medium Enterprises (MSMEs) in the Laksa industry in Tangerang. The type of research used is descriptive-verification research, and the method employed is an explanatory survey with a simple random sampling technique. The study involved 33 respondents who are owners or managers of MSMEs in the Laksa industry in Tangerang. The data analysis technique used is path analysis conducted using IBM SPSS version 26.0 for Windows. The findings of this study indicate that both entrepreneurial leadership and innovation have a positive and significant influence on business performance. These results demonstrate that the higher the level of entrepreneurial leadership and innovation, the higher the business performance.

Keywords: Entrepreneurship, Entrepreneurial Leadership, Innovation, Business Performance.

1 INTRODUCTION

Entrepreneurship plays an important role in improving the welfare and economic growth. Creative and innovative abilities, as well as an acumen in seeing opportunities, are aspects that are always considered in entrepreneurship[1]. Entrepreneurs are always looking for new things as challenges and opportunities to grow their business[2]. Creativity and innovation are the keys to entrepreneurial success in facing difficult economic situations[1].

Micro, Small and Medium Enterprises (MSMEs) are one of the important pillars in a country's economic growth. The government must provide extensive support, protection and development to this sector as a form of concern for the people's economy. MSMEs have a vital role as a support for the regional economy and job creators. The number of MSMEs in Indonesia reached 99.99% of the total number of business actors in 2019. MSMEs absorbed 97.3% of the total workforce in Indonesia.

The Tangerang City Government has a responsibility to advance the standard of living of its people through empowering MSMEs. However, many MSMEs in Tangerang City, such as UMKM Laksa, are facing tough challenges due to the impact of the COVID-19 pandemic. Many Laksa SMEs have experienced a decline in production and even had to go out of business.

The low business performance of MSMEs can be caused by various factors, one of which is the lack of managerial ability of MSME owners. The skills of MSME owners in managing resources are an important factor in improving business performance.

The importance of business performance in the success of MSMEs requires the role of entrepreneurial leadership and innovation. Entrepreneurial leadership plays an important role in MSME learning[5]. Innovation is a key factor in improving MSME business performance[6]. Creativity, innovation, and a proactive attitude possessed by entrepreneurial leadership can bring success to MSME actors.

Based on these problems, this study aims to investigate "The Influence of Entrepreneurial Leadership and Innovation on Business Performance (Study on Micro, Small and Medium Enterprises Laksa Kota Tangerang)". This research is expected to provide a deeper understanding of the influence of entrepreneurial leadership and innovation on the business performance of the Laksa MSME in Tangerang City. The results of this study are expected to be input for MSME owners and the government in an effort to improve business performance and the sustainability of MSMEs in the future.

1.1 Literature Review

1.1.1. Influence or Relationship between Entrepreneurial Leadership on Innovation

From the explanation above, it can be concluded that there is influence and a close relationship between entrepreneurial leadership and innovation. Entrepreneurial leadership involves a leader's ability to combine creativity, innovation, risk taking, resource development, and adaptability to face challenges in a changing business environment. Entrepreneurial leaders have an important role to play in recognizing opportunities, creating visions, motivating and inspiring followers to adopt entrepreneurial behavior, and directing them towards achieving innovative goals.

Effective entrepreneurial leaders are able to create an environment that encourages and supports innovation. They stimulate and facilitate experimentation, the testing of new ideas, and the refinement of test results. In addition, they also play a role in realizing innovative ideas and increasing the results of innovation in the organization. Entrepreneurial leaders can develop innovative ways of thinking through the ability to dream, increase sources of ideas, accept differences and changes, cultivate empathy, and apply innovative abilities in real practice.

In the context of innovation, entrepreneurial leaders act as the main agents influencing the adoption and implementation of innovations in organizations. Through their influence and inspiration, entrepreneurial leaders create commitment and motivation for their followers to engage in innovative activities. They also act as role models who encourage their followers to take risks, dare to take new steps, and explore innovative opportunities. Thus, entrepreneurial leadership has a positive influence in encouraging innovation within the organization.

In order to increase innovation, entrepreneurial leaders also have an important role in combining imagination and creative thinking in a systematic and logical manner. This combination is an important key to success in entrepreneurship and creating positive changes in the business environment.

Overall, entrepreneurial leadership serves as a key driver for developing a culture of innovation, stimulating creativity, directing innovative efforts, and building commitment and a spirit

of innovation within the organization. With effective entrepreneurial leadership, innovation can be generated and implemented in a sustainable manner, bringing positive impact to the growth and success of the company.

1.1.2. Influence or Relationship between Innovation on Business Performance

Innovation has a positive influence on business performance. By implementing innovation, companies can create new and different solutions to overcome problems, find opportunities and improve their performance. Innovation enables companies to introduce new and improved products, services or processes, which can increase customer satisfaction, generate sales growth, increase customer retention, and enhance the company's reputation. Through innovation, companies can also achieve operational efficiency, increase productivity, reduce costs and increase profitability.

Conversely, business performance can also affect company innovation. When companies perform well and are strong both financially and non-financially, they have greater resources and capabilities to invest in research and development, support innovation teams, and gain access to the technology and knowledge needed to drive innovation. In addition, good business performance also reflects the existence of a strong innovation culture within the organization, where innovation is valued, encouraged and integrated into the company's business strategy.

Thus, there is a mutually influencing relationship between innovation and business performance. Innovation can be a factor that drives business performance improvement, while good business performance also provides a strong foundation for creating innovation within the company. Both complement each other and support the company's growth and success in achieving goals and facing challenges in a competitive market.

1.1.3. Influence or Relationship between Entrepreneurial Leadership on Business Performance

Entrepreneurial leadership, which includes entrepreneurial skills, attitudes and behavior in managing organizations or leading initiatives oriented towards creating value and taking advantage of business opportunities, has a positive influence on business performance. Leaders who have entrepreneurial leadership are able to inspire and motivate others to adopt entrepreneurial behavior, which in turn can improve company performance. Entrepreneurial leaders play a driving role in pursuing new opportunities within the organization. By recognizing these opportunities and capitalizing on them, entrepreneurial leaders can create positive change, achieve business success and provide added value to the organization and stakeholders.

Entrepreneurial leadership also impacts business performance through developing and executing unique business strategies, focusing on growth, and creating competitive advantage. Entrepreneurial leaders are able to lead companies in achieving short and long term goals, such as achieving profits, profitability, sales growth, customer retention, and customer and employee satisfaction. Conversely, good business performance also creates conditions that support the development of entrepreneurial leadership. When companies have strong financial and non-financial performances, they have greater resources and capabilities to support innovation teams, invest in research and development, and capitalize on business opportunities.

Thus, entrepreneurial leadership and business performance influence and reinforce one another.

Effective entrepreneurial leadership can improve business performance, while good business performance creates conditions that support the development of better entrepreneurial leadership. These two factors complement each other and contribute to the success and growth of the company.

2 METHOD

This study aims to investigate the influence of entrepreneurial leadership and innovation on business performance in Micro, Small and Medium Enterprises (MSMEs) in Tangerang City who are engaged in the Laksa business. The independent variable in this study is entrepreneurial leadership (X1) which includes active/proactive, innovation, risk-taking, technical behavior, psycho-emotive behavior, and ethical behavior. Meanwhile, innovation (X2) involves product, process, marketing and organizational innovation. The dependent variable is business performance (Y), which includes profitability, sales growth, innovation, customer satisfaction, and growth in total employees or resources. This study uses a cross-sectional study approach. The research population was all Laksa MSME owners in Tangerang City, totaling 33 entrepreneurs. In collecting data, researchers used primary data and secondary data. Primary data was obtained through questionnaires distributed to respondents, while secondary data was obtained from literature, articles, journals, websites and other sources of information. The research method used is an explanatory survey method, which aims to collect information from a portion of the population to find out opinions about the influence of entrepreneurial leadership and innovation on business performance. Data analysis techniques used include descriptive analysis, path analysis, and statistical tests to test hypotheses. Before conducting data analysis, validity and reliability tests were carried out to ensure the correctness and quality of the data. The results of the validity test show that all variables are declared valid, and the results of the reliability test show that all variables have a good level of reliability. The results of the descriptive analysis show the characteristics of the research variables. Furthermore, path analysis is used to test hypotheses involving the direct and indirect effects of variables X1 and X2 on variable Y. Hypothesis testing uses criteria for rejection or acceptance based on the statistical values of t and F.

3 RESULT AND DISCUSSION

3.1 Characteristics of Respondents

There are 33 respondents in this study who are owners or people who are trusted to manage the Laksa business in Tangerang City. Based on the results of the study, the majority of respondents were male (84.8%) and only a small number were female (15.2%). The age of the majority of business owners is in the range of 39-48 years (54.5%), followed by those aged 29-38 years (39.4%), and some are over 48 years old (6.1%). No one is under 20 years old or between 20-28 years old. The majority of respondents had last education in the form of SMK/SMA (60.6%), then there were D1/D2/D3 (27.3%), and S1/S2/S3 (12.1%). In terms of business age, the majority of Laksa businesses in Tangerang City have been operating for more than 10 years (72.7%), some are 5-10 years old (27.3%), but none are less than 1 year old or between 1-5 years. In terms of income per month, the majority of respondents (78.8%) earn between 7,100,000 and 10,000,000 rupiah per month, while a small number earn below 7,000,000 rupiah

(12.1%) and above 10,000,000 rupiah (9.1%). In terms of the number of workers, the majority of businesses have 1-5 workers (78.8%), some have 6-12 people (21.2%), but none have more than 12 people. This data provides an overview of the characteristics of the respondents involved in this study, and the results of this study indicate that the majority of Laksa business owners in Tangerang City are men between the ages of 39-48 years, have vocational/high school education, have been operating for more than 10 years, and have a pretty promising income. 000 to 10,000,000 rupiah per month, while a small proportion earn under 7,000,000 rupiah (12.1%) and above 10,000,000 rupiah (9.1%). In terms of the number of workers, the majority of businesses have 1-5 workers (78.8%), some have 6-12 people (21.2%), but none have more than 12 people. This data provides an overview of the characteristics of the respondents involved in this study, and the results of this study indicate that the majority of Laksa business owners in Tangerang City are men between the ages of 39-48 years, have vocational/high school education, have been operating for more than 10 years, and have a pretty promising income. the majority of businesses have 1-5 workers (78.8%), some have 6-12 people (21.2%), but none have more than 12 people. This data provides an overview of the characteristics of the respondents involved in this study, and the results of this study indicate that the majority of Laksa business owners in Tangerang City are men between the ages of 39-48 years, have vocational/high school education, have been operating for more than 10 years, and have a pretty promising income. the majority of businesses have 1-5 workers (78.8%), some have 6-12 people (21.2%), but none have more than 12 people. This data provides an overview of the characteristics of the respondents involved in this study, and the results of this study indicate that the majority of Laksa business owners in Tangerang City are men between the ages of 39-48 years, have vocational/high school education, have been operating for more than 10 years, and have a pretty promising income.

3.2 Discussion of Entrepreneurial Leadership Overview

Business success depends on managing effective leadership skills. Entrepreneurial leadership is one of the effective leadership skills. Entrepreneurial leadership as a distinctive type of leadership is required to deal with the challenges and crises of today's organizational settings and manage scarce resources in a rapidly changing and changing business environment.[8]. entrepreneurial leadership can be applied to improve performance in business[8].Carter et al., (2015).mentioning entrepreneurial leadership consists of 6 (six) dimensions, namely 1) activity; 2) innovative; 3) taking risks; 4) technical behavior; 5) , psychomotive behavior and 6) ethical behavior.

The first dimension of activeness consists of five indicators, including: Responsible attitude and not blaming circumstances, Ability to expand business, Initiate change, Control decisions and behavior and Develop and use the four human gifts optimally. The second dimension of Innovative consists of two indicators, namely: Finding opportunities and Presenting ideas. The three dimensions of risk taking consist of three indicators, including: courage to take risks, readiness to take risks and try something new. The four dimensions of Technical Behavior consist of three indicators, including: analyzing business opportunities, analyzing business aspects, and skills to manage technology for business purposes. The five dimensions of

psychomotive behavior consist of four indicators, including: self-control, propensity to risk, self-confidence and increased motivation. And the sixth dimension of ethical behavior consists of four indicators, namely honesty, responsibility, discipline and commitment and respect.

The results of the study by distributing questionnaires to 33 respondents showed that the Active Dimension (X1.1) obtained a score of 977 from an ideal score of 1,155 or 85%, the Innovative Dimension (X1.2) obtained a score of 378 from an ideal score of 462 or 82%, the Risk Taking Dimension (X1.3) obtains a score of 585 from an ideal score of 693 or 84%, Technical Behavior Dimension (X1.4) obtains a score of 579 from an ideal score of 693 or 84%, Psychomotive Behavior Dimension (X1.5) obtains a score of 791 from an ideal score of 924 or 86%. The Ethical Behavior Dimension (X1.6) obtains a score of 788 from an ideal score of 924 or 85%. Variable Entrepreneurial Leadership has a good rating according to the respondents' answers. An overview of the Entrepreneurial Leadership variable as a whole obtains a score of 4,098 from an ideal score of 4,851 or 84%.

3.3 Description of Respondents on Entrepreneurial Leadership and Its Dimensions in Laksa MSME Actors in Tangerang City

Entrepreneurial Leadership is an effective leadership skill that is important for the success of MSME businesses. This leadership style is characterized as authentic, charismatic, and transformational. There are six dimensions of Entrepreneurial Leadership, namely activeness, innovation, risk taking, technical behavior, psychomotive behavior, and ethical behavior.

Respondents showed a good level of activity in managing the business, including responsibility, business expansion, and the ability to control business decisions and behavior. The average percentage of the active dimension is 85%.

Respondents demonstrated innovative abilities that needed to be improved, including identifying opportunities and combining information to improve business performance. The average percentage of the innovative dimension is 82%.

Respondents showed a fairly good level of risk taking, including the courage to face business risks. The average percentage of the risk taking dimension is 84%.

Respondents indicated technical skills that needed to be improved, including in analyzing business opportunities and managing technology for businesses. The average percentage of the technical behavior dimension is 84%.

Respondents showed high initiative, tendency to take risks, and confidence in improving business performance. The average percentage of psychomotive behavior dimensions is 86%.

Respondents demonstrated good ethical behavior, including honesty, responsibility, discipline, and commitment to business and agreements. The average percentage of ethical behavior dimensions is 85%.

Overall, the average Entrepreneurial Leadership score is 84%, indicating that almost all respondents are able to implement the Entrepreneurial Leadership dimension in the Laksa Kota Tangerang MSME business. The psychomotive behavior dimension is the highest, while the innovative dimension has the lowest score which needs to be improved.

3.4 Description of Respondents on Innovation and Its Dimensions in UMKM Laksa Actors in Tangerang City

The majority of respondents (85%) stated that innovation in the product dimension can improve business performance at Laksa SMEs. The highest score is obtained from the statement item "Bringing up a new product" with a total percentage of 85%.

As many as 88% of respondents believe that innovation in the process dimension can improve business performance. The highest score was obtained from the statement item "Ability to adapt to changes in production methods" with a total percentage of 88%.

As much as 86% of respondents agree that innovation in the marketing dimension can improve business performance. The highest score was obtained from the statement item "Adding promotional activities" with a total percentage of 86%.

The majority of respondents (87%) believe that innovation in the organization dimension can improve business performance. The highest score was obtained from the statement item "Organizational Management" with a total percentage of 87%.

From the data recapitulation, it can be concluded that the Process dimension has the highest score (88%), followed by the Organization dimension (87%), Marketing (86%), and Product (85%). Overall, the Innovation variable obtained an average score of 86%, indicating that almost all respondents were able to implement innovation at Laksa MSMEs in Tangerang City.

3.5 Description of Respondents on Business Performance and Its Dimensions in Laksa MSME Actors in Tangerang City

The majority of respondents (86%) stated that the ability to generate profits (Profitability) is an important factor in the performance of the Laksa MSME business. The highest score was obtained from the statement item "Achieving business income targets" with a percentage of 86%, while the lowest score was obtained from the statement item "Growing business profits" with a percentage of 82%.

As many as 89% of respondents believe that increased sales (Sales Growth) has a positive influence on business performance. The highest score was obtained from the statement item "Achievement of business sales volume targets" with a percentage of 89%, while the lowest score was obtained from the statement item "Growing business sales volume" with a percentage of 84%.

The majority of respondents (86%) think that innovation in products and services (Innovation) can improve business performance. The highest score is obtained from the statement item "Improving the ability to innovate" with a percentage of 86%.

The majority of respondents (85%) agree that the level of customer satisfaction (Customer Satisfaction) affects business performance. The highest score is obtained from the statement item "Increasing customer satisfaction" with a percentage of 85%.

As many as 88% of respondents believe that an increase in manpower and resources (Growth of Total Employees or Resources) plays a role in business performance. The highest score is obtained from the statement item "Adding the number of employees and business resources" with a percentage of 88%.

Overall, the Business Performance variables (Profitability, Sales Growth, Innovation, Customer Satisfaction, and Growth of Total Employees or Resources) obtain an average score of

86%. From these results, it can be concluded that almost all respondents were able to implement the dimensions of Business Performance at Laksa SMEs in Tangerang City. The total score of the Business Performance variable is 1,384 out of an ideal score of 1,617, so that the average percentage of business performance is 86%.

Hypothesis test

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residuals		
DRUG		33
Normal Parameters, b	Means	0.0000000
	std. Deviation	1.66263190
Most Extreme Differences	absolute	0.135
	Positive	0.085
	Negative	-0.135
Test Statistics		0.135
asymp. Sig. (2-tailed)		.134

The significance value for the research data normality test is 0.134. This value is > 0.05 so that the research variable data is declared to have a normal distribution of data.

Table 2. Path Coefficient Test Results and Correlation Coefficients

Variable	X1	X2	Y
X1	1	0.871	0.907
X2	0.871	1	0.890
Y	0.907	0.890	1

Based on the results of the matrix, the correlation between Entrepreneurial Leadership and Innovation on Business Performance, the correlation results obtained include the X1 variable to Y of 0.907 and the X2 variable to Y of 0.890. To obtain the path coefficient, the inverse correlation matrix is associated with the correlation between the independent variable (X) and the dependent variable (Y). The following figure will present a chart of path coefficients and correlation coefficients.

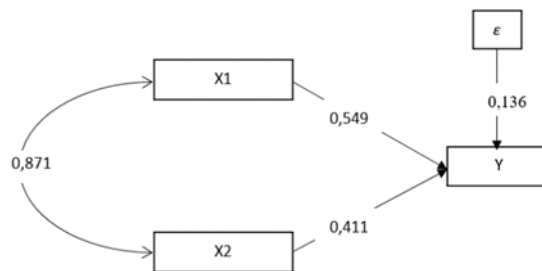


Figure 1. Path Diagram of Variable X Against Y (Correlation Coefficient and Path Coefficient)

Table 3. Coefficient of Determination Total X1 And X2 Against Y

Summary model b				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.929a	0.864	0.855	1,717

The magnitude of the total coefficient of determination or the influence of the endogenous variables as a whole is 0.864 and if it is percentaged at 86.4%, it means that the effect of business digitalization on business performance is in a very strong category. While the rest is influenced by other variables not examined in this study.

Table 4. Test Results of Direct and Indirect Effects of Entrepreneurial Leadership (X1) and Innovation (X2) on Business Performance (Y)

Variable	Beta Coefficient	Direct Influence	Indirect Influence		Total	Total Influence
			X1	X2		
X1	0.549	0.301	0.197	0.197	0.197	0.498
X2	0.411	0.169	0.197	0.197	0.197	0.366
Total Influence						0.864

The variable with the most dominant direct influence is Entrepreneurial Leadership (X1) on Business Performance (Y) with an acquisition value of 0.301. Thus it can be interpreted that the direct effect of Entrepreneurial Leadership (X1) on Business Performance is in the strong category. Meanwhile, the variable with the least dominant direct influence is Innovation (X2) on Business Performance (Y) with a score of 0.169. Thus it can be interpreted that the direct effect of Innovation (X2) on Business Performance is in the low category.

Data acquisition of the most dominant and least dominant indirect influence is Entrepreneurial Leadership (X1) and Innovation (X2), namely Entrepreneurial Leadership (X1) to Business Performance (Y) through Innovation (X2) or Innovation (X2) to Business Performance (Y) through Entrepreneurial Leadership (X1) with a value of 0.197. Thus it can be interpreted that the indirect effect of Entrepreneurial Leadership through Innovation or vice versa on Business Performance is in the Moderate category.

The results of the Path Coefficient of Other Variables (Epsilon), the magnitude of the path coefficient of other variables that affect business performance is 0.136 or $(0.136)^2 = 0.136 \times 100\% = 13.6\%$. This illustrates that the business performance of UMKM Laksa Kota Tangerang is influenced by other variables not examined by 13.6%. While simultaneously it is known that Entrepreneurial Leadership (X1) and Innovation (X2) affect Business Performance (Y) by $0.864 \times 100\% = 86.4\%$ which is in the very strong category.

Table 5. Simultaneous Hypothesis Test

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	561,420	2	280,710	95,200	.000b
	residual	88,459	30	2,949		
	Total	649,879	32			

Table 6. Simultaneous Hypothesis Test Results

Alternative	Fcou	Ftable	Sig.	Decision	Conclusion
-------------	------	--------	------	----------	------------

Hypothesis	nt				
X1, X2 have a positive effect on Y	95,200	3,320	0.000	H0 is rejected	Significant influence

The table above shows that the test for the F test is taken from the results of the ANOVA test with a significance level of 5%, an ANOVA value of 95,200 is obtained, meaning that the decision is H_0 rejected, because $95,200 > 3,320$ means that simultaneously or jointly there is an influence positive relationship between Entrepreneurial Leadership and Innovation on Business Performance for UMKM Laksa Kota Tangerang Actors.

Table 7. Partial Hypothesis Test

Model	Coefficients ^a			Q	Sig.
	Unstandardized Coefficients	Standardized Coefficients			
	B	std. Error	Betas		
1 (Constant)	-3,001	3,945		-,761	,453
<i>Entrepreneurial Leadership</i>	,239	.060	,549	3,999	,000
Innovation	,615	,205	,411	2,995	,005

Entrepreneurial Leadership has a $t_{count} > t_{table}$ at $3.999 > 2.039$ with a sig value of $0.000 < 0.05$. So it can be stated that Entrepreneurial Leadership has a positive and significant effect on the Business Performance variable. This shows that the Laksa Kota Tangerang UMKM Actors already have good Entrepreneurial Leadership in the basic competencies of a leader to direct the company to achieve satisfactory business performance. Furthermore, Innovation has a $t_{count} < t_{table}$ at $2.995 < 2.039$ with a sig value of $0.005 > 0.05$. So it can be stated that Innovation has a positive and significant effect on the Business Performance variable. This shows that the innovations owned by UMKM Laksa Kota Tangerang are good and have a positive impact on business performance.

Table 8. Entrepreneurial Leadership Partial Test (X1) on Business Performance (Y)

hypothesis	Path Coefficient	tcount	ttable	Decision
X1 effect against Y	0.549	3,999	2,039	Ho was rejected

Entrepreneurial Leadership has a $t_{count} > t_{table}$ at $3.999 > 2.039$ with a sig value of $0.000 < 0.05$ H_0 is rejected. So it can be stated that Entrepreneurial Leadership has a positive and significant effect on the Business Performance variable. This shows that the Laksa Kota Tangerang UMKM Actors already have good Entrepreneurial Leadership in the basic competencies of a leader to direct the company to achieve satisfactory business performance.

Table 9. Partial Testing of Innovation (X2) on Business Performance (Y)

hypothesis	Path Coefficient	tcount	ttable	Decision
X2 has an effect on Y	0.411	5	2,999	2,039 Ho was rejected

Based on the table above, it can be seen that innovation has a value of $t_{count} < t_{table}$ at 2.995 < 2.039 with a sig value of $0.005 > 0.05$ H_0 is rejected. So it can be stated that Innovation has a positive and significant effect on the Business Performance variable. This shows that the innovations owned by UMKM Laksa Kota Tangerang are good and have a positive impact on business performance.

3.6 Discussion of Innovation Overview

Innovation is the adoption of new or significantly improved elements to create added value for the organization directly or indirectly for its customers (Business Council Australia, 1993). Innovation is considered as the ability to find new relationships, see things from new perspectives and to form new combinations of existing concepts [10]. According to the OECD (2005) there are four dimensions of innovation, namely product, process, marketing and organization. Product first dimension with new product indicator. The second dimension of Process with indicators of a new way of production. The third dimension of marketing with a new promotion indicator. And the fourth dimension is the organization with indicators of how to manage the new organization. The results of the research by distributing questionnaires to 33 respondents showed that the product dimension (X2.1) obtained a score of 196 out of an ideal score of 231 or 85%, the process dimension (X2.2) obtained a score of 203 out of an ideal score of 231 or 88%, the marketing dimension (X2.3) obtained a score of 198 out of an ideal score of 231 or 86%, and the Organizational Dimension (X2.4) obtained a score of 201 out of an ideal score of 231 or 87%. Innovation Variable has a good rating according to respondents' answers. An overview of the Innovation variable as a whole obtained a score of 798 out of an ideal score of 924 or 86%, meaning that almost all respondents said that Innovation was in the good category.

3.7 Discussion of Business Performance Overview

Business performance is an important component of experimental research on business policy, a complex and multidimensional concept, providing an opportunity to analyze and see the level of success of a person's activities, groups or institutions according to certain criteria [11]. Business performance can be understood in terms of changes in organizational behavior as a result of learning and that can mediate the relationship between business processes and outcomes. Researchers used business performance to assess the effects of organizational learning on firm competitiveness and results [12]. Garg & Joubert (2015) stated that there are 5 (five) business performance dimensions, namely: Profitability, Sales Growth, Innovation, Customer Satisfaction and Growth of total employees or resources [13].

The first dimension of Profitability consists of two indicators, including: Increased revenue achieved and achievement of revenue targets. The second dimension of Sales Growth consists of 2 indicators, namely: the increase in sales volume achieved and the achievement of sales targets achieved. The third dimension of Innovation with indicators of increased innovation achieved. The four dimensions of Customer Satisfaction with indicators of increasing customer satisfaction are achieved. And the five dimensions of growth of total employees or resources with indicators of suitability for the number of workers needed.

The results of the research by distributing questionnaires to 33 respondents showed that the Profitability Dimension (Y1) obtained a score of 388 from an ideal score of 462 or 84%, the Sales Growth Dimension (Y2) obtained a score of 398 from an ideal score of 462 or 86%, the

Innovation Dimension (Y3) obtained a score of 199 from an ideal score of 231 or 86%, the Customer Satisfaction Dimension (Y4) obtains a score of 196 from an ideal score of 231 or 85%, and the Growth Dimension of total employees or resources (Y5) obtains a score of 203 from an ideal score of 231 or 88%. This shows that the Business Performance variable has a good rating according to the respondents' answers. An overview of the Business Performance variables as a whole obtained a score of 1,384 from an ideal score of 1,617 or 86% meaning that most respondents said that the Business Performance variable was in the good category.

3.8 Discussion of the Effects of Entrepreneurial Leadership and Innovation on Business Performance

His previous research has examined and stated that Entrepreneurial Leadership can affect Business Performance[14]. Tresphory Othumary Mgeni's research states that Entrepreneurial Leadership has a positive and significant effect on Business Performance. Other research also states that there is an influence from innovation on business performance in the small apparel industry in Bandung City[15]. As well as Innovation plays a role in developing product quality and business performance[16]. Other research also states that the entrepreneurial leadership variable has a positive and significant influence on the performance of MSMEs in the city of Surabaya through innovation[17]. Based on research by Sebahattin Yıldız, Faruk Baştürkb, İlknur Taştan Bozc in 2014, it was stated that Entrepreneurial Leadership and Innovativeness are considered as the most important variables determining business performance and have a positive effect on business performance.

4 CONCLUSION

The results of the study regarding the influence of Entrepreneurial Leadership and Innovation on the Business Performance of Laksa Micro, Small and Medium Enterprises (MSMEs) in Tangerang City can be summarized in several important points. First, the description of Entrepreneurial Leadership in UKM Laksa Kota Tangerang is quite good, with the psychomotive behavior dimension getting the highest rating and the Innovative dimension getting the lowest rating. Second, the description of Innovation in UMKM Laksa Kota Tangerang is also in the good category, with the process dimension getting the highest rating and the product dimension getting the lowest rating. Furthermore, in terms of business performance, UMKM Laksa Kota Tangerang shows a good picture. The Growth dimension of total employees or resources gets the highest rating, indicating a positive growth in the number of employees or resources. However, the Profitability dimension gets the lowest rating, which indicates that attention is still needed in achieving better profitability. The results of the study also show that Entrepreneurial Leadership and Innovation have a positive influence on the Performance of the UMKM Laksa Tangerang City Business. That is, the higher the level of Entrepreneurial Leadership and Innovation that is implemented simultaneously, the higher the business performance that can be achieved by UMKM Laksa Kota Tangerang. Thus, the application of Entrepreneurial Leadership and Innovation can be a key factor in increasing the success and growth of MSMEs in Tangerang City. The results of the study also show that Entrepreneurial Leadership and Innovation have a positive influence on the Performance of the UMKM Laksa Tangerang City Business. That is, the higher the level of Entrepreneurial Leadership and Innovation that is implemented simultaneously, the higher the business performance that can be achieved by UMKM

Laksa Kota Tangerang. Thus, the application of Entrepreneurial Leadership and Innovation can be a key factor in increasing the success and growth of MSMEs in Tangerang City. The results of the study also show that Entrepreneurial Leadership and Innovation have a positive influence on the Performance of the UMKM Laksa Tangerang City Business. That is, the higher the level of Entrepreneurial Leadership and Innovation that is implemented simultaneously, the higher the business performance that can be achieved by UMKM Laksa Kota Tangerang. Thus, the application of Entrepreneurial Leadership and Innovation can be a key factor in increasing the success and growth of MSMEs in Tangerang City.

References

1. LEF Megawati, "Strategy to foster a creative and innovative entrepreneurial spirit," vol. 6014, pp. 296–302, 2018.
2. Sunarta, "THINKING CREATIVE AND INNOVATIVE CAPITAL BECOME ENTREPRENEURSHIP," 2011.
3. R. Saragih, "Building Creative, Innovative and Beneficial Businesses Through the Application of Social Entrepreneurship," 2017.
4. M. Mohutsiwa, "Strategic Entrepreneurship and Performance of Small and Medium Enterprises in South Africa," *J.Bus. ventur.*, vol. 57, no. 5, pp. 11–17, 2012.
5. E. Strukan, M. Nikolić, and S. Sefić, "Impact of transformational leadership on business performance," *Tea. Vjesn. - Tech. gaz.*, vol. 24, no. Supplements 2, pp. 435–444, 2017, doi: 10.17559/TV-20150624082830.
6. FP Andhika, "Leadership And Innovation Effect On The Quality Of Organizational Performance," 2019.
7. T. Prasetyo, PM Bisnis, PS Management, UK Petra, and J. Siwalankerto, "Social Capital of Micro and Small Entrepreneurs in the Informal Sector and Its Relationship with Business Performance in the East Java Region," *Agora*, vol. 1, no. 3, pp. 1–4, 2013.
8. EM Rankhumise, "The Influence Of Entrepreneurial Leadership On Business," p. 71797, 2016.
9. S. Carteret *al.*, "Impact of Entrepreneurial Leadership Style on Business Performance of SMEs in Journal of Entrepreneurship & Organization Management," vol. 13, no. 2, pp. 71–77, 2015, doi: 10.1002/pd.2335.
10. M. Popa, Lalac; Preda, "a Theoretical Approach of the Concept of Innovation," *Manag. Challenges Contemp. Soc.*, no. 1, pp. p151-156. 6p., 2015, doi: 10.5194/bg-9-2333-2012.
11. S. Ayas, "The Relationship Between Intellectual Capital , Innovative Work Behavior and Business Performance Reflection," vol. 195, pp. 1387–1395, 2015, doi: 10.1016/j.sbspro.2015.06.433.
12. S. Pérez-López, JM Montes-Peón, and CJ Vazquez-Ordás, "Organizational Learning As A Determining Factor In Business Competitiveness," *Hum. resort. Dev. int.*, vol. 8, no. 2, pp. 147–164, 2007.

13. AK Garg and RJO Joubert, "Measuring business performance : A case study," no. August, pp. 7–21, 2015.
14. C. Yang, "The relationships among leadership styles, entrepreneurial orientation, and business performance," *Glob. Transitions Int. Researchc*, vol. 6, no. 3, pp. 257–275, 2008, doi: <https://doi.org/10.1016/j.jbusvent.2004.01.001>.
15. S. Hamali, "The effect of innovation on business performance in the small apparel industry in the city of Bandung," pp. 311–323, 2012.
16. Hartini S., "The Role of Innovation: Development of Product Quality and Business Performance," *J. Manaj. and Entrepreneurship*, vol. 14, no. 1, pp. 83–90, 2012.
17. Kristyanto A. and Anggriani YY, "The influence of entrepreneurial leadership on the performance of MSMEs in Surabaya City through EQUITY innovation," *J. Ekon. and Finance.*, vol. 5, no. 3, pp. 407–427, 2021.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

