



An Ishikawa Diagram Analysis of Entrepreneurial Leadership for Profit Maximization in Indonesian Fruit Distribution Enterprises

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Abstract

Purpose: The purpose of this study was to analyze the impact of entrepreneurial leadership implementation for profit maximization in Indonesian fruit distribution enterprises. Good decision making based on the results an Ishikawa diagram analysis.

Design/methodology/approach: To understand the role of entrepreneurial leadership in the fruit industry, this research uses a qualitative analysis approach assisted by an analytical tool, the Ishikawa Diagram.

Findings: The Ishikawa Diagram method was very effective in this study to identify the root causes of the problems in both sub-distributors. The elements used and the results of this study show that the Ishikawa diagram successfully analyzed and mapped the challenges related to entrepreneurial leadership characteristics. One of the results of the analysis is the weakness of management which is the source of operational problems

Research limitations/implications: The study was limited to the Indonesian fruit distribution enterprises which focuses on the analysis of entrepreneurial leadership in two sub-distributors of PT Sewu Sehat Nusaranta, namely Jaya Makmur Fruits and Jaya Abadi Fruits.

Practical implications: The findings provide insight for entrepreneurs in fruit distribution to improve their leadership skills and focus on critical areas for the realization of maximum profitability potential and better cost efficiency for the long term sustainability of these two sub-distributors.

Originality/value: This study in the context of Indonesian fruit distribution enterprises for entrepreneurial leadership analysis is the first to utilize Ishikawa diagram method. It offers a unique point of view on the interplay between leadership qualities and profit maximization in this specific sector.

Keywords: Entrepreneurial Leadership, Ishikawa Diagram, Profit Maximization, Cost Efficiency, Indonesian Fruit Distribution.

1 Introduction

Entrepreneurial leadership provides a means of conceptualising the dynamic process of leadership across challenging conditions. The systematic literature review has shown that entrepreneurial leadership is a comparatively new research area. Notwithstanding, the evidence of the review suggests that entrepreneurial leadership is an important factor in the development of an enterprise (Harrison et al., 2019).

Entrepreneurial leadership is one of the most important aspects that businesses must consider achieving their goals. As a result, the entrepreneurial leadership characteristics of those in positions of authority have an impact on the companies' success, continuity, effectiveness, and productivity. These individuals should possess entrepreneurial leadership skills to gain competitive advantages, expand and improve their businesses, and flourish in this competitive environment (Nidhan & Singh, 2022). As leaders, entrepreneurs are undoubtedly a key ingredient in determining the viability of their idea and the success of the venture it begets (Liu et al., 2023; Tari et al., 2023).

The study also noted that employees learn through their leaders' style, therefore, leaders' risk-taking and opportunity-seeking style (entrepreneurial leadership) encourage employees to be innovative (Islam et al., 2022). Entrepreneurial traits include risk-taking, seizing opportunities, seeking innovations, being innovative, productive, interchanging, and strategic, as well as entrepreneurial leader characteristics like influencing people, vision, originality, and courage. Entrepreneurial leaders glimpse the unseen and uncover the possibilities in the impossible (Nidhan & Singh, 2022).

Define entrepreneurial leadership as the unique style of leadership that motivates and inspires followers by giving them directions towards attaining organizational goals exploiting entrepreneurial opportunities. Entrepreneurial leaders are visionary, innovative and risk-takers (Iqbal et al., 2022). The importance of strategic agility in encouraging entrepreneurial innovation and organizational learning. The results also support the findings of previous studies regarding the role of strategic agility, entrepreneurial innovation, and organizational learning on performance (Munawar et al., 2023). The main goal of many entrepreneurs today is a fast way to make money, and while the goal of investment for entrepreneurs is to have their investment as soon as possible, the main goal of entrepreneurial leaders is to generate value. Successful entrepreneurs understand that "money does not create value, but value creates money." (Nidhan & Singh, 2022)

Entrepreneurial leadership facilitates and motivates followers to accomplish corporate goals, improve performance and value creation by exploiting entrepreneurial opportunities via followers' innovative contribution (Islam & Asad, 2024). Entrepreneurial leadership is thought to refer to entrepreneurship. It is a fresh and modern style. Entrepreneurial leaders are very familiar with themselves and their environments, and they are always on the lookout for new ways to generate value for businesses, stakeholders, and society. Entrepreneurial leaders are motivated by a desire to build social, cultural, and economic opportunities. They are not discouraged by a lack of resources or uncertainty; rather, these challenges inspire them and push them to pursue new solutions to these issues. Entrepreneurial leaders should not become cynical, nor should they succumb to the pressures of problems. They steer people to fight challenges that

seem insurmountable by conducting evaluations and devising solutions using their productive thinking skills (Nidhan & Singh, 2022).

It is important to understand how entrepreneurial leadership can be effectively applied in the context of fruit businesses to overcome these challenges and also the need for leadership that is not only able to manage operational activities but also has a business spirit so as to be able to see new opportunities and be able to face challenges that arise. The researcher conducted research on this topic because although entrepreneurial leadership is recognized as one of the key factors of business success, research specifically focusing on its application and impact in the fruit industry is limited, especially research using Ishikawa diagrams for entrepreneurial leadership with the aim of maximizing profits. Therefore, in-depth and contextualized research is needed to identify how entrepreneurial leadership can add value in this industry context.

The case studies in this research are two sub-distributors of PT Sewu Segar Nusantara which is one of the major players in the fruit industry in Indonesia. Jaya Makmur Fruits, hereafter referred to as JMF, with a distribution area of Cilegon City in Indonesia and Jaya Abadi Fruits, hereafter referred to as JAF, with a distribution area of East Jakarta City in Indonesia. Both sub-subdistributors are responsible for ensuring the efficient distribution of fresh fruit to various points of sale. Despite having similar business models, they face different challenges in terms of leadership and operational management due to various aspects.

JMF, which has been operating for a long time, excels in terms of its distribution network and structured management system as it has operational managers with sales/business backgrounds. However, JMF often faces challenges in terms of limited territory to expand the area, so it must innovate to overcome these limitations. On the other hand, JAF, which is younger in the industry, has a larger expansion area with a higher population density, but faces difficulties in terms of strategic decision-making and risk management as it has operational managers who are not from a sales/business background.

The JMF and JAF must regularly conduct the market research, invest in the continuous learning, foster their entrepreneurial behaviors, increase their technology adoption, and collaborate with more industries in order to achieve sustainable growth and competitive advantage (Kaniawati et al., 2024). Therefore, it is necessary to identify differences in the implementation of entrepreneurial leadership and the root causes that affect the performance of the two sub-distributors. This research is expected to provide theoretical benefits because this research specifically focuses on the application and impact of entrepreneurial leadership implementation in the limited fruit industry, as well as providing practical benefits that serve as useful recommendations to improve leadership effectiveness and support the business growth of the two sub-distributors.

2 Literatur Review

Entrepreneurial Leadership

Leadership is an ability that influences others, and it specifically includes cohesion, willpower, foresight, appeal and other. After hundreds of years of development, connotation of leadership conveys new development idea in new historical period. With development and change of the times, leadership theory develops basically from quality thought theory, behavior thought theory, contingency thought theory to leadership attribution management theory. When the connotation is getting perfect gradually, people also raise higher requirements for capabilities of enterprise leaders (Yibin, 2023).

Entrepreneurial leadership, which is recognized as a leadership style, suggests that the leader possesses the competencies to motivate and direct followers to achieve organizational goals that encompass recognition and exploitation of entrepreneurial opportunities (Renko et al., 2015). Entrepreneurial leadership is a type of leadership that consists of actions towards establishment of a business at the individual level, actions towards following the innovations at the organizational level and actions towards benefiting from the opportunities that are distinguished at the market level (Altuntas, 2014).

Entrepreneurial leadership refers to the entrepreneurship status of a leader. In other words, entrepreneurial leadership can be used for a leader who has the characteristics such as taking risks, evaluating the opportunities, being innovative, productive, interchanging and strategic (Esmer & Dayi, 2016). Entrepreneurial leadership is a distinct leadership style that ensures entrepreneurial performance through positively influencing performance of enterprise staff members towards attaining organisational goals and pursuing entrepreneurial prospects. In an effort to measure and understand the effectiveness of entrepreneurial leadership style towards ensuring entrepreneurial performance based on organisational, follower-specific and environmental contingencies (Renko et al., 2015).

Entrepreneurial leadership is one of the factors that are critical for companies in enabling the success of reaching their business objectives. Therefore, entrepreneurial leadership characteristics of people in the leading position affect performance, continuity, effectiveness and productivity of the companies. These people should have entrepreneurial leadership characteristics in order to gain competitiveness advantages, grow and develop their companies and survive in this competitive environment. In addition to leadership qualities, having an entrepreneurial spirit shows that the person in the leading position is an entrepreneurial leader. Entrepreneurial leader characteristics such as influencing others, vision, originality and courage as well as entrepreneurial characteristics such as risk taking, seizing opportunities, pursuing innovations, being innovative, productive, interchanging and strategic (Altuntas, 2014).

Ishikawa Diagram

The method of analyzing the causes of various defects and irregularities, called the fishbone diagram or Ishikawa diagram, was developed by Kaoru Ishikawa in 1943. This diagram makes it possible to link the causes and effects of various technological, organizational, and economic problems in a universal way. In Ishikawa quality problems,

the diagram is often used where the chain of cause and effect can be extended. The fishbone diagram makes it possible to see previously invisible or unconscious relationships and dependencies (Ciecińska, 2023). Ishikawa diagram or Fishbone also known as diagram Cause and Effect diagram is a schematic tool that resembles a fishbone that lists causes and sub-causes as they relate to a concern (Perera & Navaratne, 2016).

The Ishikawa diagram is an effective tool for discovering the sources of problems in enterprises. It allows to classify and establish a hierarchy of a set of various statements, causes of faults, in a situation where this set is chaotic. However, it gives the opportunity to look at the production or activity of the company from the point of view of many areas that are often not suspected of affecting the broadly understood quality (Ciecińska, 2023).

3 Research Method

To understand the role of entrepreneurial leadership in the fruit industry, this research uses a qualitative analysis approach assisted by an analytical tool, the Ishikawa Diagram. The qualitative approach will provide flexibility in exploring stakeholder perspectives and experiences in a more contextualized manner. The problem was observed in two sub-distributors of fruits in Indonesia, namely Jaya Makmur Fruits and Jaya Abadi Fruits.

The data sources in this research are observation, interview, and documentation. The interview method used is semi-structured interviews, which are interviews conducted more freely when compared to structured interviews that are more rigorous and rigid. This semi-structured interview aims to obtain information so that more open problems are found where respondents in the interview are asked for their opinions and ideas. An open and free interview is where the subject realizes that they are being interviewed and knows what the purpose of the interview is.

4 Findings and Discussion

The results in this study are in accordance with the title, which focuses on the analysis of entrepreneurial leadership in two sub-distributors of PT Sewu Sehat Nusaranta, namely Jaya Makmur Fruits and Jaya Abadi Fruits using the Ishikawa Diagram method through various main aspects with the aim of profit maximization, as follows:

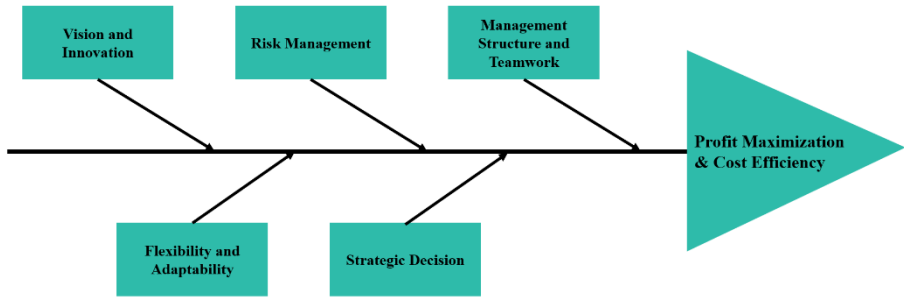


Fig. 1. Ishikawa Diagram Analysis

1. Vision and Innovation.

Identification and Root of the Problem: JMF's limited expansion area is a major challenge in carrying out its vision to expand market share, and has limited innovation in product diversification. JAF, on the other hand, has a larger operational area and a more densely populated market and therefore has a wider distribution area, but is constrained in terms of innovation to maximize this advantage and thus loses many opportunities in terms of market growth.

Solution and Recommendation: JMF needs strategies and innovations in terms of product diversification by analyzing market conditions or each existing consumer, such as offering premium fruits or other fruits owned by PT Sewu Segar Nusantara with various attractive offers in the early stages as marketing costs. JAF needs strategies and innovations in terms of data analytics and the use of digital platforms that are currently massive in the Jakarta Area to maximize the benefits of a large enough territory by digitizing marketing so as not to lose the potential benefits that can be achieved. Both sub-distributors can collaborate with technology startups in marketing and distribution to reach new markets in a more cost-efficient manner.

2. Risk Management.

Identification and Root Causes: JMF's risk management is more stable but less responsive to changing market conditions. Risks related to stock can be minimized because it has been communicated with consumers for daily orders. JAF faces difficulties in dealing with market demand fluctuations and delivery challenges to customers in the more complex East Jakarta area, resulting in overstocks or shortages due to a lack of strong managerial experience in analyzing market trends appropriately.

Solution and Recommendation: JMF must be able to see changes in market conditions and respond quickly, not only relying on order information from consumers, so that it can provide other offers to consumers to avoid consumers obtaining products from other business actors. JAF's Operations Manager needs managerial training to improve capacity and risk management skills and needs a good communication approach with customers. Both sub-distributors require the use of software to assist in better stock management and reduce unnecessary costs and provide real-time monitoring that can be taken into consideration in risk management.

3. Management Structure and Teamwork.

Problem Identification and Root Cause: JMF has an operations manager with a sales/business background that helps to manage the team efficiently, but lacks the flexibility to make quick decisions. JAF has a limited background in operational managers that is less relevant to the business conditions.

Solution and Recommendation: JMF's operations manager needs to encourage active participation and a culture of innovation within the team so as to provide space for creative ideas and help speed up decision-making. JAF operations manager needs managerial training to better guide the team, so that teamwork and consistency of existing SOPs can be maintained.

4. Flexibility and Adaptability.

Identification and Root Cause: JMF is constrained in terms of flexibility, especially in the limited distribution area, the scope of opportunities for adaptability related to market changes is limited, resulting in business stagnation. JAF is constrained in adapting to market competition that occurs, because with greater flexibility in the area, there is considerable potential for competition to occur every day with many of the same business actors.

Solution and Recommendation: JMF needs to increase strategic partnerships with retail or catering businesses that require fruits in their products, and develop more premium fruit product lines or derivative products from existing fruits. JAF needs to approach customers and maintain the loyalty of existing customers, so that customers can be an important source of information for JAF in the event of rapid market changes. Strong market analysis can increase flexibility and adaptability which helps optimize operations.

5. Strategic Decision.

Identification and Root Causes: Strategic decisions made by JAF are currently more likely to be conservative decisions due to risk management related to limited expansion areas. Strategic decisions made by JMF can currently be classified as weak, which has an impact on team management and stock management, resulting in the loss of potential profits or incurring losses.

Solution and Recommendation: JMF needs to analyze historical data in order to improve the accuracy of strategic decisions, thus opening up customer opportunities or new business model opportunities. JAF with many advantages that can be utilized to increase potential profits should be balanced with improved managerial capabilities in its operational areas, especially in terms of decision making and the impact it will have. Strategic decisions by these two sub-distributors need to be data-driven, both in terms of operational strategies and marketing strategies.

5 Conclusion

The Ishikawa Diagram method was very effective in this study to identify the root causes of the problems in both sub-distributors. The elements used and the results of this study show that the Ishikawa diagram successfully analyzed and mapped the challenges related to entrepreneurial leadership characteristics. One of the results of the analysis is the weakness of management which is the source of operational problems, especially in JAF. Proactive, innovative, and positive risk-oriented entrepreneurial leadership has been shown to increase flexibility and adaptability in companies (Leitch & Volery, 2017). Risk management and entrepreneurial leadership styles encourage teams to be innovative (Islam et al., 2022).

Recommendations on the results of the Ishikawa Diagram analysis in the goal of profit maximization and cost efficiency, namely the implementation of entrepreneurial leadership, need to be carried out following the priority of recommendations according to the different problems faced by the two sub-distributors. JMF will focus more on maximizing excellence in management to anticipate the constraints of limited expansion areas, not many business actors implement product innovation properly and correctly. They tend to be monotonous and maintain the characteristics of their business by not frequently releasing new products. Even though in fact customers like different products, they still have distinctive characteristics and follow customer wishes. Especially in a fast-moving world where trends change quickly, of course business actors must be able to move quickly and take advantage of this momentum to release special products that can attract customers (Sekar & Keni, 2024). While JAF will focus more on improving the competence of its operational managers in order to carry out effective operational management so as not to lose potential profits from the advantages of expansion areas. Entrepreneurial leadership as a unique leadership style that motivates and inspires teams by giving them direction towards achieving company goals by capitalizing on entrepreneurial opportunities.

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