



The Effect of Entrepreneurial Orientation on Company Performance

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Abstract. Entrepreneurial Orientation is a condition where individuals tend to innovate, be proactive, and are willing to take risks to start or manage a business. The main function of the importance of entrepreneurial orientation is how to involve risk measurement and risk-taking optimally in the work. Everyone can choose a business and a job according to their talents, skills, and environmental factors. The purpose of this study is to determine the effect of Entrepreneurial Orientation on Company Performance, whether involving large or small companies and including SMEs and schools. There five dimensions of entrepreneurial education to focus: Innovativeness, Proactiveness and risk taking, Autonomy and competitiveness. The method in this study is a systematic literature review of 20 articles in the last 10 years that examines entrepreneurial orientation and company performance. The results of this study show that Entrepreneurial Orientation has a positive effect on the performance of large or small companies, SMEs and schools.

Keywords: Entrepreneurial Orientation · Company Performance

1 Introduction

Entrepreneurial orientation is now considered the most important element of management [1], and academic research on EO is increasing and accelerating research on EO [2]. The EO dimension becomes much broader than the entrepreneurial concept of the company itself [3]. Companies that implement EO find that a strong scientific construct due to the continuous development of accumulated knowledge and growing interest in EO, has made it a mature concept with structure and stability Often entrepreneurs start their business and do not know how to strategically start-up their business using EO, so sometimes they experience stagnation in running their business [4].

However, if a company understands and appreciates what the various dimensions of what entrepreneurial orientation are, all of these obstacles and choices can be faced simultaneously. The various dimensions of EO must be understood by a company EO is important to minimize the risks which increase business operational uncertainty These risks can impact on and change the market, through market segmentation and through company performance fluctuation [5]. For example, recent research on the effect of entrepreneurial orientation on company performance was conducted found that strategic alignment and learning orientation enhanced the relationship between entrepreneurial

orientation and company performance [6]. However, based on the research findings on the impact of entrepreneurship on company/business.

2 Methodology

A previous literature review examined the entrepreneurial orientation, to provide an integrative guide that allows easier assimilation of the influence of EO on the performance of a company and organization. This research model also uses the literature review method by collecting several journal articles and is in line with the research in the study conducted by the author. This method is carried out to deepen knowledge, find out relevant results, know the development of science in a particular field, clarify the problem under study and find out the latest methods in solving problems.

The first step in this literature is to collect research studies that are consistent with the last ten years and then classify them based on the type of business and then analyze the influence of Entrepreneur Orientation on company performance. Several previous studies have examined the factors that affect the performance of companies both on a large and small scale.

There are also studies in an organizational environment that aims to measure the dimensions of entrepreneurial orientation where the five dimensions offered in the context of EO generally only focus on three dimensions that affect success company performance. The five dimensions in question are: Innovativeness, Proactiveness and risk taking, Autonomy and competitive, but the most frequently used of these five dimensions are Innovation, Pro-activeness and Risk taking.

3 Results and Discussion

3.1 Results

In short, the scope of this research is only to three sectors, namely companies, schools, and SMEs. By comparing similar sectors, globally on company performance is positive and from the results of the distribution of data that has been studied, it is found that the EO dimension used in influencing company performance is not only used in a company on a large and small scale but is also applied within the scope of schools and SMEs [7].

However, perhaps, it could be viewed as somewhat biased and should not be used as a literature reference since empirically, future research is expected to be able to compare the overall dimensions of EO which involves five dimensions of the five dimensions of EO, only three dominant concepts are used as factors that affect company performance based on research data that has been reviewed.

3.2 Discussion

The findings confirm that entrepreneurship education facilitates an individual's entrepreneurial orientation and entrepreneurial motivation and also has a positive relationship with entrepreneurial intention [8]. Which is associated with innovation and has a very strong positive relationship with performance [9]. This study shows that

managers can view their company's entrepreneurial strategy holistically as a pattern of related but independent strategic EO dimensions [10]. Existing research has shown that entrepreneurial orientation (EO) is positively related to company performance [11].

The results also show that lecturers and students have a strong entrepreneurial mindset. This study found that EO as a whole has a significant positive effect on the performance of SMEs. Further, the results of this study found that entrepreneurial orientation has a significant relationship with market [12]. A significant relationship between entrepreneurial orientation and market orientation illustrates the reciprocal relationship between transformational leadership, entrepreneurial orientation, and organizational effectiveness in the context of small businesses [11].

Overall, the 3 sectors studied in this study provide evidence that EO has a very positive effect on the performance of SMEs [13]. The EO dimension consists of risk-taking [14]. This relationship is not only found to be unidirectional but creates a reciprocal relationship between EO and business performance, meaning that when EO has a positive impact on SME performance, this will also have a positive effect on EO itself.

More specifically, the results of the study found that EO applied to schools and has proven to show that lecturers and students have a strong entrepreneurial mindset. In the future development of SMEs, in particular, the government must implement policies that are easy to use, consistent, and standardized in all SME sectors and all other stakeholders in encouraging these SME sectors.

4 Conclusion

In reviewing the entrepreneurial literature and the broader management literature, it is found that a deep interest in EO yields results that are not only important at the corporate level but also the school levels, and also to SMEs that have an impact further from a macroeconomic perspective [7]. The result of implementing a strategy based on an entrepreneurial orientation enables a company to adapt successfully to a change. It is found that Entrepreneurial orientation tends to have positive implications for company performance. Referring to several studies conducted by previous researchers, many of the research studies discussed concluded that entrepreneurial orientation has a positive influence on company performance.

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