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BUSINESS PERFORMANCE MODEL TROUGH MANAGEMENT ABILITIES AND ENTREPRENEURIAL CHARACTER: PENTAHelix COACHING COLLABORATION APPROACH

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ABSTRACT. Many studies have explored business coaching on SME success, but rarely found dynamics in the SME business coaching process based on the distribution of involvement of various coaching actors. This research aims to reveal the impact of the Penta-Helix collaborative business coaching process on entrepreneurial character, management abilities, and business performance. Quantitative data was collected from 120 entrepreneurs in Jakarta, Indonesia. The application of SEM-PLS finally gained support for the research hypothesis. The research results reveal that the coaching process directly impacts improving entrepreneurial character and management abilities but does not directly impact business performance. This research proves that entrepreneurial character and Management Capability to mediate the influence of coaching on business performance. This research provides theoretical implications for developing corporate resource-based strategic management theory, where external parties must mobilize company resources, which are the main key to achieving business performance. Further research should explore whether collaborative business coaching can directly improve business performance.

Keywords: Business Performance, Manajemen Abilities, Entrepreneurial Character, Penta Helix Coaching

I. INTRODUCTION

Indonesia's economy will have strong fundamentals if the community has become the main actor in the field of improving the local, national, and global economy. In the country of Indonesia, the number of entrepreneurs is 3.47% [1], in addition to that, the involvement of the SMU sector in Indonesia in the global value chain is also relatively low. Only 6.3% of the total SMEs in Indonesia can be involved in the trade chain in Southeast Asia [2].

This country's low interest or entrepreneurial spirit triggers the need for more entrepreneurs in Indonesia compared to the total population. Mental problems, lack of knowledge, and a business climate could be more favourable to the birth of new entrepreneurs. Therefore, it is time for entrepreneurial development at all levels of society to become a top priority in national economic growth. Entrepreneurship development for the younger generation can become a priority in increasing financial stability. Developing your entrepreneurial potential will help you overcome employment problems and encourage national economic growth. The government has made various efforts to build entrepreneurship through the National Entrepreneurship Movement (GKN) program. The Ministry of Higher Education offers entrepreneurship programs for students, the Ministry of Youth and Sports has implemented Facilitation Support activities for Beginner Young Entrepreneurs and the Youth Entrepreneurship Center through the Youth Entrepreneurship Capital Institute (LPKP), the Ministry of Cooperatives and SMEs has provided financial assistance for budding entrepreneurs. The Ministry of Social Affairs has implemented entrepreneurship development by providing skills improvement training and business funding. However, these efforts have not been able to increase the number of entrepreneurs to reach the ideal point of 4% of the population, let alone match the achievements of neighboring countries (Indrawan, 2019).

Improving MSME performance must be done by increasing knowledge and understanding of business. Global competition requires every MSME actor to learn to enhance their capabilities. Business learning in organizations will improve entrepreneurs' ability to respond to internal and external environment changes. According to

Distanont and Khongmalai (2018), learning is necessary to adapt to the environment. The advice provided to MSME participants is centered on the educational journey, involving organizational tasks that generate and utilize knowledge for enhancing competitive edge. These benefits consist of acquiring and exchanging data regarding customer requirements, market developments, and rivals' strategies, in addition to innovating new technologies to produce superior products compared to competitors [3], businesses should enhance their ability to learn within the organization to establish connections with business partners. Every business actor needs a continuous learning process to enhance the achievement of company goals. Companies must consider learning orientation as a key factor in obtaining superior performance.

MSME players need to have an entrepreneurial character that encourages innovation and the ability to take risks that support business success. MSME players with a strong entrepreneurial character can increase their business and compete in the global landscape. MSMEs with a high entrepreneurial character will tend to take actions based on innovative decisions, dare to take business risks and take proactive actions in anticipating business competition and taking advantage of opportunities. This will encourage better performance. Mandhachitara and Allapach (2017) emphasize that the development of the concept of entrepreneurship is very necessary for small companies because the personal attributes of the owner that shape entrepreneurial orientation strongly influence the organization's profitability and growth.

In order to generate fresh possibilities, it is anticipated that an entrepreneur can implement managerial tasks based on the idea of entrepreneurial orientation (Kajalo and Lindblom, 2015). Entrepreneurs often struggle to succeed due to management weaknesses like business founders and managers, traditional financial reports, insufficient records, weak computerized systems, and lack of clarity, which impede effective management like inadequate cash flow for promotional and research activities. The market requires additional specialized professional employees, while managers have broad skills, not specific ones. Challenges frequently arise due to inability to foresee unpredictable business factors, choosing a poor initial location, expanding prematurely, limited market and banking access, and inadequate technology and information expertise (Rusdiana, 2018). It can be inferred that entrepreneurs encounter challenges such as managerial deficiencies, reliance on traditional financial statements, ineffective cash flow management, limited marketing and market research efforts, shortage of specialized workforce, employment of generalist managers rather than specialists, and inability to foresee uncertain factors affecting the business. Engaging in business in the future, choosing a subpar location at first, expanding prematurely, facing restricted market and financial access, having limited tech and info knowledge.

Entrepreneurship coaching that can effectively improve business performance is coaching oriented towards the real needs of entrepreneurs and is carried out comprehensively so that coaching is carried out in an integrated manner and not partial. The government has made various efforts to guide MSMEs. However, the performance of MSMEs still needs to be optimal, including not being able to be involved in local, national or regional trade chains, and the contribution of MSMEs to national exports still needs to be higher. A study of the guidance provided by the government to increase economic empowerment still needs to be carried out. Entrepreneurship coaching for entrepreneurs must take a multidimensional approach, so it is necessary to develop a coaching model to improve business performance.

The paper structure: have the Background Theory in Section II, Literature Review, in Section III, discussion in Section IV, the conclusion in section V.

II. LITERATURE REVIEW

II.1. Entrepreneurship Development

Kharabsheh's study in 2017 found that strategies for entrepreneurial growth should focus on creating a favorable business environment, improving financial access, enhancing market reach by enhancing quality, design, and competitive pricing, boosting entrepreneurship and skills of entrepreneurs, particularly their entrepreneurial mindset. It is crucial to prioritize promoting economic activities in the informal micro-sector, especially among low-income households, by enhancing business capacity, skills, protection, and development.

When viewed by business actors, the implementation of entrepreneurship coaching is the application of the learning process in running their business. Business actors learn to develop openness in the organizational environment. Learning is something new and can be seen as a model for organizing the future. Organizational learning responds to changes in the internal and external environment. From a cultural perspective, learning is a managerial process intended to increase insight, knowledge and understanding (Mudjiarto, 2013).

Organizational learning involves gathering creativity, skills, and knowledge to enhance behavior and apply new insights and knowledge. Learning orientation is defined by various key aspects such as transferring knowledge from individuals to groups, dedication to learning, willingness to engage with external sources, overall emphasis on knowledge, methods for fostering learning, and processes for keeping the organization up-to-date [7][3].

II.2. Theory of the Penta Helix

The Creative Economy is a modern age that amplifies information and creativity by depending on ideas and a pool of knowledge from human resources as the primary input in economic activities. The world economy is quickly changing as economic growth shifts from reliance on natural resources to reliance on human resources. Economic growth in Indonesia focuses on fostering creative economy-oriented enterprises. The quad-helix of synergies and partnerships between creative economy players is utilized for creative economy development. The triple-helix model, previously utilized, elucidates that collaborations and synergies within the creative economy are formed among three key players: government, private sector, and intellectuals.

Meanwhile, the *quad-helix* model describes synergies and partnerships in developing the creative economy between four main actors: government, private sector, intellectuals and communities. The synergy of creative society refers to policy theory based on innovation in the *triple-helix concept* popularized by Etzkowitz & Leydersdorff, namely *Academic, Business & Government (ABG)*. Finally, the government is currently using the *q Quadro-helix or quad-helix theory*, namely *Academic, Business, Government plus Community (ABGC)* [8].

In current developments, studies are being conducted on the importance of the media's role in supporting the promotion of products produced by the community. There has been a shift from triple helix values to *q Quadro-helix or quad-helix* and then to *Penta Helix*. *Penta Helix* is a *five-helix model*, making the media the '*fifth helix*' [9].

Developing a coaching model whose implementation involves the roles of government, entrepreneurs, academics, community, and media is necessary for coaching new entrepreneurs.

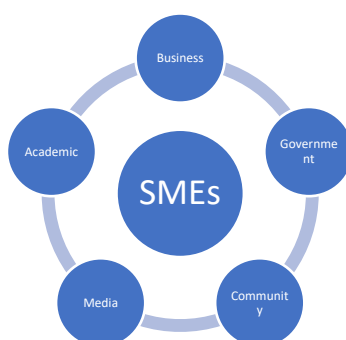


Figure 1. Penta Helix Model

II.3. Business Performance

The performance of a business is determined by its internal and external factors affecting activities to reach specific goals within a specified timeframe. Overall, finding one specific metric to assess company performance can be challenging. Empirical research frequently employs a subjective perspective, relying on company executives' opinions on performance. Operational performance is seen as a key dimension for evaluating SME performance, according to Dubihlela and Dhurup [10]. This includes shorter production waiting times, improved forecasting accuracy, more effective resource planning, enhanced operational efficiency, lower inventory levels, reduced costs, and improved financial accuracy.

Certain researchers believe that the best way to determine if an organization is on the right track is by looking at its profitability. Cash flow and other marketing-related growth factors like employee count, production efficiency, and customer retention are the main focus of financial status for small businesses. According to Mahmoud [3], small businesses often use sales, growth, net profit, and gross profit as marketing metrics that are not related to financial data. Financial performance can show how well a business is doing by examining liquidity, solvency, and profitability. Small and medium enterprise (SME) performance can also be evaluated by looking at financial performance, customer loyalty, customer satisfaction, customer retention, and acceptable performance. Using an unbiased method, assessing business success includes measuring ROI, profits, sales, revenue growth, and market share. Assessing business performance using a subjective method involves non-economic or non-financial indicators such as market performance, market effectiveness, market dominance, service quality, customer satisfaction, productivity, market valuation, buyer and supplier power, sales concentration, customer retention, company reputation, employee turnover, and organizational commitment [3].

The evaluation of business performance involves two perspectives, one based on objective measurements and the other on subjective judgments. Economic performance pertains to objective measurements, while non-economic aspects of performance are associated with subjective measurements. Customer satisfaction, customer retention, company image, and employee satisfaction are examples of non-economic performance. The success of small and medium-sized enterprises can be assessed by their accomplishments in marketing and finances [3]. Marketing performance is determined by the rate of sales growth, the capacity to attract new customers, control of market share, and increased sales volume. Evaluating financial performance involves assessing the capacity to generate profits, ROI, and accomplish corporate objectives.

II.4. Management Capability

Capability is a person's ability, skill, and strength in doing something. Management Capability is a sequence of work or activities carried out by managers, including taking actions of planning, organizing, implementing, and supervising, as well as having management skills including spiritual energy, emotional skills, intellectual strength, physical quality, and mastery of applied technology to achieve predetermined targets [11]. According to this viewpoint, businesses of all sizes need to apply management principles for effective and efficient results. The leader's understanding and implementation of key management functions are crucial for future business success.

Nowadays, competition and development in the business world are getting stronger and sharper, so to increase business, serious management is required from every entrepreneur to be able to compete with other companies. One of the efforts that must be made is to increase internal resources to improve business success. The most important internal resource is management capability. Entrepreneurship and management are the most important internal factors influencing business success [12]. The success of a business or the business world depends on management and entrepreneurial skills; the company leader takes advantage of opportunities and manages all resources optimally and productively. Therefore, management and entrepreneurial skills must be developed through education, training, workshops and opportunities to gain broader insight. Management

Capability is managing a business by planning, organizing, motivating, supervising, and assessing [13]. The management functions used by SMEs are as follows: (a) Planning, (b) Decision making, (c) Budgeting, (d) Organizing, (e) Coordinating and (f) Supervision. If an entrepreneur has management skills, then the entrepreneur believes in planning, organizing, mobilizing and supervising, supported by creativity, innovation and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. The ability to lead effectively is the key to organizational success. Based on expert opinions and research results, Management Capability influences in determining business success. So, entrepreneurs who want to improve their businesses must improve their management skills. If an entrepreneur has management skills, then that entrepreneur believes in planning, organizing, driving and supervising, supported by creativity, innovation and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. Leading effectively is the key to organizational success [14].

Assessing management skills involves various indicators such as effective communication with employees, timely delivery of goods, decision-making proficiency, problem-solving capabilities, leadership and motivation skills, delegation skills, strategic planning skills, and awareness of environmental changes. In business, creating a dependable team that can effectively handle conflicts is essential.

II.5. Characteristics of an Entrepreneur

A person with entrepreneurial tendencies possesses three key traits: innovation, willingness to take risks, and proactivity. Entrepreneurial orientation is shown by how willing top managers are to take business risks (risk dimension), promote innovation to stay ahead of competitors (innovation dimension), and engage in fierce competition with other companies (proactive dimension). [15]. Entrepreneurial orientation is connected to psychometrics, demonstrated in innovation, proactivity, and willingness to take chances. A person's entrepreneurial orientation is visible through these three dimensions. Entrepreneurial character pertains to a business's strategic approach in acquiring techniques, rituals, and approaches to decision-making. Moreover, it was also disclosed that entrepreneurial orientation indicates the way a company functions in comparison to what was intended.

Researchers such as Arshad, Rasli, and Zain [16] stated that innovation, risk-taking, and proactiveness uniquely contribute to a company's entrepreneurial orientation. This is characterized by several organizations that can innovate boldly and regularly by taking quite large risks in their product marketing strategies. An entrepreneurially oriented company is a company that carries out product-market innovation, undertakes risky ventures, and is the first to succeed in obtaining proactive innovation to beat its competitors. A company's entrepreneurship level is the total sum of these three sub-dimensions, where a company that is truly "entrepreneurial" will display a high level in each sub-dimension.

II.6. Conceptual Framework

The conceptual framework used in this research is based on theory and empirical studies on the relationship between coaching, entrepreneurial character, Management Capability, and business performance. Previous studies have shown that coaching, entrepreneurial character, and management abilities are important factors in improving business performance.

Several studies have exploited the relationship between coaching and improving entrepreneurial character and Management Capability and its impact on business performance. Coaching can bring about a behavior change that will improve and increase performance. Organizational learning is a capability development process carried out continuously by an organization to create a better future. Organizations need effective learning capabilities to succeed in a complex, competitive and challenging world. The ability of companies and business systems to support learning and adaptation has become important for survival in competition. Coaching can give business actors a learning orientation, which is the organization's ability to mobilize resources to create customer value and achieve higher performance [3]. Coaching pertains to the wide range of organizational efforts focused on leveraging knowledge to improve competitive edge. These activities involve acquiring and exchanging information on customer requirements, market dynamics, rivals' strategies, and creating innovative technologies and products that outperform competitors. Therefore, companies need to view learning orientation as a crucial element in achieving high performance. Learning shows how an organization is inclined to learn and adjust to the environment. Improving a company's skills through learning can impact its business performance positively. It is further clarified that acquiring new knowledge through learning can enhance a company's competitive edge.

A study Hussain, Abbas, Khan [15] tried to see the differences in the role of entrepreneurial character in business performance in established companies and new companies. The results of his research show that the entrepreneur's character significantly contributes to the profit level. A company's high or low performance depends on the entrepreneur's character, both in established companies and in new companies (startups).

In its development, Sandybayev [17] found the significance of the influence of Management Capability on business performance. It is said that there is a strong relationship between entrepreneurial leadership and business performance. Management Capability has a big impact on business performance because if you have good management skills, your business performance will also be good, and business success can be achieved [18].

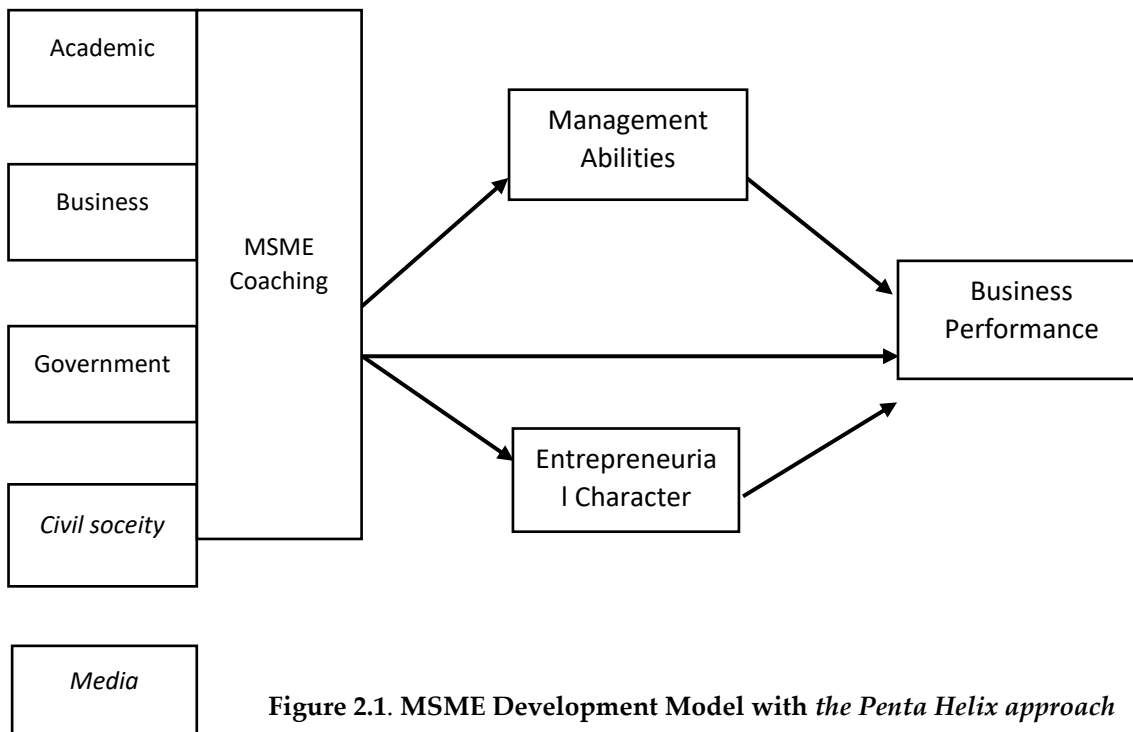


Figure 2.1. MSME Development Model with the Penta Helix approach

Source: researcher, 2024

II.7. Hypothesis Development

Coaching for small business owners centers on an ongoing process of learning in order to develop into successful entrepreneurs. Mahmoud [3] argue that business growth is heavily influenced by learning in the business sector. Entrepreneurs can enhance problem-solving skills through learning during business activities. If business actors engage in coaching successfully, it will inspire them to be more innovative, creative, and daring in confronting risks. The entrepreneurial nature will be enhanced, with a focus on innovative creativity and the willingness to take risks. Entrepreneurs typically gain knowledge from starting and running a business, which involves understanding the learning journey, pinpointing the causes of problems, and finding solutions. The development of these skills comes from the process of learning. Entrepreneurs who dedicate themselves to studying are likely to enhance their management skills in comparison to those who do not.

Organizations require efficient learning abilities to thrive in a complicated, competitive, and demanding environment. Research conducted by Mahmoud [3] also found that business performance is significantly impacted by organizational learning. Small business owners can achieve faster success for their company by undergoing a coaching-based learning process. The research hypothesis is constructed from this description in the following ways.

H1: Coaching influences the management abilities.

H2: Coaching influences entrepreneurial character.

H3: Coaching influences business performance.

H4 : Management Capability influences business performance

H5 : Entrepreneurial character influences business performance

H6 : Coaching influences business performance mediated by Management Capability .

H7: Coaching influences business performance mediated by entrepreneurial character.

III. MATERIAL AND METHOD

The population of this research is MSMEs in the capital city of Tangerang. The sample for this research is MSME actors in Ciledug District, Tangerang City. Ciledug District, Tangerang City, is part of the Banten Province, consisting of eight sub-districts, namely Tajur, Parung Serab, Paninggilan, North Paninggilan, South Sudimara, West Sudimara, Sudimara Jaya, and East Sudimara with the sub-district capital located in Sudimara Village. (Ciledug District in Figures, 2018).

According to the MSME Coordinator's interviews, there are around 150 MSME participants. The sampling method used is the saturated technique, where the entire population is utilized as the research sample. Each MSME actor received a single questionnaire. The chosen participants are anticipated to be business owners capable of responding to the survey. 148 respondents returned the questionnaires and filled them out thoroughly.

This study assesses entrepreneurial traits using indicators outlined by Arsyad et al. [16]. Innovation involves embracing and backing new ideas, experimentation, and creative processes that lead to newness. Being proactive involves taking actions that generate opportunities for the company's current products and enhance business operations. Entrepreneurial behavior involves taking risks with the courage to handle and control them for the growth of the company.

The business performance factors in this study are based on measurements from Dubihlela and Dhurup [10] and Mahmoud [3]. The financial performance is evaluated through gross profit margin, net profit margin, return on investment, return on sales, and revenue growth. Market performance is determined by sales growth, market share expansion, and customer base increase. Operational performance is assessed through improvements in product quality, efficiency of completion time, and innovation performance.

The Management Capability variable is measured using indicators, such as the ability to plan and organize business resources, direct the implementation of business plans, and supervise business activities. MSME development is implemented with openness in accepting the business learning process. Learning is the organization of creativity, skills, and transfer of knowledge, which is then expected to improve behaviour and translate new insights and expertise. The measurement of coaching indicators refers to the key characteristics of learning orientation, including a commitment to learning, updating systems in business, open-mindedness to the outside world, and sharing business knowledge with others [3].

The research instrument used to collect data was a questionnaire given to respondents, namely the MSME owners selected as samples. Respondents are asked to respond to question items. The questionnaire was tested first to test the reliability and accuracy of the research instrument. The questionnaire distributed to respondents contained several questions and written statements about items from the research variable indicators to obtain perceptions of the research variables. Answers to questions and statements in this study were measured using a Likert scale. The Likert scale is a method used to measure perceptions by expressing agreement or disagreement with certain statements.

When evaluating research variables, participants were prompted to express their opinions by selecting from five rating options: (5) strongly agree, (4) agree, (3) neutral, (2) disagree, (1) strongly disagree. The Likert scale assesses the factors of MSME growth, entrepreneurial qualities, leadership skills, and company success.

IV. DATA ANALYSIS

This study employs PLS-SEM statistical analysis to evaluate hypotheses and develop an appropriate model. The model analysis includes two sub-models, specifically the measurement model or outer model, which evaluates the validity and reliability of the research instrument. The standards for measuring accuracy and consistency in this study include convergent validity and composite reliability, (2) structural model or inner model to guarantee the durability and precision of the constructed structural model. The inner model assessment in this study involves various measures, such as the coefficient of determination (R²) and Predictive Relevance (Q²).

The relationship between the scores of the items/indicators and the scores of the constructs demonstrates the convergent validity of the measurement model with reflexive indicators. Indicators at an individual level are deemed trustworthy if their correlation exceeds 0.7. Nevertheless, during the stage of research scale development, loadings between 0.50 to 0.60 are considered to be appropriate (Ghozali, 2012).

Table 1
Convergent Validity

Indicator	Loading (λ)
Business Coaching	
Take training from universities	0.869
Get assistance to develop your business	0.743
Get easy permits from the government	0.827
Join the business community	0.790
Get coverage by mass media	0.735
Entrepreneurial Character	

Creating new product variations	0.797
Creating new target markets	0.851
Anticipate changes in the business environment	0.602
Get ahead of competitors in introducing new products	0.644
Take risks in every business decision	0.620
Management Capability	
Setting targets in business. (Business planning)	0.760
Able to share work with employees or business partners well. (Organizing)	0.904
Motivate employees or yourself well. (Briefing)	0.844
Evaluate business implementation in a certain period (Supervision)	0.861
Business Performance	
Increase in profit percentage	0.888
Increased profit growth	0.890
Increased sales growth	0.764
Increase in the number of customers	0.759
Increased accuracy in completing work	0.741
Increased speed in completing work	0.727

Composite reliability is to determine the reliability of indicators that measure constructs (Ghozali, 2012: 192). *Composite reliability* results > 0.70 are interpreted as very good (Ghozali, 2012: 192). Changes in the *R-Square* value can be used to assess the influence of certain independent latent variables on whether the dependent latent variable has a substantive impact. Composite Reliability test results, R^2 , Q^2 , can be seen in Table 2.

Table 2
Composite Reliability, R^2 , Q^2

Construct	<i>Composite Reliability</i>	R^2
Business Coaching	0.963	

Entrepreneurial Character	0.963	0.672
Management Capability	0.957	0.876
Business Performance	0.918	0.660
Q^2	98.6 %	

Hypothesis testing consists of direct and indirect influence tests. The results of the PLS *inner-model* analysis are shown in Tables 4.12 and 4.13.

Table 4.12 Path

Analysis Results and Significance Between Construct Relations

	<i>Path Coefficient</i>	T Count	<i>P Values</i>	Information
Coaching → Management Capabilities	0.527	8,094	0,000	Significant
Coaching → Entrepreneurial Characteristics	0.414	4,327	0,000	Significant
Coaching → Business Performance	- 0.088	0.702	0.912	Not significant
Management Capabilities → Business Performance	0.704	8,120	0.03 0	Significant
Entrepreneurial Characteristics → Business Performance	0.224	1,997	0.040	Significant
Coaching → Management Capabilities → Business Performance	0.229	1,967	0.050	Significant
Coaching → Entrepreneurial Character → Business Performance	0.419	2,095	0.037	Significant

1. Business coaching has a calculated t value of 8.094, indicating a strong management capabilities. With a t value > 1.96 and a p-value of 0.000 < 0.05, it is clear that business coaching has a significant impact on management capabilities. The impact of business coaching on management capabilities is equal to 0.527. The study's findings show that the initial hypothesis (H1) was supported.
2. The calculated t value for business coaching impacting entrepreneurial character is 4.327, indicating a significant effect with a t value > 1.96 and a p-value of 0.000 < 0.05. Business coaching has a positive impact on entrepreneurial character by a factor of 0.414. The study's findings show that the second hypothesis (H2) was supported.
3. Business coaching had a calculated t value of 0.702, indicating that the effect on business performance is not significant as the t value was less than 1.96, and the p-value of 0.912 was greater than 0.05. The study's findings show that the third hypothesis (H3) was not supported.
4. The t-value for management capabilities is 8.120, so since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.030, it can be concluded that management capabilities impacts business performance. Business performance is impacted by management capabilities with a coefficient of 0.704. The findings of this study show that the fourth hypothesis (H4) was supported.

5. The t value for entrepreneurial character affecting business performance is 1.997. Since the t value is greater than 1.96 and the p-value is less than 0.05 at 0.040, it indicates that entrepreneurial character has an impact on business performance. The entrepreneurial personality has a 0.224 impact on business success. The findings from this research show that the sixth hypothesis (H4) was supported.
6. Business coaching has an indirect impact on business performance by enhancing management capabilities by 0.229. The t-value was computed to be 1.967. Since the t value calculated exceeds 1.96, the management skill can effectively moderate the impact of business growth on business performance focus.
7. Business coaching impacts business performance through 0.419 increase in entrepreneurial character. The t value calculated is 2.095; since the calculated t value is greater than 1.96, it can be concluded that the entrepreneurial character can effectively mediate the impact of business development on business performance.

V. CONCLUSION

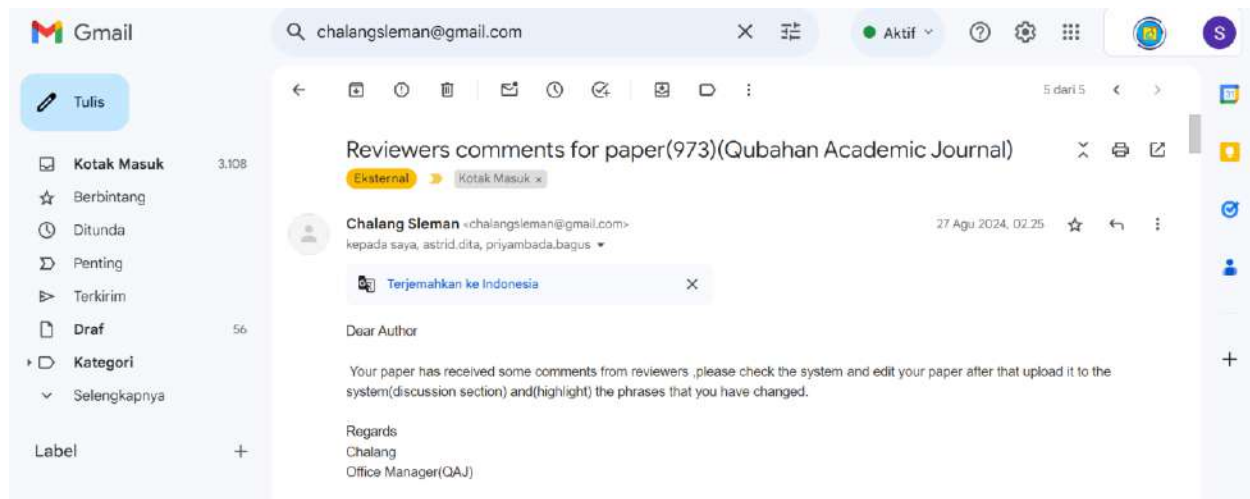
The coaching process is a factor that motivates MSME to develop a resilient entrepreneurial mindset. MSME participants who engage in the coaching process will enhance their skills in management. MSME development does not directly promote improved business performance for MSMEs. MSME with a solid entrepreneurial spirit will enhance business outcomes. The capacity to manage effectively is a key factor in enhancing the business performance of MSME.

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**2. Bukti Konfirmasi Artikel telah Direview
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Resume: Revision Comments on the Paper 973

Title:

- The title "BUSINESS PERFORMANCE MODEL THROUGH MANAGEMENT ABILITIES AND ENTREPRENEURIAL CHARACTER: PENTAHHELIX COACHING COLLABORATION APPROACH" is clear and descriptive. It effectively conveys the focus of the study. However, consider simplifying it slightly for readability, such as "Business Performance Model: The Role of Management Abilities and Entrepreneurial Character in Pentahelix Coaching Collaboration."

Abstract:

- The abstract provides a good summary of the study, including the research objectives, methodology, and key findings. However, it could be more concise. For example, the sentence "The research results reveal that the coaching process directly impacts improving entrepreneurial character and management abilities but does not directly impact business performance" could be shortened to "The results indicate that coaching improves entrepreneurial character and management abilities but does not directly enhance business performance."
- Consider briefly mentioning the practical implications of the findings, such as how they can guide MSME coaching programs.

Introduction:

- The introduction provides a strong rationale for the study by discussing the importance of entrepreneurship and MSMEs in Indonesia. However, the introduction is somewhat lengthy and could be streamlined for clarity. For instance, the paragraph discussing the various government efforts to promote entrepreneurship could be condensed to focus on the most relevant points.
- The introduction could also benefit from a clearer statement of the research problem or gap earlier in the section to guide the reader more effectively

Literature Review:

- The literature review is thorough and well-organized, covering the relevant theories and previous studies on entrepreneurship development, management capability, and business performance. However, some sections could be more concise. For example, the detailed discussion of the Pentahelix model could be summarized to focus on how it specifically applies to the context of this study.
- Ensure that the literature review clearly connects the reviewed studies to the research questions or hypotheses of this paper.

Methodology:

- The methodology section is detailed and clearly explains the research design, sampling method, and data collection process. However, some technical aspects could be simplified for readers unfamiliar with these methods. For example, consider providing brief explanations for terms like "SEM-PLS" and "saturated sampling technique" to make the content more accessible.
- The description of the indicators used to measure variables such as entrepreneurial character and management capability is clear, but ensure that the rationale for selecting these specific indicators is well-explained in relation to the study's objectives.

Results:

- The results are presented clearly, with appropriate use of tables to illustrate key findings. However, some sections could be more concise. For instance, the detailed interpretation of the path coefficients could be summarized, focusing on the most significant findings and their implications.
- Ensure that the statistical significance of the results is clearly communicated, especially for readers who may not be familiar with statistical analysis.

Discussion:

- The discussion effectively interprets the findings and relates them to the broader context of MSME development and business coaching. However, it could be strengthened by providing more practical implications for policymakers and MSME practitioners. For example, suggest how the findings could inform the design of more effective MSME coaching programs.
- Consider discussing any limitations of the study more explicitly, such as the focus on a specific geographic region, and how these might affect the generalizability of the results.

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Author(s):

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Business Performance Model: The Role of Management Abilities and Entrepreneurial Character in Pentahelix Coaching Collaboration

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ABSTRACT. This research aims to reveal the impact of the Penta-Helix collaborative business coaching process on entrepreneurial character, management abilities, and business performance. The study used a quantitative approach. The study used a quantitative approach. The population in this study was 250 active members of the Tangerang SME's community. The research sample was 150 SMEs. Data was processed using SEM PLS software. The results indicate that coaching improves entrepreneurial character and management abilities but does not directly enhance business performance. This research proves that entrepreneurial character and Management Capability to mediate the influence of coaching on business performance. This research provides theoretical implications for developing corporate resource-based strategic management theory, where external parties must mobilize company resources, which are the main key to achieving business performance. The practical implications of the findings, such as how they can guide MSME coaching programs. Further research should explore whether collaborative business coaching can directly improve business performance. This document gives formatting guidelines for authors preparing papers for publication in the Polish Journal of Management Studies. The authors must follow the instructions given in the document for the papers to be published.

Keywords: Business Performance, Manajemen Abilities, Entrepreneurial Character, Penta Helix Coaching

I. INTRODUCTION

Indonesia's economy will have strong fundamentals if the community has become the main actor in the field of improving the local, national, and global economy. In the country of Indonesia, the number of entrepreneurs is 3.47% [1], in addition to that, the involvement of the SMU sector in Indonesia in the global value chain is also relatively low. Only 6.3% of the total SMEs in Indonesia can be involved in the trade chain in Southeast Asia [2].

This country's low interest or entrepreneurial spirit triggers the need for more entrepreneurs in Indonesia compared to the total population. Mental problems, lack of knowledge, and a business climate could be more favourable to the birth of new entrepreneurs. Therefore, it is time for entrepreneurial development at all levels of society to become a top priority in national economic growth. Entrepreneurship development for the younger generation can become a priority in increasing financial stability. Developing your entrepreneurial potential will help you overcome employment problems and encourage national economic growth. The government has made various efforts to build entrepreneurship through the National Entrepreneurship Movement (GKN) program. The Ministry of Higher Education offers entrepreneurship programs for students, the Ministry of Youth and Sports has implemented Facilitation Support activities for Beginner Young Entrepreneurs and the Youth Entrepreneurship Center through the Youth Entrepreneurship Capital Institute (LPKP), the Ministry of Cooperatives and SMEs has provided financial assistance for budding entrepreneurs. The Ministry of Social Affairs has implemented entrepreneurship development by providing skills improvement training and business funding. However, these efforts have not been able to increase the number of entrepreneurs to reach the ideal point of 4% of the population, let alone match the achievements of neighboring countries (Indrawan, 2019).

Improving MSME performance must be done by increasing knowledge and understanding of business. Global competition requires every MSME actor to learn to enhance their capabilities. Business learning in organizations will improve entrepreneurs' ability to respond to internal and external environment changes. According to

Distanont and Khongmalai (2018), learning is necessary to adapt to the environment. The advice provided to MSME participants is centered on the educational journey, involving organizational tasks that generate and utilize knowledge for enhancing competitive edge. These benefits consist of acquiring and exchanging data regarding customer requirements, market developments, and rivals' strategies, in addition to innovating new technologies to produce superior products compared to competitors [3], businesses should enhance their ability to learn within the organization to establish connections with business partners. Every business actor needs a continuous learning process to enhance the achievement of company goals. Companies must consider learning orientation as a key factor in obtaining superior performance.

MSME players need to have an entrepreneurial character that encourages innovation and the ability to take risks that support business success. MSME players with a strong entrepreneurial character can increase their business and compete in the global landscape. MSMEs with a high entrepreneurial character will tend to take actions based on innovative decisions, dare to take business risks and take proactive actions in anticipating business competition and taking advantage of opportunities. This will encourage better performance. Mandhachitara and Allapach (2017) emphasize that the development of the concept of entrepreneurship is very necessary for small companies because the personal attributes of the owner that shape entrepreneurial orientation strongly influence the organization's profitability and growth.

In order to generate fresh possibilities, it is anticipated that an entrepreneur can implement managerial tasks based on the idea of entrepreneurial orientation (Kajalo and Lindblom, 2015). Entrepreneurs often struggle to succeed due to management weaknesses like business founders and managers, traditional financial reports, insufficient records, weak computerized systems, and lack of clarity, which impede effective management like inadequate cash flow for promotional and research activities. The market requires additional specialized professional employees, while managers have broad skills, not specific ones. Challenges frequently arise due to inability to foresee unpredictable business factors, choosing a poor initial location, expanding prematurely, limited market and banking access, and inadequate technology and information expertise (Rusdiana, 2018). It can be inferred that entrepreneurs encounter challenges such as managerial deficiencies, reliance on traditional financial statements, ineffective cash flow management, limited marketing and market research efforts, shortage of specialized workforce, employment of generalist managers rather than specialists, and inability to foresee uncertain factors affecting the business. Engaging in business in the future, choosing a subpar location at first, expanding prematurely, facing restricted market and financial access, having limited tech and info knowledge.

Entrepreneurship coaching that can effectively improve business performance is coaching oriented towards the real needs of entrepreneurs and is carried out comprehensively so that coaching is carried out in an integrated manner and not partial. The government has made various efforts to guide MSMEs. However, the performance of MSMEs still needs to be optimal, including not being able to be involved in local, national or regional trade chains, and the contribution of MSMEs to national exports still needs to be higher. A study of the guidance provided by the government to increase economic empowerment still needs to be carried out. Entrepreneurship coaching for entrepreneurs must take a multidimensional approach, so it is necessary to develop a coaching model to improve business performance.

The paper structure: have the Background Theory in Section II, Literature Review, in Section III, discussion in Section IV, the conclusion in section V.

II. LITERATURE REVIEW

II.1. Entrepreneurship Development

Kharabsheh's study in 2017 found that strategies for entrepreneurial growth should focus on creating a favorable business environment, improving financial access, enhancing market reach by enhancing quality, design, and competitive pricing, boosting entrepreneurship and skills of entrepreneurs, particularly their entrepreneurial mindset. It is crucial to prioritize promoting economic activities in the informal micro-sector, especially among low-income households, by enhancing business capacity, skills, protection, and development.

When viewed by business actors, the implementation of entrepreneurship coaching is the application of the learning process in running their business. Business actors learn to develop openness in the organizational environment. Learning is something new and can be seen as a model for organizing the future. Organizational

learning responds to changes in the internal and external environment. From a cultural perspective, learning is a managerial process intended to increase insight, knowledge and understanding (Mudjiarto, 2013).

Organizational learning involves gathering creativity, skills, and knowledge to enhance behavior and apply new insights and knowledge. Learning orientation is defined by various key aspects such as transferring knowledge from individuals to groups, dedication to learning, willingness to engage with external sources, overall emphasis on knowledge, methods for fostering learning, and processes for keeping the organization up-to-date [7][3].

II.2. Theory of the Penta Helix

The Creative Economy is a modern age that amplifies information and creativity by depending on ideas and a pool of knowledge from human resources as the primary input in economic activities. The world economy is quickly changing as economic growth shifts from reliance on natural resources to reliance on human resources. Economic growth in Indonesia focuses on fostering creative economy-oriented enterprises. The quad-helix of synergies and partnerships between creative economy players is utilized for creative economy development. The triple-helix model, previously utilized, elucidates that collaborations and synergies within the creative economy are formed among three key players: government, private sector, and intellectuals.

Meanwhile, the *quad-helix* model describes synergies and partnerships in developing the creative economy between four main actors: government, private sector, intellectuals and communities. The synergy of creative society refers to policy theory based on innovation in the *triple-helix concept* popularized by Etzkowitz & Leydersdorff, namely *Academic, Business & Government (ABG)*. Finally, the government is currently using the *q Quadro-helix* or *quad-helix theory*, namely *Academic, Business, Government plus Community (ABGC)* [8].

In current developments, studies are being conducted on the importance of the media's role in supporting the promotion of products produced by the community. There has been a shift from triple helix values to *q Quadro-helix* or *quad-helix* and then to *Penta Helix*. *Penta Helix* is a *five-helix model*, making the media the '*fifth helix*' [9].

Developing a coaching model whose implementation involves the roles of government, entrepreneurs, academics, community, and media is necessary for coaching new entrepreneurs.

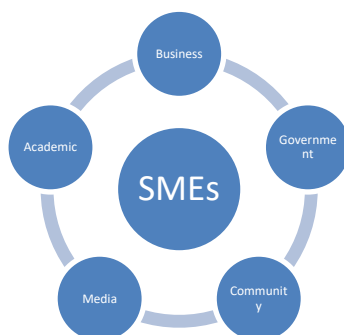


Figure 1. Penta Helix Model

II.3. Business Performance

The performance of a business is determined by its internal and external factors affecting activities to reach specific goals within a specified timeframe. Overall, finding one specific metric to assess company performance can be challenging. Empirical research frequently employs a subjective perspective, relying on company executives' opinions on performance. Operational performance is seen as a key dimension for evaluating SME performance, according to Dubihlela and Dhurup [10]. This includes shorter production waiting times, improved forecasting accuracy, more effective resource planning, enhanced operational efficiency, lower inventory levels, reduced costs, and improved financial accuracy.

Certain researchers believe that the best way to determine if an organization is on the right track is by looking at its profitability. Cash flow and other marketing-related growth factors like employee count, production

efficiency, and customer retention are the main focus of financial status for small businesses. According to Mahmoud [3], small businesses often use sales, growth, net profit, and gross profit as marketing metrics that are not related to financial data. Financial performance can show how well a business is doing by examining liquidity, solvency, and profitability. Small and medium enterprise (SME) performance can also be evaluated by looking at financial performance, customer loyalty, customer satisfaction, customer retention, and acceptable performance. Using an unbiased method, assessing business success includes measuring ROI, profits, sales, revenue growth, and market share. Assessing business performance using a subjective method involves non-economic or non-financial indicators such as market performance, market effectiveness, market dominance, service quality, customer satisfaction, productivity, market valuation, buyer and supplier power, sales concentration, customer retention, company reputation, employee turnover, and organizational commitment [3].

The evaluation of business performance involves two perspectives, one based on objective measurements and the other on subjective judgments. Economic performance pertains to objective measurements, while non-economic aspects of performance are associated with subjective measurements. Customer satisfaction, customer retention, company image, and employee satisfaction are examples of non-economic performance. The success of small and medium-sized enterprises can be assessed by their accomplishments in marketing and finances [3]. Marketing performance is determined by the rate of sales growth, the capacity to attract new customers, control of market share, and increased sales volume. Evaluating financial performance involves assessing the capacity to generate profits, ROI, and accomplish corporate objectives.

II.4. Management Capability

Capability is a person's ability, skill, and strength in doing something. Management Capability is a sequence of work or activities carried out by managers, including taking actions of planning, organizing, implementing, and supervising, as well as having management skills including spiritual energy, emotional skills, intellectual strength, physical quality, and mastery of applied technology to achieve predetermined targets [11]. According to this viewpoint, businesses of all sizes need to apply management principles for effective and efficient results. The leader's understanding and implementation of key management functions are crucial for future business success.

Nowadays, competition and development in the business world are getting stronger and sharper, so to increase business, serious management is required from every entrepreneur to be able to compete with other companies. One of the efforts that must be made is to increase internal resources to improve business success. The most important internal resource is management capability. Entrepreneurship and management are the most important internal factors influencing business success [12]. The success of a business or the business world depends on management and entrepreneurial skills; the company leader takes advantage of opportunities and manages all resources optimally and productively. Therefore, management and entrepreneurial skills must be developed through education, training, workshops and opportunities to gain broader insight. Management Capability is managing a business by planning, organizing, motivating, supervising, and assessing [13]. The management functions used by SMEs are as follows: (a) Planning, (b) Decision making, (c) Budgeting, (d) Organizing, (e) Coordinating and (f) Supervision. If an entrepreneur has management skills, then the entrepreneur believes in planning, organizing, mobilizing and supervising, supported by creativity, innovation and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. The ability to lead effectively is the key to organizational success. Based on expert opinions and research results, Management Capability influences in determining business success. So, entrepreneurs who want to improve their businesses must improve their management skills. If an entrepreneur has management skills, then that entrepreneur believes in planning, organizing, driving and supervising, supported by creativity, innovation and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a

manager is how well he sets plans to achieve adequate goals. Leading effectively is the key to organizational success [14].

Assessing management skills involves various indicators such as effective communication with employees, timely delivery of goods, decision-making proficiency, problem-solving capabilities, leadership and motivation skills, delegation skills, strategic planning skills, and awareness of environmental changes. In business, creating a dependable team that can effectively handle conflicts is essential.

II.5. Characteristics of an Entrepreneur

A person with entrepreneurial tendencies possesses three key traits: innovation, willingness to take risks, and proactivity. Entrepreneurial orientation is shown by how willing top managers are to take business risks (risk dimension), promote innovation to stay ahead of competitors (innovation dimension), and engage in fierce competition with other companies (proactive dimension). [15]. Entrepreneurial orientation is connected to psychometrics, demonstrated in innovation, proactivity, and willingness to take chances. A person's entrepreneurial orientation is visible through these three dimensions. Entrepreneurial character pertains to a business's strategic approach in acquiring techniques, rituals, and approaches to decision-making. Moreover, it was also disclosed that entrepreneurial orientation indicates the way a company functions in comparison to what was intended.

Researchers such as Arshad, Rasli, and Zain [16] stated that innovation, risk-taking, and proactiveness uniquely contribute to a company's entrepreneurial orientation. This is characterized by several organizations that can innovate boldly and regularly by taking quite large risks in their product marketing strategies. An entrepreneurially oriented company is a company that carries out product-market innovation, undertakes risky ventures, and is the first to succeed in obtaining proactive innovation to beat its competitors. A company's entrepreneurship level is the total sum of these three sub-dimensions, where a company that is truly "entrepreneurial" will display a high level in each sub-dimension.

II.6. Conceptual Framework

The conceptual framework used in this research is based on theory and empirical studies on the relationship between coaching, entrepreneurial character, Management Capability, and business performance. Previous studies have shown that coaching, entrepreneurial character, and management abilities are important factors in improving business performance.

Several studies have exploited the relationship between coaching and improving entrepreneurial character and Management Capability and its impact on business performance. Coaching can bring about a behavior change that will improve and increase performance. Organizational learning is a capability development process carried out continuously by an organization to create a better future. Organizations need effective learning capabilities to succeed in a complex, competitive and challenging world. The ability of companies and business systems to support learning and adaptation has become important for survival in competition. Coaching can give business actors a learning orientation, which is the organization's ability to mobilize resources to create customer value and achieve higher performance [3]. Coaching pertains to the wide range of organizational efforts focused on leveraging knowledge to improve competitive edge. These activities involve acquiring and exchanging information on customer requirements, market dynamics, rivals' strategies, and creating innovative technologies and products that outperform competitors. Therefore, companies need to view learning orientation as a crucial element in achieving high performance. Learning shows how an organization is inclined to learn and adjust to the environment. Improving a company's skills through learning can impact its business performance positively. It is further clarified that acquiring new knowledge through learning can enhance a company's competitive edge.

A study Hussain, Abbas, Khan [15] tried to see the differences in the role of entrepreneurial character in business performance in established companies and new companies. The results of his research show that the entrepreneur's character significantly contributes to the profit level. A company's high or low performance depends on the entrepreneur's character, both in established companies and in new companies (startups).

In its development, Sandybayev [17] found the significance of the influence of Management Capability on business performance. It is said that there is a strong relationship between entrepreneurial leadership and business performance. Management Capability has a big impact on business performance because if you have good management skills, your business performance will also be good, and business success can be achieved [18].

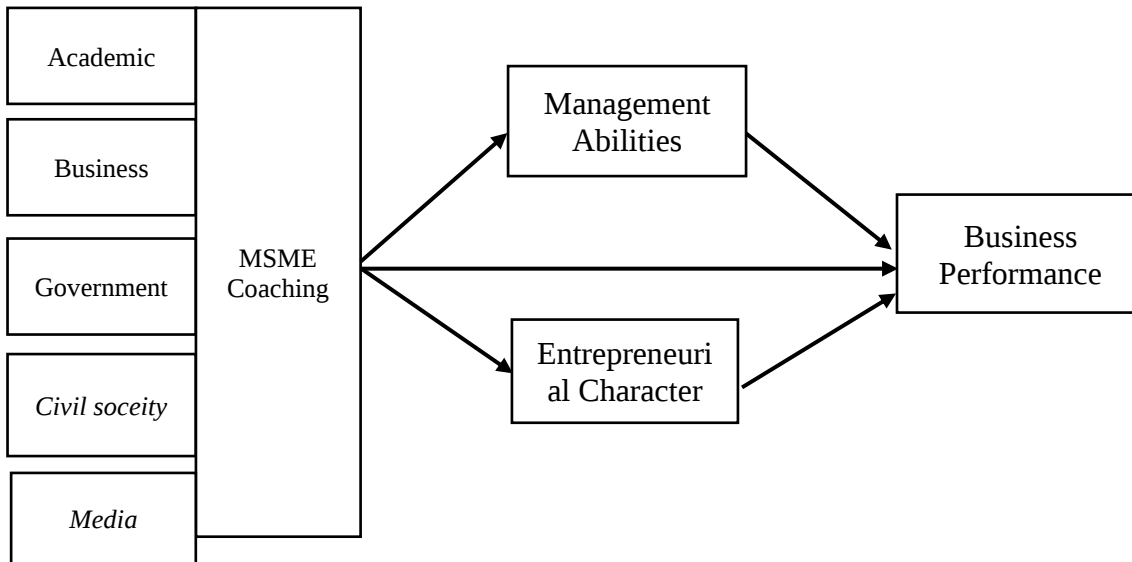


Figure 2.1. MSME Development Model with *the Penta Helix approach*

Source: researcher, 2024

II.7. Hypothesis Development

Coaching for small business owners centers on an ongoing process of learning in order to develop into successful entrepreneurs. Mahmoud [3] argue that business growth is heavily influenced by learning in the business sector. Entrepreneurs can enhance problem-solving skills through learning during business activities. If business actors engage in coaching successfully, it will inspire them to be more innovative, creative, and daring in confronting risks. The entrepreneurial nature will be enhanced, with a focus on innovative creativity and the willingness to take risks. Entrepreneurs typically gain knowledge from starting and running a business, which involves understanding the learning journey, pinpointing the causes of problems, and finding solutions. The development of these skills comes from the process of learning. Entrepreneurs who dedicate themselves to studying are likely to enhance their management skills in comparison to those who do not.

Organizations require efficient learning abilities to thrive in a complicated, competitive, and demanding environment. Research conducted by Mahmoud [3] also found that business performance is significantly impacted by organizational learning. Small business owners can achieve faster success for their company by undergoing a coaching-based learning process. The research hypothesis is constructed from this description in the following ways.

H1: Coaching influences the management abilities.

H2: Coaching influences entrepreneurial character.

H3: Coaching influences business performance.

H4 : Management Capability influences business performance

H5 : Entrepreneurial character influences business performance

H6 : Coaching influences business performance mediated by Management Capability .

H7: Coaching influences business performance mediated by entrepreneurial character.

III. MATERIAL AND METHOD

The population of this research is MSMEs in the capital city of Tangerang. The sample for this research is MSME actors in Ciledug District, Tangerang City. Ciledug District, Tangerang City, is part of the Banten Province, consisting of eight sub-districts, namely Tajur, Parung Serab, Paninggilan, North Paninggilan, South Sudimara, West Sudimara, Sudimara Jaya, and East Sudimara with the sub-district capital located in Sudimara Village. (Ciledug District in Figures, 2018).

According to the MSME Coordinator's interviews, there are around 150 MSME participants. The sampling method used is the saturated technique, where the entire population is utilized as the research sample. Each MSME actor received a single questionnaire. The chosen participants are anticipated to be business owners capable of responding to the survey. 150 respondents returned the questionnaires and filled them out thoroughly.

This study assesses entrepreneurial traits using indicators outlined by Arsyad et al. [16]. Innovation involves embracing and backing new ideas, experimentation, and creative processes that lead to newness. Being proactive involves taking actions that generate opportunities for the company's current products and enhance business operations. Entrepreneurial behavior involves taking risks with the courage to handle and control them for the growth of the company.

The business performance factors in this study are based on measurements from Dubihlela and Dhurup [10] and Mahmoud [3]. The financial performance is evaluated through gross profit margin, net profit margin, return on investment, return on sales, and revenue growth. Market performance is determined by sales growth, market share expansion, and customer base increase. Operational performance is assessed through improvements in product quality, efficiency of completion time, and innovation performance.

The Management Capability variable is measured using indicators, such as the ability to plan and organize business resources, direct the implementation of business plans, and supervise business activities. MSME development is implemented with openness in accepting the business learning process. Learning is the organization of creativity, skills, and transfer of knowledge, which is then expected to improve behaviour and translate new insights and expertise. The measurement of coaching indicators refers to the key characteristics of learning orientation, including a commitment to learning, updating systems in business, open-mindedness to the outside world, and sharing business knowledge with others [3].

The research instrument used to collect data was a questionnaire given to respondents, namely the MSME owners selected as samples. Respondents are asked to respond to question items. The questionnaire was tested first to test the reliability and accuracy of the research instrument. The questionnaire distributed to respondents contained several questions and written statements about items from the research variable indicators to obtain perceptions of the research variables. Answers to questions and statements in this study were measured using a Likert scale. The Likert scale is a method used to measure perceptions by expressing agreement or disagreement with certain statements.

When evaluating research variables, participants were prompted to express their opinions by selecting from five rating options: (5) strongly agree, (4) agree, (3) neutral, (2) disagree, (1) strongly disagree. The Likert scale assesses the factors of MSME growth, entrepreneurial qualities, leadership skills, and company success.

IV. DATA ANALYSIS

This study employs PLS-SEM statistical analysis to evaluate hypotheses and develop an appropriate model. The model analysis includes two sub-models, specifically the measurement model or outer model, which evaluates the validity and reliability of the research instrument. The standards for measuring accuracy and consistency in this study include convergent validity and composite reliability, (2) structural model or inner model to guarantee the durability and precision of the constructed structural model. The inner model assessment in this study involves various measures, such as the coefficient of determination (R²) and Predictive Relevance (Q²).

The relationship between the scores of the items/indicators and the scores of the constructs demonstrates the convergent validity of the measurement model with reflexive indicators. Indicators at an individual level are deemed trustworthy if their correlation exceeds 0.7. Nevertheless, during the stage of research scale development, loadings between 0.50 to 0.60 are considered to be appropriate (Ghozali, 2012).

Table 1
Convergent Validity

Indicator	Loading (λ)
Business Coaching	
Take training from universities	0.869
Get assistance to develop your business	0.743
Get easy permits from the government	0.827
Join the business community	0.790
Get coverage by mass media	0.735
Entrepreneurial Character	
Creating new product variations	0.797
Creating new target markets	0.851
Anticipate changes in the business environment	0.602
Get ahead of competitors in introducing new products	0.644
Take risks in every business decision	0.620
Management Capability	
Setting targets in business. (Business planning)	0.760
Able to share work with employees or business partners well. (Organizing)	0.904
Motivate employees or yourself well. (Briefing)	0.844
Evaluate business implementation in a certain period (Supervision)	0.861
Business Performance	
Increase in profit percentage	0.888
Increased profit growth	0.890
Increased sales growth	0.764
Increase in the number of customers	0.759
Increased accuracy in completing work	0.741
Increased speed in completing work	0.727

Composite reliability is to determine the reliability of indicators that measure constructs (Ghozali, 2012: 192). *Composite reliability* results > 0.70 are interpreted as very good (Ghozali, 2012: 192). Changes in the *R-Square* value can be used to assess the influence of certain independent latent variables on whether the dependent latent variable has a substantive impact. Composite Reliability test results, R^2 , Q^2 , can be seen in Table 2.

Table 2
Composite Reliability, R^2 , Q^2

Construct	<i>Composite Reliability</i>	R^2
Business Coaching	0.963	
Entrepreneurial Character	0.963	0.672
Management Capability	0.957	0.876
Business Performance	0.918	0.660

Q ²	98.6 %
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Hypothesis testing consists of direct and indirect influence tests. The results of the PLS *inner-model* analysis are shown in Tables 4.12 and 4.13.

Table 4.12 Path

Analysis Results and Significance Between Construct Relations

	<i>Path Coefficient</i>	T Count	<i>P Values</i>	Information
Coaching → Management Capabilities	0.527	8,094	0,000	Significant
Coaching → Entrepreneurial Characteristics	0.414	4,327	0,000	Significant
Coaching → Business Performance	- 0.088	0.702	0.912	Not significant
Management Capabilities → Business Performance	0.704	8,120	0.03 0	Significant
Entrepreneurial Characteristics → Business Performance	0.224	1,997	0.040	Significant
Coaching → Management Capabilities → Business Performance	0.229	1,967	0.050	Significant
Coaching → Entrepreneurial Character → Business Performance	0.419	2,095	0.037	Significant

1. Business coaching has a calculated t value of 8.094, indicating a strong management capabilities. With a t value > 1.96 and a p-value of 0.000 < 0.05, it is clear that business coaching has a significant impact on management capabilities. The impact of business coaching on management capabilities is equal to 0.527. The study's findings show that the initial hypothesis (H1) was supported.
2. The calculated t value for business coaching impacting entrepreneurial character is 4.327, indicating a significant effect with a t value > 1.96 and a p-value of 0.000 < 0.05. Business coaching has a positive impact on entrepreneurial character by a factor of 0.414. The study's findings show that the second hypothesis (H2) was supported.
3. Business coaching had a calculated t value of 0.702, indicating that the effect on business performance is not significant as the t value was less than 1.96, and the p-value of 0.912 was greater than 0.05. The study's findings show that the third hypothesis (H3) was not supported.
4. The t-value for management capabilities is 8.120, so since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.030, it can be concluded that management capabilities impacts business performance. Business performance is impacted by management capabilities with a coefficient of 0.704. The findings of this study show that the fourth hypothesis (H4) was supported.
5. The t value for entrepreneurial character affecting business performance is 1.997. Since the t value is greater than 1.96 and the p-value is less than 0.05 at 0.040, it indicates that entrepreneurial character has an impact on business performance. The entrepreneurial personality has a 0.224 impact on business success. The findings from this research show that the sixth hypothesis (H4) was supported.
6. Business coaching has an indirect impact on business performance by enhancing management capabilities by 0.229. The t-value was computed to be 1.967. Since the t value calculated exceeds 1.96, the management skill can effectively moderate the impact of business growth on business performance focus.

7. Business coaching impacts business performance through 0.419 increase in entrepreneurial character. The t value calculated is 2.095; since the calculated t value is greater than 1.96, it can be concluded that the entrepreneurial character can effectively mediate the impact of business development on business performance.

V. CONCLUSION

The coaching process is a factor that motivates MSME to develop a resilient entrepreneurial mindset. MSME participants who engage in the coaching process will enhance their skills in management. MSME development does not directly promote improved business performance for MSMEs. MSME with a solid entrepreneurial spirit will enhance business outcomes. The capacity to manage effectively is a key factor in enhancing the business performance of MSME.

Practical implications of this study can be used for the development of SME development programs involving pentahelix. Limitations of this study only examined SMEs in Jakarta and did not reflect the national population. Further research should explore whether collaborative business coaching can directly improve business performance by expanding the reach of the population.

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Reviewer B:

QAJ manuscript style (these sections should be added):

Problem statement.

Data collection

Proposed work(model)

Data analysis

Result and discussion

Hypothesis testing

Funding statement

Author contribution

Conflict of interest

Acknowledgments

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Business Performance Model: The Role of Management Abilities and Entrepreneurial Character in Pentahelix Coaching Collaboration

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ABSTRACT. This research aims to reveal the impact of the Penta-Helix collaborative business coaching process on entrepreneurial character, management abilities, and business performance. The study used a quantitative approach. The study used a quantitative approach. The population in this study was 250 active members of the Tangerang SME's community. The research sample was 150 SMEs. Data was processed using SEM PLS software. The results indicate that coaching improves entrepreneurial character and management abilities but does not directly enhance business performance. This research proves that entrepreneurial character and Management Capability to mediate the influence of coaching on business performance. This research provides theoretical implications for developing corporate resource-based strategic management theory, where external parties must mobilize company resources, which are the main key to achieving business performance. The practical implications of the findings, such as how they can guide MSME coaching programs. Further research should explore whether collaborative business coaching can directly improve business performance. This document gives formatting guidelines for authors preparing papers for publication in the Polish Journal of Management Studies. The authors must follow the instructions given in the document for the papers to be published.

Keywords: Business Performance, Manajemen Abilities, Entrepreneurial Character, Penta Helix Coaching

I. INTRODUCTION

Indonesia's economy will have strong fundamentals if the community has become the main actor in the field of improving the local, national, and global economy. In the country of Indonesia, the number of entrepreneurs is 3.47% [1], in addition to that, the involvement of the SMU sector in Indonesia in the global value chain is also relatively low. Only 6.3% of the total SMEs in Indonesia can be involved in the trade chain in Southeast Asia [2].

This country's low interest or entrepreneurial spirit triggers the need for more entrepreneurs in Indonesia compared to the total population. Mental problems, lack of knowledge, and a business climate could be more favourable to the birth of new entrepreneurs. Therefore, it is time for entrepreneurial development at all levels of society to become a top priority in national economic growth. Entrepreneurship development for the younger generation can become a priority in increasing financial stability. Developing your entrepreneurial potential will help you overcome employment problems and encourage national economic growth. The government has made various efforts to build entrepreneurship through the National Entrepreneurship Movement (GKN) program. The Ministry of Higher Education offers entrepreneurship programs for students, the Ministry of Youth and Sports has implemented Facilitation Support activities for Beginner Young Entrepreneurs and the Youth Entrepreneurship Center through the Youth Entrepreneurship Capital Institute (LPKP), the Ministry of Cooperatives and SMEs has provided financial assistance for budding entrepreneurs. The Ministry of Social Affairs has implemented entrepreneurship development by providing skills improvement training and business funding. However, these efforts have not been able to increase the number of entrepreneurs to reach the ideal point of 4% of the population, let alone match the achievements of neighboring countries (Indrawan, 2019).

Improving MSME performance must be done by increasing knowledge and understanding of business. Global competition requires every MSME actor to learn to enhance their capabilities. Business learning in organizations will improve entrepreneurs' ability to respond to internal and external environment changes. According to

Distanont and Khongmalai (2018), learning is necessary to adapt to the environment. The advice provided to MSME participants is centered on the educational journey, involving organizational tasks that generate and utilize knowledge for enhancing competitive edge. These benefits consist of acquiring and exchanging data regarding customer requirements, market developments, and rivals' strategies, in addition to innovating new technologies to produce superior products compared to competitors [3], businesses should enhance their ability to learn within the organization to establish connections with business partners. Every business actor needs a continuous learning process to enhance the achievement of company goals. Companies must consider learning orientation as a key factor in obtaining superior performance.

MSME players need to have an entrepreneurial character that encourages innovation and the ability to take risks that support business success. MSME players with a strong entrepreneurial character can increase their business and compete in the global landscape. MSMEs with a high entrepreneurial character will tend to take actions based on innovative decisions, dare to take business risks and take proactive actions in anticipating business competition and taking advantage of opportunities. This will encourage better performance. Mandhachitara and Allapach (2017) emphasize that the development of the concept of entrepreneurship is very necessary for small companies because the personal attributes of the owner that shape entrepreneurial orientation strongly influence the organization's profitability and growth.

In order to generate fresh possibilities, it is anticipated that an entrepreneur can implement managerial tasks based on the idea of entrepreneurial orientation (Kajalo and Lindblom, 2015). Entrepreneurs often struggle to succeed due to management weaknesses like business founders and managers, traditional financial reports, insufficient records, weak computerized systems, and lack of clarity, which impede effective management like inadequate cash flow for promotional and research activities. The market requires additional specialized professional employees, while managers have broad skills, not specific ones. Challenges frequently arise due to inability to foresee unpredictable business factors, choosing a poor initial location, expanding prematurely, limited market and banking access, and inadequate technology and information expertise (Rusdiana, 2018). It can be inferred that entrepreneurs encounter challenges such as managerial deficiencies, reliance on traditional financial statements, ineffective cash flow management, limited marketing and market research efforts, shortage of specialized workforce, employment of generalist managers rather than specialists, and inability to foresee uncertain factors affecting the business. Engaging in business in the future, choosing a subpar location at first, expanding prematurely, facing restricted market and financial access, having limited tech and info knowledge.

Entrepreneurship coaching that can effectively improve business performance is coaching oriented towards the real needs of entrepreneurs and is carried out comprehensively so that coaching is carried out in an integrated manner and not partial. The government has made various efforts to guide MSMEs. However, the performance of MSMEs still needs to be optimal, including not being able to be involved in local, national or regional trade chains, and the contribution of MSMEs to national exports still needs to be higher. A study of the guidance provided by the government to increase economic empowerment still needs to be carried out. Entrepreneurship coaching for entrepreneurs must take a multidimensional approach, so it is necessary to develop a coaching model to improve business performance.

Based on the background above, the research problems are formulated as follows: 1. Can MSME development affect management skills? 2. Can MSME development affect entrepreneurial character? 3. Can MSME development affect business performance? 4. Can management skills affect business performance? 5. Can entrepreneurial character affect business performance?

The paper structure: have the Background Theory in Section II, Literature Review, in Section III, discussion in Section IV, the conclusion in section V.

II. LITERATURE REVIEW

II.1. Entrepreneurship Development

Kharabsheh's study in 2017 found that strategies for entrepreneurial growth should focus on creating a favorable business environment, improving financial access, enhancing market reach by enhancing quality, design, and competitive pricing, boosting entrepreneurship and skills of entrepreneurs, particularly their entrepreneurial

mindset. It is crucial to prioritize promoting economic activities in the informal micro-sector, especially among low-income households, by enhancing business capacity, skills, protection, and development.

When viewed by business actors, the implementation of entrepreneurship coaching is the application of the learning process in running their business. Business actors learn to develop openness in the organizational environment. Learning is something new and can be seen as a model for organizing the future. Organizational learning responds to changes in the internal and external environment. From a cultural perspective, learning is a managerial process intended to increase insight, knowledge and understanding (Mudjiarto, 2013).

Organizational learning involves gathering creativity, skills, and knowledge to enhance behavior and apply new insights and knowledge. Learning orientation is defined by various key aspects such as transferring knowledge from individuals to groups, dedication to learning, willingness to engage with external sources, overall emphasis on knowledge, methods for fostering learning, and processes for keeping the organization up-to-date [7][3].

II.2. Theory of the Penta Helix

The Creative Economy is a modern age that amplifies information and creativity by depending on ideas and a pool of knowledge from human resources as the primary input in economic activities. The world economy is quickly changing as economic growth shifts from reliance on natural resources to reliance on human resources. Economic growth in Indonesia focuses on fostering creative economy-oriented enterprises. The quad-helix of synergies and partnerships between creative economy players is utilized for creative economy development. The triple-helix model, previously utilized, elucidates that collaborations and synergies within the creative economy are formed among three key players: government, private sector, and intellectuals.

Meanwhile, the *quad-helix* model describes synergies and partnerships in developing the creative economy between four main actors: government, private sector, intellectuals and communities. The synergy of creative society refers to policy theory based on innovation in the *triple-helix concept* popularized by Etzkowitz & Leydersdorff, namely *Academic, Business & Government (ABG)*. Finally, the government is currently using the *Quadro-helix* or *quad-helix theory*, namely *Academic, Business, Government plus Community (ABGC)* [8].

In current developments, studies are being conducted on the importance of the media's role in supporting the promotion of products produced by the community. There has been a shift from triple helix values to *q Quadro-helix* or *quad-helix* and then to *Penta Helix*. *Penta Helix* is a *five-helix model*, making the media the '*fifth helix*' [9].

Developing a coaching model whose implementation involves the roles of government, entrepreneurs, academics, community, and media is necessary for coaching new entrepreneurs.

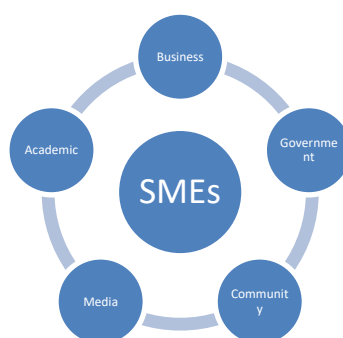


Figure 1. Penta Helix Model

II.3. Business Performance

The performance of a business is determined by its internal and external factors affecting activities to reach specific goals within a specified timeframe. Overall, finding one specific metric to assess company performance can be challenging. Empirical research frequently employs a subjective perspective, relying on company executives' opinions on performance. Operational performance is seen as a key dimension for evaluating SME performance,

according to Dubihlela and Dhurup [10]. This includes shorter production waiting times, improved forecasting accuracy, more effective resource planning, enhanced operational efficiency, lower inventory levels, reduced costs, and improved financial accuracy.

Certain researchers believe that the best way to determine if an organization is on the right track is by looking at its profitability. Cash flow and other marketing-related growth factors like employee count, production efficiency, and customer retention are the main focus of financial status for small businesses. According to Mahmoud [3], small businesses often use sales, growth, net profit, and gross profit as marketing metrics that are not related to financial data. Financial performance can show how well a business is doing by examining liquidity, solvency, and profitability. Small and medium enterprise (SME) performance can also be evaluated by looking at financial performance, customer loyalty, customer satisfaction, customer retention, and acceptable performance. Using an unbiased method, assessing business success includes measuring ROI, profits, sales, revenue growth, and market share. Assessing business performance using a subjective method involves non-economic or non-financial indicators such as market performance, market effectiveness, market dominance, service quality, customer satisfaction, productivity, market valuation, buyer and supplier power, sales concentration, customer retention, company reputation, employee turnover, and organizational commitment [3].

The evaluation of business performance involves two perspectives, one based on objective measurements and the other on subjective judgments. Economic performance pertains to objective measurements, while non-economic aspects of performance are associated with subjective measurements. Customer satisfaction, customer retention, company image, and employee satisfaction are examples of non-economic performance. The success of small and medium-sized enterprises can be assessed by their accomplishments in marketing and finances [3]. Marketing performance is determined by the rate of sales growth, the capacity to attract new customers, control of market share, and increased sales volume. Evaluating financial performance involves assessing the capacity to generate profits, ROI, and accomplish corporate objectives.

II.4. Management Capability

Capability is a person's ability, skill, and strength in doing something. Management Capability is a sequence of work or activities carried out by managers, including taking actions of planning, organizing, implementing, and supervising, as well as having management skills including spiritual energy, emotional skills, intellectual strength, physical quality, and mastery of applied technology to achieve predetermined targets [11]. According to this viewpoint, businesses of all sizes need to apply management principles for effective and efficient results. The leader's understanding and implementation of key management functions are crucial for future business success.

Nowadays, competition and development in the business world are getting stronger and sharper, so to increase business, serious management is required from every entrepreneur to be able to compete with other companies. One of the efforts that must be made is to increase internal resources to improve business success. The most important internal resource is management capability. Entrepreneurship and management are the most important internal factors influencing business success [12]. The success of a business or the business world depends on management and entrepreneurial skills; the company leader takes advantage of opportunities and manages all resources optimally and productively. Therefore, management and entrepreneurial skills must be developed through education, training, workshops and opportunities to gain broader insight. Management Capability is managing a business by planning, organizing, motivating, supervising, and assessing [13]. The management functions used by SMEs are as follows: (a) Planning, (b) Decision making, (c) Budgeting, (d) Organizing, (e) Coordinating and (f) Supervision. If an entrepreneur has management skills, then the entrepreneur believes in planning, organizing, mobilizing and supervising, supported by creativity, innovation and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. The ability to lead effectively is the key to organizational success. Based on expert opinions and research results, Management Capability influences in determining business success. So, entrepreneurs who want to improve their businesses must improve their

management skills. If an entrepreneur has management skills, then that entrepreneur believes in planning, organizing, driving and supervising, supported by creativity, innovation and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. Leading effectively is the key to organizational success [14].

Assessing management skills involves various indicators such as effective communication with employees, timely delivery of goods, decision-making proficiency, problem-solving capabilities, leadership and motivation skills, delegation skills, strategic planning skills, and awareness of environmental changes. In business, creating a dependable team that can effectively handle conflicts is essential.

II.5. Characteristics of an Entrepreneur

A person with entrepreneurial tendencies possesses three key traits: innovation, willingness to take risks, and proactivity. Entrepreneurial orientation is shown by how willing top managers are to take business risks (risk dimension), promote innovation to stay ahead of competitors (innovation dimension), and engage in fierce competition with other companies (proactive dimension). [15]. Entrepreneurial orientation is connected to psychometrics, demonstrated in innovation, proactivity, and willingness to take chances. A person's entrepreneurial orientation is visible through these three dimensions. Entrepreneurial character pertains to a business's strategic approach in acquiring techniques, rituals, and approaches to decision-making. Moreover, it was also disclosed that entrepreneurial orientation indicates the way a company functions in comparison to what was intended.

Researchers such as Arshad, Rasli, and Zain [16] stated that innovation, risk-taking, and proactiveness uniquely contribute to a company's entrepreneurial orientation. This is characterized by several organizations that can innovate boldly and regularly by taking quite large risks in their product marketing strategies. An entrepreneurially oriented company is a company that carries out product-market innovation, undertakes risky ventures, and is the first to succeed in obtaining proactive innovation to beat its competitors. A company's entrepreneurship level is the total sum of these three sub-dimensions, where a company that is truly "entrepreneurial" will display a high level in each sub-dimension.

II.6. Conceptual Framework

The conceptual framework used in this research is based on theory and empirical studies on the relationship between coaching, entrepreneurial character, Management Capability, and business performance. Previous studies have shown that coaching, entrepreneurial character, and management abilities are important factors in improving business performance.

Several studies have exploited the relationship between coaching and improving entrepreneurial character and Management Capability and its impact on business performance. Coaching can bring about a behavior change that will improve and increase performance. Organizational learning is a capability development process carried out continuously by an organization to create a better future. Organizations need effective learning capabilities to succeed in a complex, competitive and challenging world. The ability of companies and business systems to support learning and adaptation has become important for survival in competition. Coaching can give business actors a learning orientation, which is the organization's ability to mobilize resources to create customer value and achieve higher performance [3]. Coaching pertains to the wide range of organizational efforts focused on leveraging knowledge to improve competitive edge. These activities involve acquiring and exchanging information on customer requirements, market dynamics, rivals' strategies, and creating innovative technologies and products that outperform competitors. Therefore, companies need to view learning orientation as a crucial element in achieving high performance. Learning shows how an organization is inclined to learn and adjust to the environment. Improving a company's skills through learning can impact its business performance positively. It is further clarified that acquiring new knowledge through learning can enhance a company's competitive edge.

A study Hussain, Abbas, Khan [15] tried to see the differences in the role of entrepreneurial character in business performance in established companies and new companies. The results of his research show that the entrepreneur's character significantly contributes to the profit level. A company's high or low performance depends on the entrepreneur's character, both in established companies and in new companies (startups).

In its development, Sandybayev [17] found the significance of the influence of Management Capability on business performance. It is said that there is a strong relationship between entrepreneurial leadership and business performance. Management Capability has a big impact on business performance because if you have good management skills, your business performance will also be good, and business success can be achieved [18].

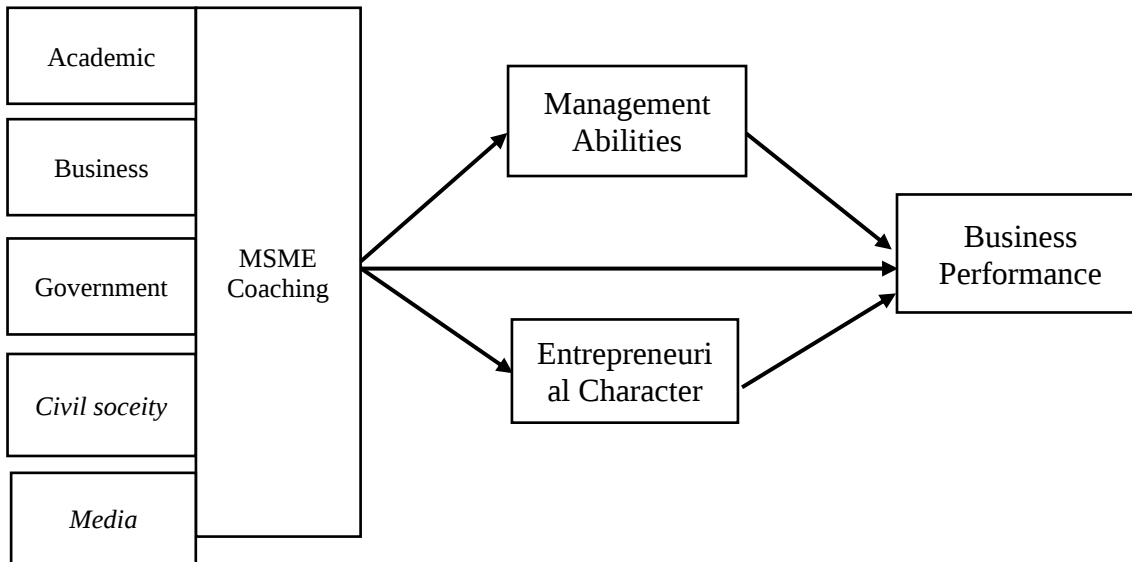


Figure 2.1. MSME Development Model with *the Penta Helix approach*

Source: researcher, 2024

II.7. Hypothesis Development

Coaching for small business owners centers on an ongoing process of learning in order to develop into successful entrepreneurs. Mahmoud [3] argue that business growth is heavily influenced by learning in the business sector. Entrepreneurs can enhance problem-solving skills through learning during business activities. If business actors engage in coaching successfully, it will inspire them to be more innovative, creative, and daring in confronting risks. The entrepreneurial nature will be enhanced, with a focus on innovative creativity and the willingness to take risks. Entrepreneurs typically gain knowledge from starting and running a business, which involves understanding the learning journey, pinpointing the causes of problems, and finding solutions. The development of these skills comes from the process of learning. Entrepreneurs who dedicate themselves to studying are likely to enhance their management skills in comparison to those who do not.

Organizations require efficient learning abilities to thrive in a complicated, competitive, and demanding environment. Research conducted by Mahmoud [3] also found that business performance is significantly impacted by organizational learning. Small business owners can achieve faster success for their company by undergoing a coaching-based learning process. The research hypothesis is constructed from this description in the following ways.

- H1: Coaching influences the management abilities.
H2: Coaching influences entrepreneurial character.
H3: Coaching influences business performance.
H4 : Management Capability influences business performance
H5 : Entrepreneurial character influences business performance
H6 : Coaching influences business performance mediated by Management Capability .
H7: Coaching influences business performance mediated by entrepreneurial character.

III. MATERIAL AND METHOD

III.1. Population And Research Sample

The population of this research is MSMEs in the capital city of Tangerang. The sample for this research is MSME actors in Ciledug District, Tangerang City. Ciledug District, Tangerang City, is part of the Banten Province, consisting of eight sub-districts, namely Tajur, Parung Serab, Paninggilan, North Paninggilan, South Sudimara, West Sudimara, Sudimara Jaya, and East Sudimara with the sub-district capital located in Sudimara Village. (Ciledug District in Figures, 2018).

According to the MSME Coordinator's interviews, there are around 150 MSME participants. The sampling method used is the saturated technique, where the entire population is utilized as the research sample. Each MSME actor received a single questionnaire. The chosen participants are anticipated to be business owners capable of responding to the survey. 150 respondents returned the questionnaires and filled them out thoroughly.

This study assesses entrepreneurial traits using indicators outlined by Arsyad et al. [16]. Innovation involves embracing and backing new ideas, experimentation, and creative processes that lead to newness. Being proactive involves taking actions that generate opportunities for the company's current products and enhance business operations. Entrepreneurial behavior involves taking risks with the courage to handle and control them for the growth of the company.

The business performance factors in this study are based on measurements from Dubihlela and Dhurup [10] and Mahmoud [3]. The financial performance is evaluated through gross profit margin, net profit margin, return on investment, return on sales, and revenue growth. Market performance is determined by sales growth, market share expansion, and customer base increase. Operational performance is assessed through improvements in product quality, efficiency of completion time, and innovation performance.

The Management Capability variable is measured using indicators, such as the ability to plan and organize business resources, direct the implementation of business plans, and supervise business activities. MSME development is implemented with openness in accepting the business learning process. Learning is the organization of creativity, skills, and transfer of knowledge, which is then expected to improve behaviour and translate new insights and expertise. The measurement of coaching indicators refers to the key characteristics of learning orientation, including a commitment to learning, updating systems in business, open-mindedness to the outside world, and sharing business knowledge with others [3].

III.2. Data Collection

The research instrument used to collect data was a questionnaire given to respondents, namely the MSME owners selected as samples. Respondents are asked to respond to question items. The questionnaire was tested first to test the reliability and accuracy of the research instrument. The questionnaire distributed to respondents contained several questions and written statements about items from the research variable indicators to obtain perceptions of the research variables. Answers to questions and statements in this study were measured using a Likert scale. The Likert scale is a method used to measure perceptions by expressing agreement or disagreement with certain statements.

When evaluating research variables, participants were prompted to express their opinions by selecting from five rating options: (5) strongly agree, (4) agree, (3) neutral, (2) disagree, (1) strongly disagree. The Likert scale assesses the factors of MSME growth, entrepreneurial qualities, leadership skills, and company success.

IV. DATA ANALYSIS

IV.1. Result and Discussion

This study employs PLS-SEM statistical analysis to evaluate hypotheses and develop an appropriate model. The model analysis includes two sub-models, specifically the measurement model or outer model, which evaluates the

validity and reliability of the research instrument. The standards for measuring accuracy and consistency in this study include convergent validity and composite reliability, (2) structural model or inner model to guarantee the durability and precision of the constructed structural model. The inner model assessment in this study involves various measures, such as the coefficient of determination (R^2) and Predictive Relevance (Q^2).

The relationship between the scores of the items/indicators and the scores of the constructs demonstrates the convergent validity of the measurement model with reflexive indicators. Indicators at an individual level are deemed trustworthy if their correlation exceeds 0.7. Nevertheless, during the stage of research scale development, loadings between 0.50 to 0.60 are considered to be appropriate (Ghozali, 2012).

Table 1
Convergent Validity

Indicator	Loading (λ)
Business Coaching	
Take training from universities	0.869
Get assistance to develop your business	0.743
Get easy permits from the government	0.827
Join the business community	0.790
Get coverage by mass media	0.735
Entrepreneurial Character	
Creating new product variations	0.797
Creating new target markets	0.851
Anticipate changes in the business environment	0.602
Get ahead of competitors in introducing new products	0.644
Take risks in every business decision	0.620
Management Capability	
Setting targets in business. (Business planning)	0.760
Able to share work with employees or business partners well. (Organizing)	0.904
Motivate employees or yourself well. (Briefing)	0.844
Evaluate business implementation in a certain period (Supervision)	0.861
Business Performance	
Increase in profit percentage	0.888
Increased profit growth	0.890
Increased sales growth	0.764
Increase in the number of customers	0.759
Increased accuracy in completing work	0.741
Increased speed in completing work	0.727

Composite reliability is to determine the reliability of indicators that measure constructs (Ghozali, 2012: 192). *Composite reliability* results > 0.70 are interpreted as very good (Ghozali, 2012: 192). Changes in the *R-Square* value can be used to assess the influence of certain independent latent variables on whether the dependent latent variable has a substantive impact. Composite Reliability test results, R^2 , Q^2 , can be seen in Table 2.

Table 2

Composite Reliability, R^2 , Q^2

Construct	Composite Reliability	R^2
Business Coaching	0.963	
Entrepreneurial Character	0.963	0.672
Management Capability	0.957	0.876
Business Performance	0.918	0.660
Q^2	98.6 %	

IV.2. Hypothesis Testing

Hypothesis testing consists of direct and indirect influence tests. The results of the PLS *inner-model* analysis are shown in Tables 4.12 and 4.13.

Table 4.12 Path

Analysis Results and Significance Between Construct Relations

	Path Coefficient	T Count	P Values	Information
Coaching → Management Capabilities	0.527	8,094	0,000	Significant
Coaching → Entrepreneurial Characteristics	0.414	4,327	0,000	Significant
Coaching → Business Performance	- 0.088	0.702	0.912	Not significant
Management Capabilities → Business Performance	0.704	8,120	0.03 0	Significant
Entrepreneurial Characteristics → Business Performance	0.224	1,997	0.040	Significant
Coaching → Management Capabilities → Business Performance	0.229	1,967	0.050	Significant
Coaching → Entrepreneurial Character → Business Performance	0.419	2,095	0.037	Significant

1. Business coaching has a calculated t value of 8.094, indicating a strong management capabilities. With a t value > 1.96 and a p-value of $0.000 < 0.05$, it is clear that business coaching has a significant impact on management capabilities. The impact of business coaching on management capabilities is equal to 0.527. The study's findings show that the initial hypothesis (H1) was supported.
2. The calculated t value for business coaching impacting entrepreneurial character is 4.327, indicating a significant effect with a t value > 1.96 and a p-value of $0.000 < 0.05$. Business coaching has a positive impact on entrepreneurial character by a factor of 0.414. The study's findings show that the second hypothesis (H2) was supported.
3. Business coaching had a calculated t value of 0.702, indicating that the effect on business performance is not significant as the t value was less than 1.96, and the p-value of 0.912 was greater than 0.05. The study's findings show that the third hypothesis (H3) was not supported.
4. The t-value for management capabilities is 8.120, so since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.030, it can be concluded that management capabilities impacts business performance. Business performance

is impacted by management capabilities with a coefficient of 0.704. The findings of this study show that the fourth hypothesis (H4) was supported.

5. The t value for entrepreneurial character affecting business performance is 1.997. Since the t value is greater than 1.96 and the p -value is less than 0.05 at 0.040, it indicates that entrepreneurial character has an impact on business performance. The entrepreneurial personality has a 0.224 impact on business success. The findings from this research show that the sixth hypothesis (H4) was supported.
6. Business coaching has an indirect impact on business performance by enhancing management capabilities by 0.229. The t -value was computed to be 1.967. Since the t value calculated exceeds 1.96, the management skill can effectively moderate the impact of business growth on business performance focus.
7. Business coaching impacts business performance through 0.419 increase in entrepreneurial character. The t value calculated is 2.095; since the calculated t value is greater than 1.96, it can be concluded that the entrepreneurial character can effectively mediate the impact of business development on business performance.

V. DISCUSSION

The results of the study indicate that management skills and entrepreneurial character are positively influenced by MSME development. Development that is carried out well will improve MSME management skills. Development for small business actors focuses more on the continuous business learning process to become resilient entrepreneurs. Learning can help improve an entrepreneur's ability to solve problems in carrying out business activities. Development for business actors, if followed effectively, will motivate innovative and creative power. Entrepreneurial character, which includes innovative, creative behavior and the courage to take risks, will become stronger. Generally, entrepreneurs learn from the experience of establishing and managing a business, including the learning process, the ability to recognize why a problem occurs, and the ability to overcome it. The acquisition of these abilities is the result of the learning process. Therefore, entrepreneurs who study seriously tend to improve their management skills compared to entrepreneurs who do not study. Every organization needs effective learning skills if they want to succeed in a complex, competitive and challenging world. A study conducted by Mahmoud et al. (2016) concluded that organizational learning has a significant effect on business performance. The ability of entrepreneurs in small companies to experience a learning process through coaching can bring their companies to success more quickly. However, this study shows different results. Coaching for MSMEs does not have a direct effect on their business performance. Coaching can improve MSME business performance if mediated by management skills and entrepreneurial character. This study also shows that the mediation effect of management skills and entrepreneurial character is full mediation. Full mediation occurs because the direct effect of the MSME coaching variable on the business performance variable is not significant. On the other hand, the effect of the MSME coaching variable on the business performance variable after being mediated by the management skills and entrepreneurial character variables is significant. This shows that the entrepreneurial orientation variable is not able to influence the business performance variable without going through the talent management variable.

VI. CONCLUSION

The coaching process is a factor that motivates MSME to develop a resilient entrepreneurial mindset. MSME participants who engage in the coaching process will enhance their skills in management. MSME development does not directly promote improved business performance for MSMEs. MSME with a solid entrepreneurial spirit will enhance business outcomes. The capacity to manage effectively is a key factor in enhancing the business performance of MSME.

Practical implications of this study can be used for the development of SME development programs involving pentahelix. Limitations of this study only examined SMEs in Jakarta and did not reflect the national population. Further research should explore whether collaborative business coaching can directly improve business performance by expanding the reach of the population.

Finding Statement

The findings of this study are that coaching is a long-term process in improving the performance of MSMEs. The results of the study indicate that business coaching will affect performance if mediated by management skills and entrepreneurial characteristics.

Author Contribution

In writing this paper, all authors contributed according to their roles. The first author compiled the introduction, literature review, presentation, and data analysis. The second author contributed to the translation and search of the bibliography used as references. The third author contributed to the technical revision of the writing and conducted a review of the research data.

Conflict Of Interest

The author hereby declares that the data published in the manuscript has no conflict of interest with any party. If in the future such a thing is found, full responsibility for it lies with the author.

Acknowledgements

We would like to thank Budi Luhur University for providing research funding, so that we can compile this journal article properly. In addition, we would also like to thank the editor and reviewer who have provided constructive criticism that is useful in improving the writing of this article.

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**7. Bukti Konfirmasi dari Editor tentang
Catatan Reviewer 3, 4, 5
(28 Oktober 2024)**



Slamet Mudjijah <slamet.mudjijah@budiluhur.ac.id>

Revision Request 973R2

Dilovan Asaad <dilo.asaad@gmail.com>

28 Oktober 2024 pukul 04.58

Kepada: slamet.mudjijah@budiluhur.ac.id

Cc: priyambada.bagus@gmail.com

slamet mudjijah; Astrid; Priyambada Bagus Artanta:

We have reached a decision regarding your submission to Qubahan Academic Journal, "The BUSINESS PERFORMANCE MODEL TROUGH MANAGEMENT ABILITIES AND ENTREPRENEURIAL CHARACTER: PENTAHelix COACHING COLLABORATION APPROACH".

Our decision is: Revisions Required

Reviewer A:

- Clearly define what constitutes an MSME in your study.
- Discuss potential biases and limitations related to the saturated sampling method.
- Provide a justification for the selection of specific indicators and frameworks used in the study.
- Include details on the reliability testing of the questionnaire and the method of administration.
- Explain how you selected the sample and discuss potential biases or limitations.
- Outline the specific criteria used to choose participants.
- Detail how the questionnaire was developed and tested for reliability and validity.
- Describe how the questionnaire was administered (e.g., online, in-person).
- Specify the statistical methods or techniques you will use to analyze the data.
- Your methodology is not clear, author must clarify the mothod.
- A research framework is needed for more clarity.

Recommendation: Resubmit for Review

Reviewer B:

1. In abstract the sentence "The study used a quantitative approach. The study used a quantitative approach." is redundant.
2. The introduction would benefit from a clearer linkage between the identified problems (like the low entrepreneurial spirit) and the proposed solution (Penta-Helix coaching). More contextualization of why the Penta-Helix approach is specifically suited for addressing these issues would strengthen the argument.
3. More detailed demographic information about the MSME actors sampled (e.g., types of businesses, years in operation) would enrich the reader's understanding of the sample's representativeness.
4. While you reference established measurement tools, it would be beneficial to discuss how these indicators were validated for the specific context of your research, especially in terms of cultural appropriateness.
5. Consider expanding on the rationale for choosing PLS-SEM as the analytical method. Providing a brief comparison with other possible methods could strengthen the justification for your choice.
6. Some tables, especially those with statistical data, could be visually enhanced for clarity. For instance, align columns consistently and consider using more visual elements (like graphs) to present findings dynamically.
7. There are several minor grammatical errors and awkward phrasings (e.g., "engaging in business in the future" is unclear). A thorough proofreading for grammatical accuracy and fluency would improve the overall readability.

Recommendation: Revisions Required

Reviewer C:

Dear Editor/Author

The manuscript investigates the influence of Penta-Helix collaborative coaching process on entrepreneurial character, management ability and business performance. The study also investigated the mediating effects of management capabilities in the relationship between coaching and business performance, the mediating effects of Entrepreneurial character in the relationship between coaching and business performance. My comments are :

Abstract

"The study used quantitative approach" repeated

"

This document gives formatting guidelines for authors preparing papers for publication in the Polish Journal of Management Studies. The authors must follow the instructions given in the document for the papers to be published." WHAT IS RELATION OF THESE SENTENCES WITH THE MANUSCRIPT?

Enhance the section of Theory of Penta Helix with latest citations (strengthen this section citing last four years literature)

The authors have used questionnaire for four constructs Business coaching, Entrepreneurial character, management capability and business performance. Provide the source of questionnaire from where these were adopted

Hypotheses: Each hypothesis should be supported by appropriate literature. Cite one or two past studies in support your all the hypotheses

Sample size is just 150! Justify your sample size. What method of sampling was used? How the questionnaire was published ? hard copies provided? or questionnaire was published on google forms?

SEM needs at least 200 sample size; carry out power analysis to justify your sample size.

Report reliability statistics (Cronbach's alpha), Fornell Larcker criterion, and HTMT analysis for justifying reliability and discriminant validity. Report average variance extracted values

Report model fit indices like ChiSquare/df, NFI, TLI, CFI, SRMR, RMSEA and Pclose

Report the results beyond the statistical significance

Your results should be supported by past literature

Write a section Practical implications, future directions

Write a section contribution of this study towards management and other theories

Enhance conclusions

Recommendation: Revisions Required

2 lampiran



973-Article Text-6436-1-4-20241003.docx
303K



Response to reviewers.docx
17K

**8. Bukti Konfirmasi Respon untuk Reviewer
3, 4, 5 dan Submit Revisi Artikel
(5 November 2024)**



Slamet Mudjijah <slamet.mudjijah@budiluhur.ac.id>

Revision Request 973R2

Slamet Mudjijah <slamet.mudjijah@budiluhur.ac.id>
Kepada: Diloan Asaad <dilo.asaad@gmail.com>

5 November 2024 pukul 17.03

dear Sir,

We hope you are in good health. We submit our paper again, and we hope you publish our paper soon. We await your good news.

best regards

Slamet Mudjijah
[Kutipan teks disembunyikan]

2 lampiran



Response to reviewers.pdf
34K



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447K

Response to Reviewers Form

Original Manuscript ID: 973R2

Title Business Performance Model:

The Role of Management Abilities and Entrepreneurial Character in Pentahelix Coaching Collaboration

To: Journal Editor

Re: Response to reviewers

Dear Editor,

We would like to thank you for the considering our paper for possible publication at Qubahan Academic Journal. We would like also to convey our appreciation to the anonymous reviewers for their valuable feedback and suggestions. We have gone through all the comments and feel that they are justified, and very useful for enhancing the quality of this paper.

We have noted the comments from all the reviewers and subsequently addressed all the highlighted issues. In addition, we have endeavored to correct parts that were unclear and have added extra information as required by the reviewers. Please, find enclosed the revised draft and our specific responses to every comment.

We appreciate your help and look forward to hearing from you soon.

Best regards,

A handwritten signature in blue ink, appearing to be 'Slamet Mudjijah', written in a cursive style.

Slamet Mudjijah
Corresponding Author

Reviewer A:

Dear reviewer, we revised your comments and following are the responses:

Comment :

Clearly define what constitutes an MSME in your study.
Discuss potential biases and limitations related to the saturated sampling method.
Provide a justification for the selection of specific indicators and frameworks used in the study.
Include details on the reliability testing of the questionnaire and the method of administration.
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Authors Response:

We have revised our paper following your suggestions, you can read in our manuscript. We have revised our paper following your suggestions

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Reviewer C:

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Comment :

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We have revised our paper following your suggestions, you can read in our manuscript. We have revised our paper following your suggestions

Business Performance Model: The Role of Management Abilities and Entrepreneurial Character in Pentahelix Coaching Collaboration

Slamet Mudjijah¹, Astrid Dita Meirina², Priyambada Bagus Artanta³

^{1,2,3}Faculty of Economic and Business, Universitas Budi Luhur Jakarta;

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ABSTRACT. This research aims to reveal the impact of the Penta-Helix collaborative business coaching process on entrepreneurial character, management abilities, and business performance. The study used a quantitative approach. The population in this study was 250 active members of the Tangerang MSME community. The research sample was 150 MSMEs. Data was processed using SEM PLS software. The results indicate that coaching improves entrepreneurial character and management abilities but does not directly enhance business performance. This research proves that entrepreneurial character and Management Capability mediate the influence of coaching on business performance. This research provides theoretical implications for developing corporate resource-based strategic management theory, where external parties must mobilize company resources, which are the primary key to achieving business performance. The practical implications of the findings include how they can guide MSME coaching programs. Further research should explore whether collaborative business coaching can directly improve business performance.

Keywords: Business Performance, Manajemen Abilities, Entrepreneurial Character, Penta Helix Coaching

I. INTRODUCTION

Indonesia's economy will have strong fundamentals if the community has become the main actor in improving the local, national, and global economy. In Indonesia, the number of entrepreneurs is 3.47% [1]. In addition, the involvement of the SMU sector in Indonesia in the global value chain is also relatively low. Only 6.3% of the total SMEs in Indonesia can be involved in the trade chain in Southeast Asia [2].

This country's low interest or entrepreneurial spirit triggers the need for more entrepreneurs in Indonesia compared to the total population. Mental problems, lack of knowledge, and a business climate could be more favorable to the birth of new entrepreneurs. Therefore, it is time for entrepreneurial development at all levels of society to become a top priority in national economic growth. Entrepreneurship development for the younger generation can become a priority in increasing financial stability. Developing your entrepreneurial potential will help you overcome employment problems and encourage national economic growth. The government has made various efforts to build entrepreneurship through the National Entrepreneurship Movement (GKN) program. The Ministry of Higher Education offers entrepreneurship programs for students, the Ministry of Youth and Sports has implemented Facilitation Support activities for Beginner Young Entrepreneurs and the Youth Entrepreneurship Center through the Youth Entrepreneurship Capital Institute (LPKP), the Ministry of Cooperatives and SMEs has provided financial assistance for budding entrepreneurs. The Ministry of Social Affairs has implemented entrepreneurship development by providing skills improvement training and business funding. However, these efforts have not been able to increase the number of entrepreneurs to reach the ideal point of 4% of the population, let alone match the achievements of neighboring countries [2].

Improving MSME performance must be done by increasing knowledge and understanding of business. Global competition requires every MSME actor to learn to enhance their capabilities. Organizational learning will improve entrepreneurs' ability to respond to internal and external environment changes. According to **Distanont and Khongmalai [19]**, learning is necessary to adapt to the environment. The advice provided to MSME participants is centered on the educational journey, involving organizational tasks that generate and utilize knowledge to enhance

their competitive edge. These benefits consist of acquiring and exchanging data regarding customer requirements, market developments, and rivals' strategies; in addition to innovating new technologies to produce superior products compared to competitors [3], businesses should enhance their ability to learn within the organization to establish connections with business partners. Every business actor needs a continuous learning process to enhance the achievement of company goals. Companies must consider learning orientation as a critical factor in obtaining superior performance.

MSME players need to have an entrepreneurial character that encourages innovation and the ability to take risks that support business success. MSME players with a solid entrepreneurial character can increase their business and compete in the global landscape. MSMEs with a high entrepreneurial character will tend to take actions based on innovative decisions, dare to take business risks and take proactive actions in anticipating business competition and taking advantage of opportunities. This will encourage better performance. Mandhachitara and Allapach [4] emphasize that developing the concept of entrepreneurship is essential for small companies because the personal attributes of the owner that shape entrepreneurial orientation strongly influence the organization's profitability and growth.

To generate fresh possibilities, it is anticipated that an entrepreneur can implement managerial tasks based on entrepreneurial orientation [5]. Entrepreneurs often struggle to succeed due to management weaknesses, such as business founders and managers, traditional financial reports, insufficient records, weak computerized systems, and lack of clarity, which impede effective management, such as inadequate cash flow for promotional and research activities. The market requires additional specialized professional employees, while managers have broad skills, not specific ones. Challenges frequently arise due to the inability to foresee unpredictable business factors, choosing a poor initial location, expanding prematurely, limited market and banking access, and inadequate technology and information expertise [12]. It can be inferred that entrepreneurs encounter challenges such as managerial deficiencies, reliance on traditional financial statements, ineffective cash flow management, limited marketing and market research efforts, shortage of specialized workforce, employment of generalist managers rather than specialists, and inability to foresee uncertain factors affecting the business and engaging in business in the future, choosing a subpar location at first, expanding prematurely, facing restricted market and financial access, and having limited tech and info knowledge.

Entrepreneurship coaching that can effectively improve business performance is coaching oriented towards the real needs of entrepreneurs and is carried out comprehensively so that coaching is carried out in an integrated manner and not partial. The government has made various efforts to guide MSMEs. However, the performance of MSMEs still needs to be optimal, including not being able to be involved in local, national, or regional trade chains, and the contribution of MSMEs to national exports still needs to be higher. A study of the guidance provided by the government to increase economic empowerment still needs to be carried out. Entrepreneurship coaching for entrepreneurs must take a multidimensional approach, so it is necessary to develop a coaching model to improve business performance.

Based on the background above, the research problems are formulated as follows. Can MSME development affect management skills? 2. Can MSME development affect the entrepreneurial character? 3. Can MSME development affect business performance? 4. Can management skills affect business performance? 5. Can entrepreneurial character affect business performance?

The paper structure: the Background Theory in Section II, the Literature Review in Section III, the discussion in Section IV, and the conclusion in Section V.

II. LITERATURE REVIEW

II.1. Entrepreneurship Development

Kharabsheh's study in 2017 found that strategies for entrepreneurial growth should focus on creating a favorable business environment, improving financial access, enhancing market reach by enhancing quality, design, and competitive pricing, and boosting entrepreneurs' entrepreneurship and skills, particularly their entrepreneurial mindset. It is crucial to prioritize promoting economic activities in the informal micro-sector, especially among low-income households, by enhancing business capacity, skills, protection, and development.

When viewed by business actors, the implementation of entrepreneurship coaching is the application of the learning process in running their business. Business actors learn to develop openness in the organizational environment. Learning is new and can be seen as a model for organizing the future. Organizational learning responds to changes in the internal and external environment. From a cultural perspective, learning is a managerial process intended to increase insight, knowledge, and understanding [6].

Organizational learning involves gathering creativity, skills, and knowledge to enhance behavior and apply new insights. Learning orientation is defined by critical aspects such as transferring knowledge from individuals to groups, dedication to learning, willingness to engage with external sources, overall emphasis on knowledge, methods for fostering understanding, and processes for keeping the organization up-to-date [7][3].

II.2. Theory of the Penta Helix

The Pentahelix model is a collaborative framework involving five key stakeholders: government, business, academia, community, and media. This model aims to foster synergies among these entities to address complex societal issues, drive innovation, and enhance development efforts [21]. Recent studies highlight its application in various contexts, including public health, disaster management, and economic development. For instance, during the COVID-19 pandemic, the Pentahelix approach proved effective in mobilizing resources and strategies across sectors to enhance resilience and adaptability in communities.

The Pentahelix model encourages stakeholder collaboration by leveraging their unique strengths and perspectives, thereby promoting comprehensive solutions to local challenges [22]. It has been particularly emphasized in the context of e-government, where it aims to improve service delivery and reduce corruption through enhanced transparency and accountability.

Developing a coaching model whose implementation involves the roles of government, entrepreneurs, academics, community, and media is necessary for coaching new entrepreneurs.

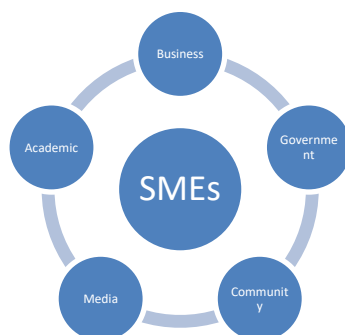


Figure 1. Penta Helix Model

II.3. Business Performance

The performance of a business is determined by its internal and external factors affecting activities to reach specific goals within a specified timeframe. Overall, finding one particular metric to assess company performance can be challenging. Empirical research frequently employs a subjective perspective, relying on company executives' opinions on performance. Operational performance is a crucial dimension for evaluating SME performance, according to Dubihlela and Dhurup [10]. This includes shorter production waiting times, improved forecasting accuracy, more effective resource planning, enhanced operational efficiency, lower inventory levels, reduced costs, and improved financial accuracy.

Sure, researchers believe the best way to determine if an organization is on the right track is by looking at its profitability. Small businesses' main focus of financial status is cash flow and other marketing-related growth factors like employee count, production efficiency, and customer retention. According to Mahmoud [3], small businesses often use sales, growth, net profit, and gross profit as marketing metrics unrelated to financial data. Financial performance can show how well a business is doing by examining liquidity, solvency, and profitability.

Small and medium enterprise (SME) performance can also be evaluated by looking at financial performance, customer loyalty, customer satisfaction, customer retention, and acceptable performance. Using an unbiased method, assessing business success includes measuring ROI, profits, sales, revenue growth, and market share. Evaluate business performance using a subjective method involves non-economic or non-financial indicators such as market performance, market effectiveness, market dominance, service quality, customer satisfaction, productivity, market valuation, buyer and supplier power, sales concentration, customer retention, company reputation, employee turnover, and organizational commitment [3].

The evaluation of business performance involves two perspectives, one based on objective measurements and the other on subjective judgments. Economic performance pertains to objective measurements, while non-economic aspects of performance are associated with subjective measurements. Customer satisfaction, customer retention, company image, and employee satisfaction are examples of non-economic performance. The success of small and medium-sized enterprises can be assessed by their accomplishments in marketing and finances [3]. Marketing performance is determined by the sales growth rate, the capacity to attract new customers, control of market share, and increased sales volume. Evaluating financial performance involves assessing the capacity to generate profits and ROI and accomplish corporate objectives.

II.4. Management Capability

Capability is a person's ability, skill, and strength in doing something. Management Capability is a sequence of work or activities carried out by managers, including taking actions of planning, organizing, implementing, and supervising, as well as having management skills including spiritual energy, emotional skills, intellectual strength, physical quality, and mastery of applied technology to achieve predetermined targets [11]. According to this viewpoint, businesses of all sizes must apply management principles for effective and efficient results. The leader's understanding and implementation of essential management functions are crucial for future business success.

Nowadays, competition and development in the business world are getting stronger and sharper, so to increase business, serious management is required from every entrepreneur to be able to compete with other companies. One of the efforts that must be made is to increase internal resources to improve business success. The most crucial internal resource is management capability. Entrepreneurship and management are the most important internal factors influencing business success [12]. The success of a business or the business world depends on management and entrepreneurial skills; the company leader takes advantage of opportunities and manages all resources optimally and productively. Therefore, management and entrepreneurial skills must be developed through education, training, workshops, and opportunities to gain broader insight. Management Capability is managing a business by planning, organizing, motivating, supervising, and assessing [13]. The management functions used by MSMEs are as follows: (a) Planning, (b) Decision-making, (c) Budgeting, (d) Organizing, (e) Coordinating, and (f) Supervision. If an entrepreneur has management skills, then the entrepreneur believes in planning, organizing, mobilizing, and supervising, supported by creativity, innovation, and the courage to take risks.

Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. The ability to lead effectively is the key to organizational success. Based on expert opinions and research results, Management Capability influences in determining business success. So, entrepreneurs who want to improve their businesses must improve their management skills. If an entrepreneur has management skills, then that entrepreneur believes in planning, organizing, driving, and supervising, supported by creativity, innovation, and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. Leading effectively is the key to organizational success [14].

Assessing management skills involves various indicators such as effective communication with employees, timely delivery of goods, decision-making proficiency, problem-solving capabilities, leadership and motivation skills, delegation skills, strategic planning skills, and awareness of environmental changes. Creating a dependable team that can effectively handle conflicts is essential in business.

II.5. Characteristics of an Entrepreneur

A person with entrepreneurial tendencies possesses three key traits: innovation, willingness to take risks, and proactivity. Entrepreneurial orientation is shown by how willing top managers are to take business risks (risk dimension), promote innovation to stay ahead of competitors (innovation dimension) and engage in fierce competition with other companies (proactive dimension). [15]. Entrepreneurial orientation is connected to psychometrics, demonstrated in innovation, proactivity, and willingness to take chances. A person's entrepreneurial orientation is visible through these three dimensions. Entrepreneurial character pertains to a business's strategic approach to acquiring techniques, rituals, and decision-making. Moreover, it was also disclosed that entrepreneurial orientation indicates how a company functions compared to what was intended.

Researchers such as Arshad, Rasli, and Zain [16] stated that innovation, risk-taking, and proactiveness uniquely contribute to a company's entrepreneurial orientation. This is characterized by several organizations that can innovate boldly and regularly by taking quite significant risks in their product marketing strategies. An entrepreneurially oriented company is a company that carries out product-market innovation undertakes risky ventures and is the first to succeed in obtaining proactive innovation to beat its competitors. A company's entrepreneurship level is the total sum of these three sub-dimensions, where a truly "entrepreneurial" company will display a high level in each sub-dimension.

II.6. Conceptual Framework

The conceptual framework used in this research is based on theory and empirical studies on the relationship between coaching, entrepreneurial character, Management Capability, and business performance. Previous studies have shown that coaching, entrepreneurial character, and management abilities are essential to improve business performance.

Several studies have exploited the relationship between coaching and improving entrepreneurial character and Management Capability and its impact on business performance. Coaching can bring about a behavior change that will improve and increase performance. Organizational learning is a capability development process carried out continuously by an organization to create a better future. Organizations need effective learning capabilities to succeed in a complex, competitive, and challenging world. The ability of companies and business systems to support learning and adaptation has become essential for survival in competition. Coaching can give business actors a learning orientation, which is the organization's ability to mobilize resources to create customer value and achieve higher performance [3]. Coaching pertains to the wide range of organizational efforts focused on leveraging knowledge to improve competitive edge. These activities involve acquiring and exchanging information on customer requirements, market dynamics, and rivals' strategies and creating innovative technologies and products that outperform competitors. Therefore, companies need to view learning orientation as crucial in achieving high performance. Learning shows how an organization is inclined to learn and adjust to the environment. Improving a company's skills through learning can impact its business performance positively. It is further clarified that acquiring new knowledge through learning can enhance a company's competitive edge.

A study by Hussain, Abbas, and Khan [15] tried to see the differences in the role of an entrepreneurial character in business performance in established and new companies. The results of his research show that the entrepreneur's character significantly contributes to the profit level. A company's high or low performance depends on the entrepreneur's character in established and new companies (startups).

In its development, Sandybayev [17] found the significance of the influence of Management Capability on business performance. It is said that there is a strong relationship between entrepreneurial leadership and business performance. Management Capability significantly impacts business performance because if you have good management skills, your business performance will be good, and business success can be achieved [18].

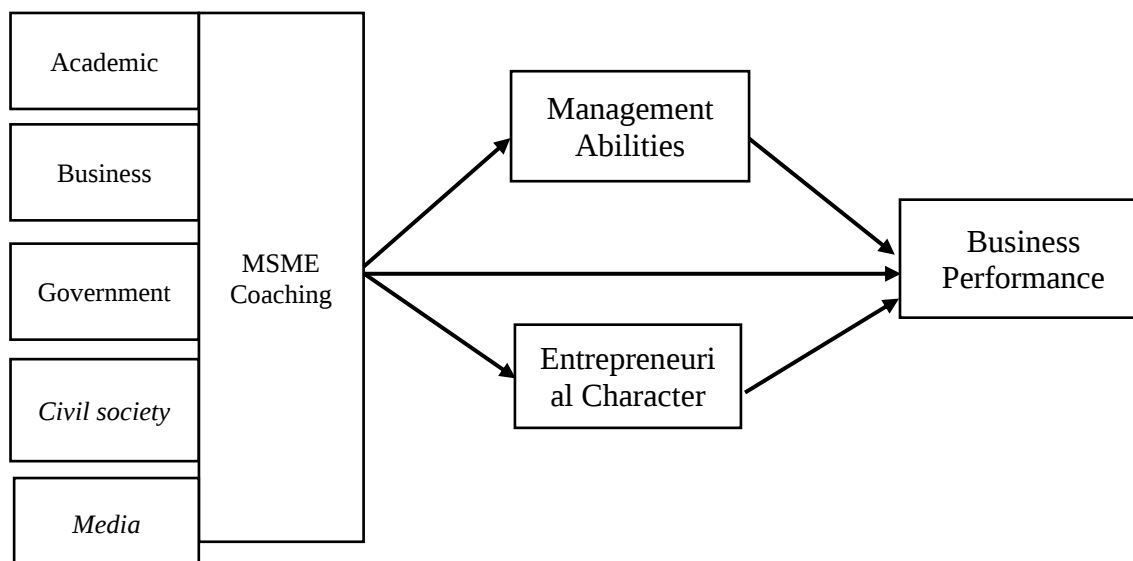


Figure 2.1. MSME Development Model with *the Penta Helix approach*

Source: researcher, 2024

II.7. Hypothesis Development

Small and medium enterprises (SMEs) benefit greatly from skill transfers, particularly in business acumen, which can be facilitated through mentorship and coaching. Although coaching and mentoring share similarities, each offers distinct advantages for entrepreneurial growth, a point highlighted in this qualitative study conducted at the University of Stellenbosch Business School's (USB) Small Business Academy. The study underscores the importance of distinguishing between coaching and mentoring in entrepreneurial development programs, as both methods contribute uniquely to participants' growth. It suggests that each approach should have tailored definitions within programs like USB's Development Programme, recognizing the separate roles each plays in fostering entrepreneurial skills. [24].

Based on the findings above, the research hypothesis is formulated as follows:

H1: Coaching influences the management abilities.

Wright, et.al. [26], evaluated the effectiveness of a blended learning program known as Operational Coaching on MSMEs, focusing on how it influences management behaviors related to performance and productivity. The research involved a randomized controlled trial (RCT) that compared SMEs participating in the coaching program against a control group. It was found that SMEs that received coaching experienced significant improvements in management practices, which correlated with enhanced organizational performance. [26].

Yun Sae [27] has been highlighted the importance of coaching leadership (CL) in enhancing human capital development within MSMEs. It discusses how continuous coaching practices empower employees, foster a culture of collaboration, and improve overall organizational performance. The case study of a small consulting firm illustrates how coaching practices led to significant employee development and retention, ultimately driving business success.

Based on the findings above, the research hypothesis is formulated as follows:

H2: Coaching influences entrepreneurial character.

Azizi et al. [30] discusses how coaching can be a powerful tool for enhancing innovation within MSMEs. It presents a theoretical framework and measurement scale for entrepreneurial coaching. It emphasizes the importance of effective coaching relationships in boosting individual capabilities, ultimately leading to improved productivity and quality in MSME performance.

Olanrewaju, O., [31] has examined how coaching can enhance performance in MSMEs. Coaching improves management practices, employee engagement, and overall organizational efficiency. Both articles highlight how coaching contributes positively to the development and performance of MSMEs, providing valuable insights into the benefits of these interventions for small businesses.

Ikupolati, et.al., [28] has examined how entrepreneurs' conceptual and technical skills influence the growth of SMEs. It finds that both skills significantly contribute to business growth, measured by factors such as the number of employees and clients. The research involved a survey of 304 SMEs, and the results indicated a strong positive correlation between these managerial skills and enterprise growth. Specifically, conceptual skills were linked to strategic planning and decision-making, while technical skills were essential for effective management and operational success.

Based on the findings above, the research hypothesis is formulated as follows:

H3: Coaching influences business performance.

Khalid Thaher Amayreh [25], The Impact of Managerial Competencies on the Performance of SMEs in Jordan",

This study found a positive link between entrepreneurial orientation, strategic thinking, and financial management skills and the performance of Jordanian SMEs. Managerial competencies help SMEs adapt to market changes and improve resource management, which boosts business outcomes and competitive positioning.

Sebastian and his friends [29], examines how managerial skills such as financial management, marketing, and human relations impact the performance of Micro, Small, and Medium Enterprises (MSMEs) focusing on businesses in Africa. Through thematic content and regression analyses, it was found that these skills are essential for MSME performance, especially in challenging and dynamic business environments in low-income countries. This highlights the need for targeted training and support to enhance managerial competencies among MSME owners and managers for improved business outcomes.

Based on the findings above, the research hypothesis is formulated as follows:

H4: Management Capability Influences Business Performance

Ayu Fitriani Gunawan [32] mentions how entrepreneurial characteristics such as creativity, innovation, and risk-taking affect business performance in the creative industry in Indonesia. The study finds that these characteristics are essential in helping entrepreneurs overcome resource constraints and improve business competitiveness. Using statistical analysis, the study shows that entrepreneurs' characteristics have a significant positive relationship with their business's customer growth and sales growth.

Xie et al. [33] examined the characteristics of entrepreneurs, including leadership, planning, innovation, and social skills. The results showed that leadership and innovation significantly positively affected business performance. However, social skills were found to have no significant effect, which may be because early audiences often do not take vloggers seriously before they achieve success. This study underscores the importance of innovation and leadership skills for entrepreneurs in building their reputation and improving their business performance in the competitive creative industry: Entrepreneurial character influences business performance.

III. MATERIAL AND METHOD

III.1. Population And Research Sample

The population of this research is MSMEs in the capital city of Tangerang, Indonesia. This study's population was MSMEs with business licenses registered in the MSME community in Tangerang City. This study targets active business actors with a minimum criteria of five years of business experience and are members of business associations in Tangerang City. Based on interviews with MSME coordinators, data was obtained from 250 business people; only 150 MSMEs are still actively running their businesses, so all of these active MSMEs were taken as samples using the saturation sampling technique.

Data was collected through questionnaires distributed by MSME coordinators in each region. This approach aims to reduce the potential for data bias, assuming that the coordinator has direct knowledge of the conditions of the business actors who are respondents.

III.2. Data Collection

Data was collected using a questionnaire. All questionnaires are adapted from previous studies. Five items measuring business coaching are adapted from Seeman et al. [24]; consisting of 5 items measuring entrepreneurial

character adapted from Lumpkin and Dess [34]; Arsyad et al. [36]; Lechner and Gudmundsson [35]; Boso et al. [37]. 4 items measuring management capability were adapted from P Renu Agarwal [38], Siagian [13]. 6 items measuring business performance were taken from Mahmoud et al. [3]; Bayraktar et al., [39]; Sels et al., [40]. All questionnaires were designed using a five-point Likert scale.

Data collection using questionnaires distributed to respondents through MSMEs coordinators. Questionnaires that can be analyzed are 148 sets.

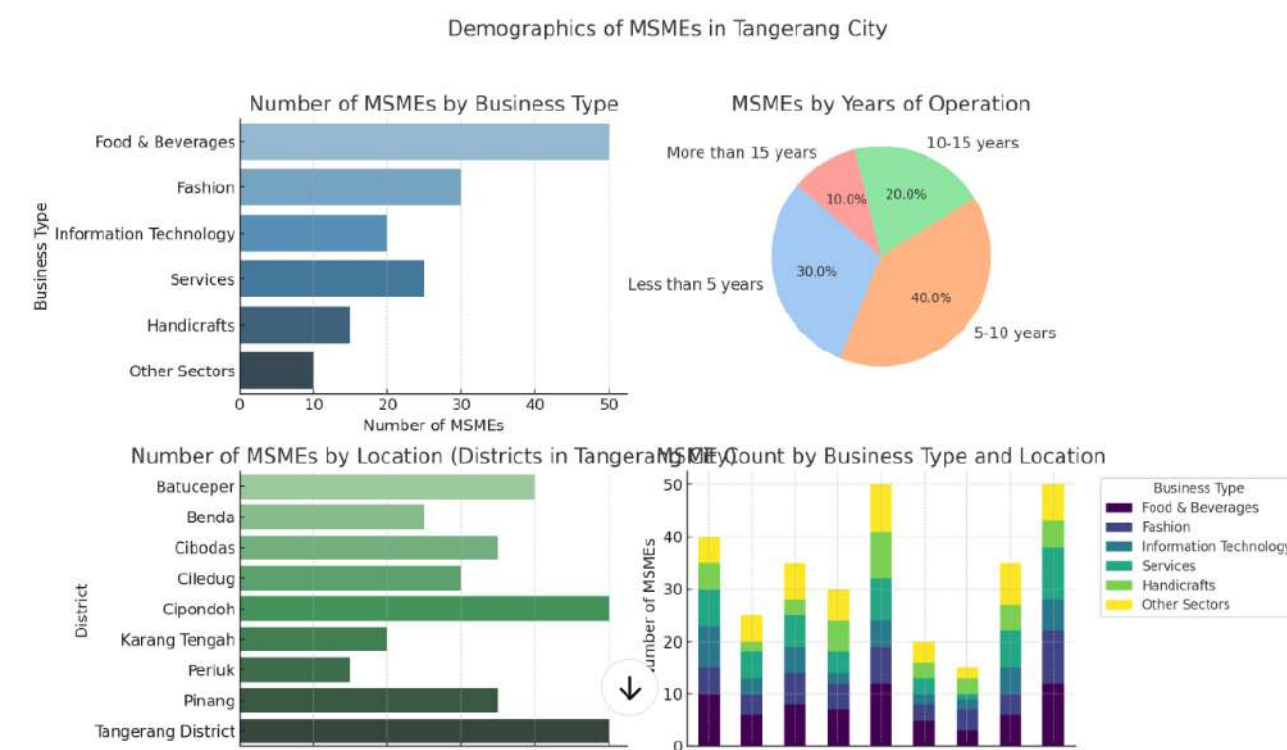
III.3. Data Analysis Techniques

This study uses Partial Least Square-Structural Equation Modeling (PLS-SEM) statistical analysis to test the hypothesis and produce a fit model. The model analysis consists of two sub-models, namely (1) the measurement model co, commonly called the outer model, which assesses the validity and reliability of the research instrument. The criteria for determining validity and reliability in this study refer to two things, namely convergent validity, discriminant validity, and composite reliability, (2) the structural model or inner model, which shows the strength of the estimate between latent variables and/or constructs, significance value and R Square of the research model. The reason for choosing PLS is because PLS-SEM is more tolerant of small sample sizes compared to traditional SEM. This allows researchers to obtain significant results even with few respondents.

IV. DATA ANALYSIS

IV.1. Result and Discussion

Demographics of Tangerang City MSMEs



The graphics above provide a detailed demographic overview of MSMEs in Tangerang City across several dimensions: business type, years of operation, location, and type distribution within each district.

The first bar chart displays the distribution of MSMEs by business type, with the food and beverage sector leading, followed by fashion, services, and information technology. This breakdown highlights the city's diverse entrepreneurial focus and strong presence in consumer-driven sectors like Food and fashion.

The pie chart on years of operation shows that nearly 40% of MSMEs have been operating for 5-10 years, indicating a relatively established business base. However, a notable proportion of businesses (30%) are relatively new, having been established within the last five years, suggesting recent growth and a dynamic business environment.

The second bar chart on MSMEs by location emphasizes that districts such as Cipondoh and Tangerang Districts have the highest concentrations of MSMEs, suggesting these areas may serve as business hubs within the city. Other districts, like Batuceper and Pinang, also show significant activity, while regions like Periuk and Karang Tengah have fewer businesses.

The stacked bar chart combines business type with location, providing a more nuanced view of district sectoral distribution. This chart reveals that Food and beverages are consistently prominent across most districts, while other sectors like Services and Information Technology are concentrated in specific areas. This reflects a diversity of economic activities and localized strengths within Tangerang City.

Discussion

Ghozali [20] emphasizes that Cronbach's alpha values should exceed 0.6 to confirm internal consistency among measurement items. As shown in Table 1, the alpha values for each construct fall within the range of 0.712 to 0.807, indicating reliable data. To ensure validity, convergent and discriminant validity were examined. According to Ghozali [20], item loadings should exceed 0.5 to confirm convergent validity, while Fornell and Larcker (1981) recommend a composite reliability (CR) value above 0.7 and an average variance extracted (AVE) value above 0.5 for each construct. Table 1 shows that item loadings range from 0.620 to 0.904, CR values from 0.918 to 0.957, and AVE values from 0.511 to 0.733, verifying that the data is both consistent and reliable.

Table 1
Assessment of Measurement Model.

Indicator	Factor Loading	
Business Coaching		CR=0,963
Take training from universities	0.869	AVE = 0,543
Get assistance to develop your business	0.743	$\alpha=0,807$
Get easy permits from the government	0.827	
Join the business community	0.790	
Get coverage by mass media	0.735	
Entrepreneurial Character		CR=0,963
Creating new product variations	0.797	AVE=0,595
Creating new target markets	0.851	$\alpha=0,712$
Anticipate changes in the business environment	0.602	
Get ahead of competitors in introducing new products	0.644	
Take risks in every business decision	0.620	
Management Capability		CR=0,957
Setting targets in business. (Business planning)	0.760	AVE=0,571
Able to share work with employees or business partners well. (Organizing)	0.904	$\alpha =0,728$
Motivate employees or yourself well. (Briefing)	0.844	
Evaluate business implementation in a certain period (Supervision)	0.861	
Business Performance		CR=0,918
Increase in profit percentage	0.888	AVE=0,653
Increased profit growth	0.890	$\alpha =0,727$
Increased sales growth	0.764	

Increase in the number of customers	0.759	
Increased accuracy in completing work	0.741	
Increased speed in completing work	0.727	

Note: CR=Composite Reliability; AVE= Average Variance Extracted.

Discriminant validity refers to the extent to which each indicator can effectively differentiate its construct from other constructs. One approach to evaluate discriminant validity is to compare the square root of the average variance extracted (AVE) for each construct against the correlations between that construct and other constructs in the model. If the square root of the AVE for a construct exceeds its correlations with other constructs, it demonstrates strong discriminant validity. Additionally, the validity of a construct can also be assessed through its AVE value, which is ideally greater than 0.5. As shown in Table 2, the square root of the AVE for all constructs is higher than the correlations among them, providing evidence of discriminant validity.

Table 2
Discriminant validity

	Business Coaching	Entrepreneurial Character	Management Capability	Business Performance
Business Coaching	0,737			
Entrepreneurial Character	0,613	0,771		
Management Capability	0,632	0,569	0,756	
Business Performance	0,471	0,672	0,634	0,808

IV.2. Hypothesis Testing

Hypothesis testing consists of direct and indirect influence tests. Table 3 shows the results of the PLS *inner-model analysis*.

Table 3.

Results Of Path Analysis And Significance Between Construct Relationships

Analysis Results and Significance Between Construct Relations

	<i>Path Coefficient</i>	T Count	<i>P Values</i>	Information
Coaching → Management Capabilities	0.527	8,094	0,000	Significant
Coaching → Entrepreneurial Characteristics	0.414	4,327	0,000	Significant
Coaching → Business Performance	- 0.088	0.702	0.912	Not significant
Management Capabilities → Business Performance	0.704	8,120	0.03 0	Significant
Entrepreneurial Characteristics → Business Performance	0.224	1,997	0.040	Significant
Coaching → Management Capabilities, → Business Performance	0.229	1,967	0.050	Significant
Coaching → Entrepreneurial Character → Business Performance	0.419	2,095	0.037	Significant

1. Business coaching has a calculated t value of 8.094, indicating strong management capabilities. With a t-value > 1.96 and a p-value of 0.000 < 0.05, it is clear that business coaching significantly impacts management capabilities. The impact of business coaching on management capabilities is equal to 0.527. The study's findings show that the initial hypothesis (H1) was supported.
2. The calculated t-value for business coaching impacting entrepreneurial character is 4.327, indicating a significant effect with a t-value > 1.96 and a p-value of 0.000 < 0.05. Business coaching positively impacts entrepreneurial character by a factor of 0.414. The study's findings show that the second hypothesis (H2) was supported.
3. Business coaching had a calculated t-value of 0.702, indicating that its effect on business performance is insignificant.

The t-value was less than 1.96, and the p-value of 0.912 was more critical than 0.05. The study's findings show that the third hypothesis (H3) was invalid.

4. The t-value for management capabilities is 8.120. Since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.030, it can be concluded that management capabilities impact business performance. Management capabilities impact business performance with a coefficient of 0.704. The findings of this study show that the fourth hypothesis (H4) was supported.
5. The t-value for entrepreneurial character affecting business performance is 1.997. Since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.040, it indicates that entrepreneurial character impacts business performance. The entrepreneurial personality has a 0.224 impact on business success. The findings from this research show that the sixth hypothesis (H4) was supported.
6. Business coaching indirectly impacts business performance by 0.229 by enhancing management capabilities. The t-value was computed to be 1.967. Since the t-value calculated exceeds 1.96, management skills can effectively moderate the impact of business growth on business performance focus.
7. Business coaching impacts business performance through a 0.419 increase in entrepreneurial character. The calculated t value is 2.095; since the calculated t value is greater than 1.96, it can be concluded that entrepreneurial character can effectively mediate the impact of business development on business performance.

V. DISCUSSION

The study results indicate that management skills and entrepreneurial character are positively influenced by MSME development. Development that is carried out well will improve MSME management skills. Development for small business actors focuses more on the continuous business learning process to become resilient entrepreneurs. Learning can help improve an entrepreneur's problem-solving ability in business activities. Development for business actors, if followed effectively, will motivate innovative and creative power. Entrepreneurial character, including innovative, creative behavior and the courage to take risks, will strengthen. Generally, entrepreneurs learn from the experience of establishing and managing a business, including the learning process, the ability to recognize why a problem occurs, and the ability to overcome it. The acquisition of these abilities is the result of the learning process. Therefore, entrepreneurs who study seriously tend to improve their management skills compared to those who do not. Organizations need practical learning skills to succeed in a complex, competitive, and challenging world. A study by Mahmoud et al. (2016) concluded that organizational learning significantly affects business performance. The ability of entrepreneurs in small companies to experience a learning process through coaching can bring their companies to success more quickly. However, this study shows different results. Coaching for MSMEs does not have a direct effect on their business performance. Coaching can improve MSME business performance if mediated by management skills and entrepreneurial character. This study also shows that the mediation effect of management skills and entrepreneurial character is complete mediation. Complete mediation occurs because the direct impact of the MSME coaching variable on the business performance variable is insignificant. On the other hand, the effect of the MSME coaching variable on the business performance variable after being mediated by the management skills and entrepreneurial character variables is significant. This shows that the entrepreneurial orientation variable cannot influence the business performance variable without going through the talent management variable.

VI. CONCLUSION

The coaching process motivates MSMEs to develop a resilient entrepreneurial mindset. MSME participants who engage in the coaching process will enhance their management skills. MSME development does not directly promote improved business performance for MSMEs. However, MSMEs with a solid entrepreneurial spirit will enhance business outcomes. The capacity to manage effectively is a key factor in enhancing the business performance of MSMEs.

The practical implications of this study can be used to develop SME development programs involving Penta helix. However, this study's limitations include only examining SMEs in Jakarta and did not reflect the national population. Further research should explore whether collaborative business coaching can directly improve business performance by expanding the population's reach.

Finding Statement

This study's findings are that coaching is a long-term process for improving the performance of MSMEs. The results indicate that business coaching will affect performance if mediated by management skills and entrepreneurial characteristics.

Author Contribution

All authors contributed according to their roles in writing this paper. The first author compiled the introduction, literature review, presentation, and data analysis. The second author contributed to the translation and search of the bibliography used as references. The third author contributed to the technical revision of the writing and reviewed the research data.

Conflict Of Interest

The author hereby declares that the data published in the manuscript has no conflict of interest with any party. If found in the future, the author will be fully responsible.

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Business Performance Model: The Role of Management Abilities and Entrepreneurial Character in Penta helix Coaching Collaboration

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ABSTRACT: This research aims to reveal the impact of the Penta-Helix collaborative business coaching process on entrepreneurial character, management abilities, and business performance. The study used a quantitative approach. The population in this study was 250 active members of the Tangerang MSME community. The research sample was 150 MSMEs. Data was processed using SEM PLS software. The results indicate that coaching improves entrepreneurial character and management abilities but does not directly enhance business performance. This research proves that entrepreneurial character and Management Capability mediate the influence of coaching on business performance. This research provides theoretical implications for developing corporate resource-based strategic management theory, where external parties must mobilize company resources, which are the primary key to achieving business performance. The practical implications of the findings include how they can guide MSME coaching programs. Further research should explore whether collaborative business coaching can directly improve business performance.

Keywords: Business Performance, Management Abilities, Entrepreneurial Character, Penta Helix Coaching

I. INTRODUCTION

Indonesia's economy will have strong fundamentals if the community has become the main actor in improving the local, national, and global economy. In Indonesia, the number of entrepreneurs is 3.47% [1]. In addition, the involvement of the SMU sector in Indonesia in the global value chain is also relatively low. Only 6.3% of the total SMEs in Indonesia can be involved in the trade chain in Southeast Asia [2].

This country's low interest or entrepreneurial spirit triggers the need for more entrepreneurs in Indonesia compared to the total population. Mental problems, lack of knowledge, and a business climate could be more favorable to the birth of new entrepreneurs. Therefore, it is time for entrepreneurial development at all levels of society to become a top priority in national economic growth. Entrepreneurship development for the younger generation can become a priority in increasing financial stability. Developing your entrepreneurial potential will help you overcome employment problems and encourage national economic growth. The government has made various efforts to build entrepreneurship through the National Entrepreneurship Movement (GKN) program. The Ministry of Higher Education offers entrepreneurship programs for students, the Ministry of Youth and Sports has implemented Facilitation Support activities for Beginner Young Entrepreneurs and the Youth Entrepreneurship Center through the Youth Entrepreneurship Capital Institute (LPKP), the Ministry of Cooperatives and SMEs has provided financial assistance for budding entrepreneurs. The Ministry of Social Affairs has implemented entrepreneurship development by providing skills improvement training and business funding. However, these efforts have not been able to increase the number of entrepreneurs to reach the ideal point of 4% of the population, let alone match the achievements of neighboring countries [2].

Improving MSME performance must be done by increasing knowledge and understanding of business. Global competition requires every MSME actor to learn to enhance their capabilities. Organizational learning will improve entrepreneurs' ability to respond to internal and external environment changes. According to Distanont and Khongmalai [19], learning is necessary to adapt to the environment. The advice provided to MSME participants is centered on the educational journey, involving organizational tasks that generate and utilize knowledge to enhance their competitive edge. These benefits consist of acquiring and exchanging data regarding

customer requirements, market developments, and rivals' strategies; in addition to innovating new technologies to produce superior products compared to competitors [3], businesses should enhance their ability to learn within the organization to establish connections with business partners. Every business actor needs a continuous learning process to enhance the achievement of company goals. Companies must consider learning orientation as a critical factor in obtaining superior performance.

MSME players need to have an entrepreneurial character that encourages innovation and the ability to take risks that support business success. MSME players with a solid entrepreneurial character can increase their business and compete in the global landscape. MSMEs with a high entrepreneurial character will tend to take actions based on innovative decisions, dare to take business risks and take proactive actions in anticipating business competition and taking advantage of opportunities. This will encourage better performance. Mandhachitara and Allapach [4] emphasize that developing the concept of entrepreneurship is essential for small companies because the personal attributes of the owner that shape entrepreneurial orientation strongly influence the organization's profitability and growth.

To generate fresh possibilities, it is anticipated that an entrepreneur can implement managerial tasks based on entrepreneurial orientation [5]. Entrepreneurs often struggle to succeed due to management weaknesses, such as business founders and managers, traditional financial reports, insufficient records, weak computerized systems, and lack of clarity, which impede effective management, such as inadequate cash flow for promotional and research activities. The market requires additional specialized professional employees, while managers have broad skills, not specific ones. Challenges frequently arise due to the inability to foresee unpredictable business factors, choosing a poor initial location, expanding prematurely, limited market and banking access, and inadequate technology and information expertise [12]. It can be inferred that entrepreneurs encounter challenges such as managerial deficiencies, reliance on traditional financial statements, ineffective cash flow management, limited marketing and market research efforts, shortage of specialized workforce, employment of generalist managers rather than specialists, and inability to foresee uncertain factors affecting the business and engaging in business in the future, choosing a subpar location at first, expanding prematurely, facing restricted market and financial access, and having limited tech and info knowledge.

Entrepreneurship coaching that can effectively improve business performance is coaching oriented towards the real needs of entrepreneurs and is carried out comprehensively so that coaching is carried out in an integrated manner and not partial. The government has made various efforts to guide MSMEs. However, the performance of MSMEs still needs to be optimal, including not being able to be involved in local, national, or regional trade chains, and the contribution of MSMEs to national exports still needs to be higher. A study of the guidance provided by the government to increase economic empowerment still needs to be carried out. Entrepreneurship coaching for entrepreneurs must take a multidimensional approach, so it is necessary to develop a coaching model to improve business performance.

Based on the background above, the research problems are formulated as follows. (1) Can MSME development affect management skills? (2) Can MSME development affect the entrepreneurial character? (3) Can MSME development affect business performance? (4) Can management skills affect business performance? (5) Can entrepreneurial character affect business performance?

The paper structure: the Background Theory in Section II, the Literature Review in Section III, the discussion in Section IV, and the conclusion in Section V.

II. LITERATURE REVIEW

1. ENTREPRENEURSHIP DEVELOPMENT

Kharabsheh's study in 2017 found that strategies for entrepreneurial growth should focus on creating a favorable business environment, improving financial access, enhancing market reach by enhancing quality, design, and competitive pricing, and boosting entrepreneurs' entrepreneurship and skills, particularly their entrepreneurial mindset. It is crucial to prioritize promoting economic activities in the informal micro-sector, especially among low-income households, by enhancing business capacity, skills, protection, and development.

When viewed by business actors, the implementation of entrepreneurship coaching is the application of the learning process in running their business. Business actors learn to develop openness in the organizational environment. Learning is new and can be seen as a model for organizing the future. Organizational learning responds to changes in the internal and external environment. From a cultural perspective, learning is a managerial process intended to increase insight, knowledge, and understanding [6].

Organizational learning involves gathering creativity, skills, and knowledge to enhance behavior and apply new insights. Learning orientation is defined by critical aspects such as transferring knowledge from individuals

to groups, dedication to learning, willingness to engage with external sources, overall emphasis on knowledge, methods for fostering understanding, and processes for keeping the organization up-to-date [7][3].

2. THEORY OF THE PENTA HELIX

The Pentahelix model is a collaborative framework involving five key stakeholders: government, business, academia, community, and media. This model aims to foster synergies among these entities to address complex societal issues, drive innovation, and enhance development efforts [21]. Recent studies highlight its application in various contexts, including public health, disaster management, and economic development. For instance, during the COVID-19 pandemic, the Pentahelix approach proved effective in mobilizing resources and strategies across sectors to enhance resilience and adaptability in communities.

The Pentahelix model encourages stakeholder collaboration by leveraging their unique strengths and perspectives, thereby promoting comprehensive solutions to local challenges [22]. It has been particularly emphasized in the context of e-government, where it aims to improve service delivery and reduce corruption through enhanced transparency and accountability.

Developing a coaching model whose implementation involves the roles of government, entrepreneurs, academics, community, and media is necessary for coaching new entrepreneurs.

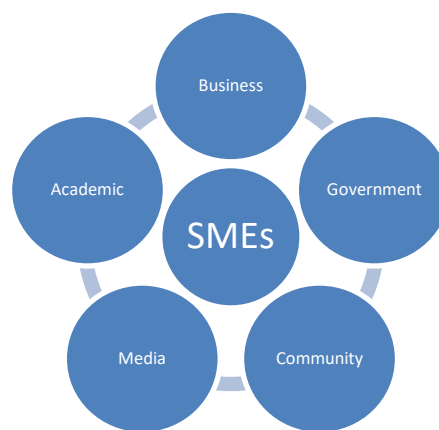


FIGURE 1. Penta helix model.

3. BUSINESS PERFORMANCE

The performance of a business is determined by its internal and external factors affecting activities to reach specific goals within a specified timeframe. Overall, finding one particular metric to assess company performance can be challenging. Empirical research frequently employs a subjective perspective, relying on company executives' opinions on performance. Operational performance is a crucial dimension for evaluating SME performance, according to Dubihlela and Dhurup [10]. This includes shorter production waiting times, improved forecasting accuracy, more effective resource planning, enhanced operational efficiency, lower inventory levels, reduced costs, and improved financial accuracy.

Sure, researchers believe the best way to determine if an organization is on the right track is by looking at its profitability. Small businesses' main focus of financial status is cash flow and other marketing-related growth factors like employee count, production efficiency, and customer retention. According to Mahmoud [3], small businesses often use sales, growth, net profit, and gross profit as marketing metrics unrelated to financial data. Financial performance can show how well a business is doing by examining liquidity, solvency, and profitability. Small and medium enterprise (SME) performance can also be evaluated by looking at financial performance, customer loyalty, customer satisfaction, customer retention, and acceptable performance. Using an unbiased method, assessing business success includes measuring ROI, profits, sales, revenue growth, and market share. Evaluate business performance using a subjective method involves non-economic or non-financial indicators such as market performance, market effectiveness, market dominance, service quality, customer satisfaction, productivity, market valuation, buyer and supplier power, sales concentration, customer retention, company reputation, employee turnover, and organizational commitment [3].

The evaluation of business performance involves two perspectives, one based on objective measurements and the other on subjective judgments. Economic performance pertains to objective measurements, while non-

economic aspects of performance are associated with subjective measurements. Customer satisfaction, customer retention, company image, and employee satisfaction are examples of non-economic performance. The success of small and medium-sized enterprises can be assessed by their accomplishments in marketing and finances [3]. Marketing performance is determined by the sales growth rate, the capacity to attract new customers, control of market share, and increased sales volume. Evaluating financial performance involves assessing the capacity to generate profits and ROI and accomplish corporate objectives.

4. MANAGEMENT CAPABILITY

Capability is a person's ability, skill, and strength in doing something. Management Capability is a sequence of work or activities carried out by managers, including taking actions of planning, organizing, implementing, and supervising, as well as having management skills including spiritual energy, emotional skills, intellectual strength, physical quality, and mastery of applied technology to achieve predetermined targets [11]. According to this viewpoint, businesses of all sizes must apply management principles for effective and efficient results. The leader's understanding and implementation of essential management functions are crucial for future business success.

Nowadays, competition and development in the business world are getting stronger and sharper, so to increase business, serious management is required from every entrepreneur to be able to compete with other companies. One of the efforts that must be made is to increase internal resources to improve business success. The most crucial internal resource is management capability. Entrepreneurship and management are the most important internal factors influencing business success [12]. The success of a business or the business world depends on management and entrepreneurial skills; the company leader takes advantage of opportunities and manages all resources optimally and productively. Therefore, management and entrepreneurial skills must be developed through education, training, workshops, and opportunities to gain broader insight. Management Capability is managing a business by planning, organizing, motivating, supervising, and assessing [13]. The management functions used by MSMEs are as follows: (a) Planning, (b) Decision-making, (c) Budgeting, (d) Organizing, (e) Coordinating, and (f) Supervision. If an entrepreneur has management skills, then the entrepreneur believes in planning, organizing, mobilizing, and supervising, supported by creativity, innovation, and the courage to take risks.

Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. The ability to lead effectively is the key to organizational success. Based on expert opinions and research results, Management Capability influences in determining business success. So, entrepreneurs who want to improve their businesses must improve their management skills. If an entrepreneur has management skills, then that entrepreneur believes in planning, organizing, driving, and supervising, supported by creativity, innovation, and the courage to take risks. Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is is how well he sets plans to achieve adequate goals. Leading effectively is the key to organizational success [14].

Assessing management skills involves various indicators such as effective communication with employees, timely delivery of goods, decision-making proficiency, problem-solving capabilities, leadership and motivation skills, delegation skills, strategic planning skills, and awareness of environmental changes. Creating a dependable team that can effectively handle conflicts is essential in business.

5. CHARACTERISTICS OF AN ENTREPRENEUR

A person with entrepreneurial tendencies possesses three key traits: innovation, willingness to take risks, and proactivity. Entrepreneurial orientation is shown by how willing top managers are to take business risks (risk dimension), promote innovation to stay ahead of competitors (innovation dimension) and engage in fierce competition with other companies (proactive dimension). [15]. Entrepreneurial orientation is connected to psychometrics, demonstrated in innovation, proactivity, and willingness to take chances. A person's entrepreneurial orientation is visible through these three dimensions. Entrepreneurial character pertains to a business's strategic approach to acquiring techniques, rituals, and decision-making. Moreover, it was also disclosed that entrepreneurial orientation indicates how a company functions compared to what was intended.

Researchers such as Arshad, Rasli, and Zain [16] stated that innovation, risk-taking, and proactiveness uniquely contribute to a company's entrepreneurial orientation. This is characterized by several organizations that can innovate boldly and regularly by taking quite significant risks in their product marketing strategies. An entrepreneurially oriented company is a company that carries out product-market innovation undertakes risky

ventures and is the first to succeed in obtaining proactive innovation to beat its competitors. A company's entrepreneurship level is the total sum of these three sub-dimensions, where a truly "entrepreneurial" company will display a high level in each sub-dimension.

6. CONCEPTUAL FRAMEWORK

The conceptual framework used in this research is based on theory and empirical studies on the relationship between coaching, entrepreneurial character, Management Capability, and business performance. Previous studies have shown that coaching, entrepreneurial character, and management abilities are essential to improve business performance.

Several studies have exploited the relationship between coaching and improving entrepreneurial character and Management Capability and its impact on business performance. Coaching can bring about a behavior change that will improve and increase performance. Organizational learning is a capability development process carried out continuously by an organization to create a better future. Organizations need effective learning capabilities to succeed in a complex, competitive, and challenging world. The ability of companies and business systems to support learning and adaptation has become essential for survival in competition. Coaching can give business actors a learning orientation, which is the organization's ability to mobilize resources to create customer value and achieve higher performance [3]. Coaching pertains to the wide range of organizational efforts focused on leveraging knowledge to improve competitive edge. These activities involve acquiring and exchanging information on customer requirements, market dynamics, and rivals' strategies and creating innovative technologies and products that outperform competitors. Therefore, companies need to view learning orientation as crucial in achieving high performance. Learning shows how an organization is inclined to learn and adjust to the environment. Improving a company's skills through learning can impact its business performance positively. It is further clarified that acquiring new knowledge through learning can enhance a company's competitive edge.

A study by Hussain, Abbas, and Khan [15] tried to see the differences in the role of an entrepreneurial character in business performance in established and new companies. The results of his research show that the entrepreneur's character significantly contributes to the profit level. A company's high or low performance depends on the entrepreneur's character in established and new companies (startups).

In its development, Sandybayev [17] found the significance of the influence of Management Capability on business performance. It is said that there is a strong relationship between entrepreneurial leadership and business performance. Management Capability significantly impacts business performance because if you have good management skills, your business performance will be good, and business success can be achieved [18].

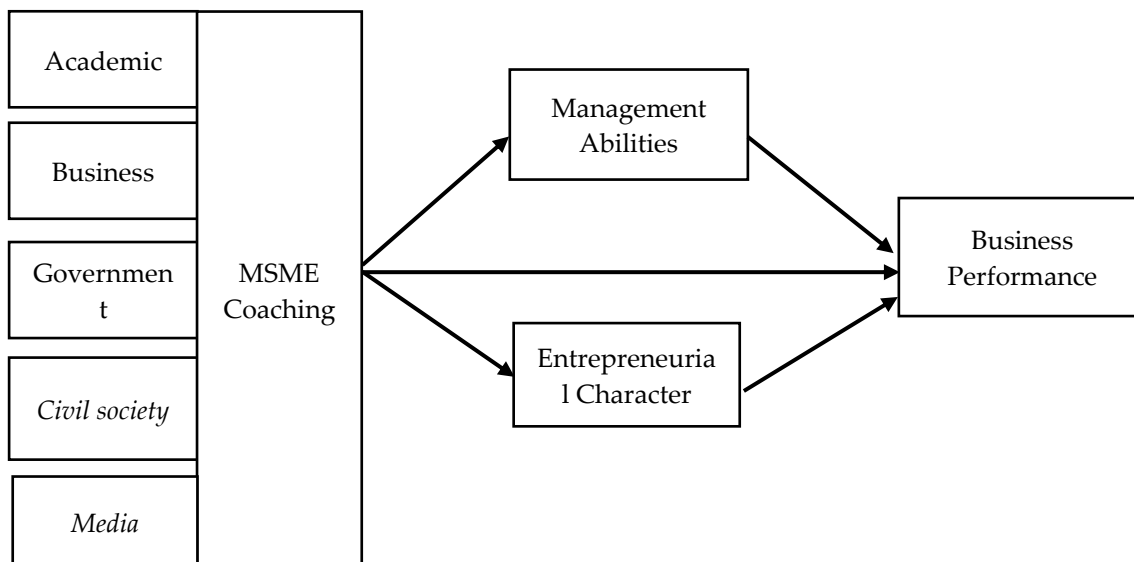


FIGURE 2. MSME development model with the Penta helix approach.

Source: researcher, 2024

7. HYPOTHESIS DEVELOPMENT

Small and medium enterprises (SMEs) benefit greatly from skill transfers, particularly in business acumen, which can be facilitated through mentorship and coaching. Although coaching and mentoring share similarities, each offers distinct advantages for entrepreneurial growth, a point highlighted in this qualitative study conducted at the University of Stellenbosch Business School's (USB) Small Business Academy. The study underscores the importance of distinguishing between coaching and mentoring in entrepreneurial development programs, as both methods contribute uniquely to participants' growth. It suggests that each approach should have tailored definitions within programs like USB's Development Programme, recognizing the separate roles each plays in fostering entrepreneurial skills [24]. Based on the findings above, the research hypothesis is formulated as follows:

H1: Coaching influences the management abilities.

Wright, et.al. [26], evaluated the effectiveness of a blended learning program known as Operational Coaching on MSMEs, focusing on how it influences management behaviors related to performance and productivity. The research involved a randomized controlled trial (RCT) that compared SMEs participating in the coaching program against a control group. It was found that SMEs that received coaching experienced significant improvements in management practices, which correlated with enhanced organizational performance. [26]. Yun Sae [27] has been highlighted the importance of coaching leadership (CL) in enhancing human capital development within MSMEs. It discusses how continuous coaching practices empower employees, foster a culture of collaboration, and improve overall organizational performance. The case study of a small consulting firm illustrates how coaching practices led to significant employee development and retention, ultimately driving business success. Based on the findings above, the research hypothesis is formulated as follows:

H2: Coaching influences entrepreneurial character.

Azizi et al. [30] discusses how coaching can be a powerful tool for enhancing innovation within MSMEs. It presents a theoretical framework and measurement scale for entrepreneurial coaching. It emphasizes the importance of effective coaching relationships in boosting individual capabilities, ultimately leading to improved productivity and quality in MSME performance. Olanrewaju, O., [31] has examined how coaching can enhance performance in MSMEs. Coaching improves management practices, employee engagement, and overall organizational efficiency. Both articles highlight how coaching contributes positively to the development and performance of MSMEs, providing valuable insights into the benefits of these interventions for small businesses. Ikupolati, et.al., [28] has examined how entrepreneurs' conceptual and technical skills influence the growth of SMEs. It finds that both skills significantly contribute to business growth, measured by factors such as the number of employees and clients. The research involved a survey of 304 SMEs, and the results indicated a strong positive correlation between these managerial skills and enterprise growth. Specifically, conceptual skills were linked to strategic planning and decision-making, while technical skills were essential for effective management and operational success. Based on the findings above, the research hypothesis is formulated as follows:

H3: Coaching influences business performance.

Khalid Thaher Amayreh [25], *The Impact of Managerial Competencies on the Performance of SMEs in Jordan*, This study found a positive link between entrepreneurial orientation, strategic thinking, and financial management skills and the performance of Jordanian SMEs. Managerial competencies help SMEs adapt to market changes and improve resource management, which boosts business outcomes and competitive positioning.

Sebastian and his friends [29], examines how managerial skills such as financial management, marketing, and human relations impact the performance of Micro, Small, and Medium Enterprises (MSMEs) focusing on businesses in Africa. Through thematic content and regression analyses, it was found that these skills are essential for MSME performance, especially in challenging and dynamic business environments in low-income countries. This highlights the need for targeted training and support to enhance managerial competencies among MSME owners and managers for improved business outcomes. Based on the findings above, the research hypothesis is formulated as follows:

H4: Management Capability Influences Business Performance

Ayu Fitriani Gunawan [32] mentions how entrepreneurial characteristics such as creativity, innovation, and risk-taking affect business performance in the creative industry in Indonesia. The study finds that these characteristics are essential in helping entrepreneurs overcome resource constraints and improve business competitiveness. Using statistical analysis, the study shows that entrepreneurs' characteristics have a significant positive relationship with their business's customer growth and sales growth.

Xie et al. [33] examined the characteristics of entrepreneurs, including leadership, planning, innovation, and social skills. The results showed that leadership and innovation significantly positively affected business performance. However, social skills were found to have no significant effect, which may be because early audiences often do not take vloggers seriously before they achieve success. This study underscores the importance of innovation and leadership skills for entrepreneurs in building their reputation and improving their

business performance in the competitive creative industry: Entrepreneurial character influences business performance.

III. MATERIAL AND METHOD

1. POPULATION AND RESEARCH SAMPLE

The population of this research is MSMEs in the capital city of Tangerang, Indonesia. This study's population was MSMEs with business licenses registered in the MSME community in Tangerang City. This study targets active business actors with a minimum criterion of five years of business experience and are members of business associations in Tangerang City. Based on interviews with MSME coordinators, data was obtained from 250 business people; only 150 MSMEs are still actively running their businesses, so all of these active MSMEs were taken as samples using the saturation sampling technique.

Data was collected through questionnaires distributed by MSME coordinators in each region. This approach aims to reduce the potential for data bias, assuming that the coordinator has direct knowledge of the conditions of the business actors who are respondents.

2. DATA COLLECTION

Data was collected using a questionnaire. All questionnaires are adapted from previous studies. Five items measuring business coaching are adapted from Seeman et al. [24]; consisting of 5 items measuring entrepreneurial character adapted from Lumpkin and Dess [34]; Arsyad et al. [36]; Lechner and Gudmundsson [35]; Boso et al. [37]. 4 items measuring management capability were adapted from P Renu Agarwal [38], Siagian [13]. 6 items measuring business performance were taken from Mahmoud et al. [3]; Bayraktar et al., [39]; Sels et al., [40]. All questionnaires were designed using a five-point Likert scale.

Data collection using questionnaires distributed to respondents through MSMEs coordinators. Questionnaires that can be analyzed are 148 sets.

3. DATA ANALYSIS TECHNIQUES

This study uses Partial Least Square-Structural Equation Modeling (PLS-SEM) statistical analysis to test the hypothesis and produce a fit model. The model analysis consists of two sub-models, namely (1) the measurement model co, commonly called the outer model, which assesses the validity and reliability of the research instrument. The criteria for determining validity and reliability in this study refer to two things, namely convergent validity, discriminant validity, and composite reliability, (2) the structural model or inner model, which shows the strength of the estimate between latent variables and/or constructs, significance value and R Square of the research model.

The reason for choosing PLS is because PLS-SEM is more tolerant of small sample sizes compared to traditional SEM. This allows researchers to obtain significant results even with few respondents.

IV. DATA ANALYSIS

1 RESULT AND DISCUSSION

The graphics above provide a detailed demographic overview of MSMEs in Tangerang City across several dimensions: business type, years of operation, location, and type distribution within each district.

The first bar chart displays the distribution of MSMEs by business type, with the food and beverage sector leading, followed by fashion, services, and information technology. This breakdown highlights the city's diverse entrepreneurial focus and strong presence in consumer-driven sectors like Food and fashion.

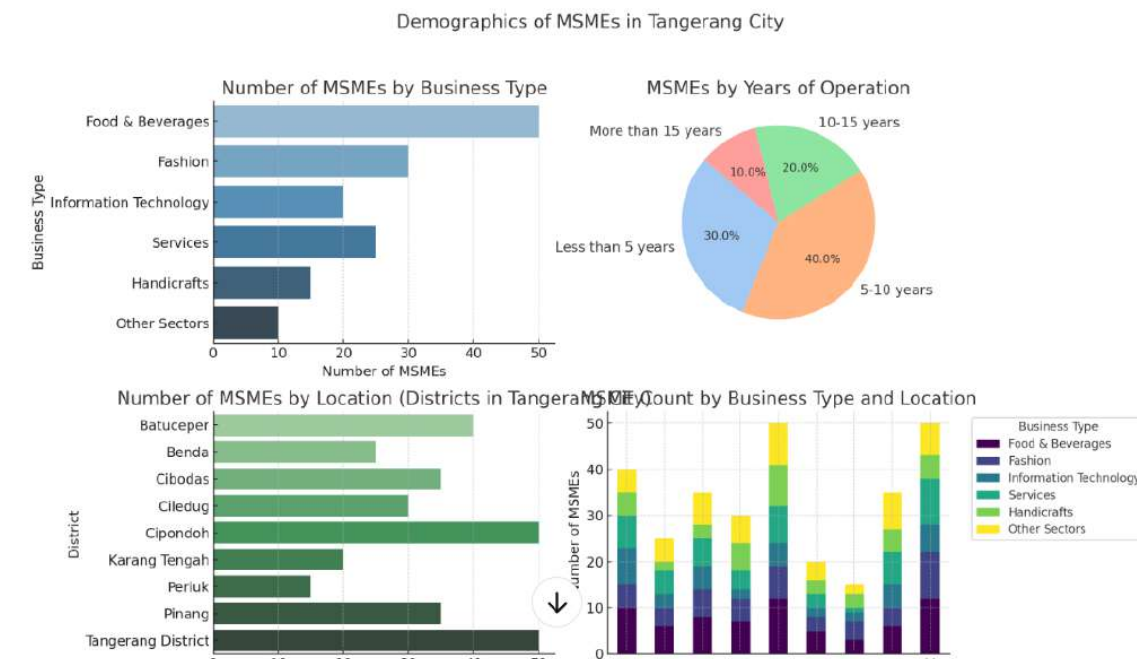


FIGURE 3. Demographics of Tangerang City MSMEs.

The pie chart on years of operation shows that nearly 40% of MSMEs have been operating for 5-10 years, indicating a relatively established business base. However, a notable proportion of businesses (30%) are relatively new, having been established within the last five years, suggesting recent growth and a dynamic business environment.

The second bar chart on MSMEs by location emphasizes that districts such as Cipondoh and Tangerang Districts have the highest concentrations of MSMEs, suggesting these areas may serve as business hubs within the city. Other districts, like Batuaceper and Pinang, also show significant activity, while regions like Periuk and Karang Tengah have fewer businesses.

The stacked bar chart combines business type with location, providing a more nuanced view of district sectoral distribution. This chart reveals that Food and beverages are consistently prominent across most districts, while other sectors like Services and Information Technology are concentrated in specific areas. This reflects a diversity of economic activities and localized strengths within Tangerang City.

Ghozali [20] emphasizes that Cronbach's alpha values should exceed 0.6 to confirm internal consistency among measurement items. As shown in Table 1, the alpha values for each construct fall within the range of 0.712 to 0.807, indicating reliable data. To ensure validity, convergent and discriminant validity were examined. According to Ghozali [20], item loadings should exceed 0.5 to confirm convergent validity, while Fornell and Larcker (1981) recommend a composite reliability (CR) value above 0.7 and an average variance extracted (AVE) value above 0.5 for each construct. Table 1 shows that item loadings range from 0.620 to 0.904, CR values from 0.918 to 0.957, and AVE values from 0.511 to 0.733, verifying that the data is both consistent and reliable.

Table 1. Assessment of measurement model.

Indicator	Factor Loading	
Business Coaching		CR=0,963
Take training from universities	0.869	AVE = 0,543
Get assistance to develop your business	0.743	$\alpha=0,807$
Get easy permits from the government	0.827	
Join the business community	0.790	
Get coverage by mass media	0.735	

Entrepreneurial Character		CR=0,963
Creating new product variations	0.797	AVE=0,595
Creating new target markets	0.851	α =0,712
Anticipate changes in the business environment	0.602	
Get ahead of competitors in introducing new products	0.644	
Take risks in every business decision	0.620	
Management Capability		CR=0,957
Setting targets in business. (Business planning)	0.760	AVE=0,571
Able to share work with employees or business partners well. (Organizing)	0.904	α =0,728
Motivate employees or yourself well. (Briefing)	0.844	
Evaluate business implementation in a certain period (Supervision)	0.861	
Business Performance		CR=0,918
Increase in profit percentage	0.888	AVE=0,653
Increased profit growth	0.890	α =0,727
Increased sales growth	0.764	
Increase in the number of customers	0.759	
Increased accuracy in completing work	0.741	
Increased speed in completing work	0.727	

Note: CR=Composite Reliability; AVE= Average Variance Extracted.

Discriminant validity refers to the extent to which each indicator can effectively differentiate its construct from other constructs. One approach to evaluate discriminant validity is to compare the square root of the average variance extracted (AVE) for each construct against the correlations between that construct and other constructs in the model. If the square root of the AVE for a construct exceeds its correlations with other constructs, it demonstrates strong discriminant validity. Additionally, the validity of a construct can also be assessed through its AVE value, which is ideally greater than 0.5. As shown in Table 2, the square root of the AVE for all constructs is higher than the correlations among them, providing evidence of discriminant validity.

Table 2. Discriminant validity.

	Business Coaching	Entrepreneurial Character	Management Capability	Business Performance
Business Coaching	0,737			
Entrepreneurial Character	0,613	0,771		
Management Capability	0,632	0,569	0,756	
Business Performance	0,471	0,672	0,634	0,808

2 HYPOTHESIS TESTING

Hypothesis testing consists of direct and indirect influence tests. Table 3 shows the results of the PLS inner-model analysis.

Table 3. Results of path analysis and significance between construct relationships.

	Path Coefficient	T Count	P Values	Information
Coaching → Management Capabilities	0.527	8,094	0,000	Significant
Coaching → Entrepreneurial Characteristics	0.414	4,327	0,000	Significant
Coaching → Business Performance	- 0.088	0.702	0.912	Not significant

Management Capabilities → Business Performance	0.704	8,120	0.03 0	Significant
Entrepreneurial Characteristics →Business Performance	0.224	1,997	0.040	Significant
Coaching → Management Capabilities, →Business Performance	0.229	1,967	0.050	Significant
Coaching → Entrepreneurial Character → Business Performance	0.419	2,095	0.037	Significant

Analysis Results and Significance Between Construct Relations

1. Business coaching has a calculated t value of 8.094, indicating strong management capabilities. With a t-value > 1.96 and a p-value of 0.000 < 0.05, it is clear that business coaching significantly impacts management capabilities. The impact of business coaching on management capabilities is equal to 0.527. The study's findings show that the initial hypothesis (H1) was supported.
2. The calculated t-value for business coaching impacting entrepreneurial character is 4.327, indicating a significant effect with a t-value > 1.96 and a p-value of 0.000 < 0.05. Business coaching positively impacts entrepreneurial character by a factor of 0.414. The study's findings show that the second hypothesis (H2) was supported.
3. Business coaching had a calculated t-value of 0.702, indicating that its effect on business performance is insignificant. The t-value was less than 1.96, and the p-value of 0.912 was more critical than 0.05. The study's findings show that the third hypothesis (H3) was invalid.
4. The t-value for management capabilities is 8.120. Since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.030, it can be concluded that management capabilities impact business performance. Management capabilities impact business performance with a coefficient of 0.704. The findings of this study show that the fourth hypothesis (H4) was supported.
5. The t-value for entrepreneurial character affecting business performance is 1.997. Since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.040, it indicates that entrepreneurial character impacts business performance. The entrepreneurial personality has a 0.224 impact on business success. The findings from this research show that the sixth hypothesis (H4) was supported.
6. Business coaching indirectly impacts business performance by 0.229 by enhancing management capabilities. The t-value was computed to be 1.967. Since the t-value calculated exceeds 1.96, management skills can effectively moderate the impact of business growth on business performance focus.
7. Business coaching impacts business performance through a 0.419 increase in entrepreneurial character. The calculated t value is 2.095; since the calculated t value is greater than 1.96, it can be concluded that entrepreneurial character can effectively mediate the impact of business development on business performance.

V. DISCUSSION

The study results indicate that management skills and entrepreneurial character are positively influenced by MSME development. Development that is carried out well will improve MSME management skills. Development for small business actors focuses more on the continuous business learning process to become resilient entrepreneurs. Learning can help improve an entrepreneur's problem-solving ability in business activities. Development for business actors, if followed effectively, will motivate innovative and creative power.

Entrepreneurial character, including innovative, creative behavior and the courage to take risks, will strengthen. Generally, entrepreneurs learn from the experience of establishing and managing a business, including the learning process, the ability to recognize why a problem occurs, and the ability to overcome it. The acquisition of these abilities is the result of the learning process. Therefore, entrepreneurs who study seriously tend to improve their management skills compared to those who do not.

Organizations need practical learning skills to succeed in a complex, competitive, and challenging world. A study by Mahmoud et al. (2016) concluded that organizational learning significantly affects business performance. The ability of entrepreneurs in small companies to experience a learning process through coaching

can bring their companies to success more quickly. However, this study shows different results. Coaching for MSMEs does not have a direct effect on their business performance. Coaching can improve MSME business performance if mediated by management skills and entrepreneurial character.

This study also shows that the mediation effect of management skills and entrepreneurial character is complete mediation. Complete mediation occurs because the direct impact of the MSME coaching variable on the business performance variable is insignificant. On the other hand, the effect of the MSME coaching variable on the business performance variable after being mediated by the management skills and entrepreneurial character variables is significant. This shows that the entrepreneurial orientation variable cannot influence the business performance variable without going through the talent management variable.

VI. CONCLUSION

The coaching process motivates MSMEs to develop a resilient entrepreneurial mindset. MSME participants who engage in the coaching process will enhance their management skills. MSME development does not directly promote improved business performance for MSMEs. However, MSMEs with a solid entrepreneurial spirit will enhance business outcomes. The capacity to manage effectively is a key factor in enhancing the business performance of MSMEs. The practical implications of this study can be used to develop SME development programs involving Penta helix. However, this study's limitations include only examining SMEs in Jakarta and did not reflect the national population. Further research should explore whether collaborative business coaching can directly improve business performance by expanding the population's reach.

Finding Statement

This study's findings are that coaching is a long-term process for improving the performance of MSMEs. The results indicate that business coaching will affect performance if mediated by management skills and entrepreneurial characteristics.

Author Contribution

All authors contributed according to their roles in writing this paper. The first author compiled the introduction, literature review, presentation, and data analysis. The second author contributed to the translation and search of the bibliography used as references. The third author contributed to the technical revision of the writing and reviewed the research data.

Conflict Of Interest

The author hereby declares that the data published in the manuscript has no conflict of interest with any party. If found in the future, the author will be fully responsible.

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Dear Sir,

We have revised our paper following your instructions. We hope our paper will be accepted and published in your journal.

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Business Performance Model: The Role of Management Abilities and Entrepreneurial Character in Penta helix Coaching Collaboration

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ABSTRACT: This research aims to reveal the impact of the Penta-Helix collaborative business coaching process on entrepreneurial character, management abilities, and business performance. The study used a quantitative approach. The population in this study was 250 active members of the Tangerang MSME community. The research sample was 150 MSMEs. Data was processed using SEM PLS software. The results indicate that coaching improves entrepreneurial character and management abilities but does not directly enhance business performance. This research proves that entrepreneurial character and Management Capability mediate the influence of coaching on business performance. This research provides theoretical implications for developing corporate resource-based strategic management theory, where external parties must mobilize company resources, which are the primary key to achieving business performance. The practical implications of the findings include how they can guide MSME coaching programs. Further research should explore whether collaborative business coaching can directly improve business performance.

Keywords: Business Performance, Management Abilities, Entrepreneurial Character, Penta Helix Coaching

I. INTRODUCTION

Indonesia's economy will have strong fundamentals if the community has become the main actor in improving the local, national, and global economy. In Indonesia, the number of entrepreneurs is 3.47% [1]. In addition, the involvement of the SMU sector in Indonesia in the global value chain is also relatively low. Only 6.3% of the total SMEs in Indonesia can be involved in the trade chain in Southeast Asia [2].

This country's low interest or entrepreneurial spirit triggers the need for more entrepreneurs in Indonesia compared to the total population. Mental problems, lack of knowledge, and a business climate could be more favorable to the birth of new entrepreneurs. Therefore, it is time for entrepreneurial development at all levels of society to become a top priority in national economic growth. Entrepreneurship development for the younger generation can become a priority in increasing financial stability. Developing your entrepreneurial potential will help you overcome employment problems and encourage national economic growth. The government has made various efforts to build entrepreneurship through the National Entrepreneurship Movement (GKN) program. The Ministry of Higher Education offers entrepreneurship programs for students, the Ministry of Youth and Sports has implemented Facilitation Support activities for Beginner Young Entrepreneurs and the Youth Entrepreneurship Center through the Youth Entrepreneurship Capital Institute (LPKP), the Ministry of Cooperatives and SMEs has provided financial assistance for budding entrepreneurs. The Ministry of Social Affairs has implemented entrepreneurship development by providing skills improvement training and business funding. However, these efforts have not been able to increase the number of entrepreneurs to reach the ideal point of 4% of the population, let alone match the achievements of neighboring countries [2].

Improving MSME performance must be done by increasing knowledge and understanding of business. Global competition requires every MSME actor to learn to enhance their capabilities. Organizational learning will improve entrepreneurs' ability to respond to internal and external environment changes. According to Distanont and Khongmalai [19], learning is necessary to adapt to the environment. The advice provided to MSME participants is centered on the educational journey, involving organizational tasks that generate and utilize

knowledge to enhance their competitive edge. These benefits consist of acquiring and exchanging data regarding customer requirements, market developments, and rivals' strategies; in addition to innovating new technologies to produce superior products compared to competitors [3], businesses should enhance their ability to learn within the organization to establish connections with business partners. Every business actor needs a continuous learning process to enhance the achievement of company goals. Companies must consider learning orientation as a critical factor in obtaining superior performance.

MSME players need to have an entrepreneurial character that encourages innovation and the ability to take risks that support business success. MSME players with a solid entrepreneurial character can increase their business and compete in the global landscape. MSMEs with a high entrepreneurial character will tend to take actions based on innovative decisions, dare to take business risks and take proactive actions in anticipating business competition and taking advantage of opportunities. This will encourage better performance. Mandhachitara and Allapach [4] emphasize that developing the concept of entrepreneurship is essential for small companies because the personal attributes of the owner that shape entrepreneurial orientation strongly influence the organization's profitability and growth.

To generate fresh possibilities, it is anticipated that an entrepreneur can implement managerial tasks based on entrepreneurial orientation [5]. Entrepreneurs often struggle to succeed due to management weaknesses, such as business founders and managers, traditional financial reports, insufficient records, weak computerized systems, and lack of clarity, which impede effective management, such as inadequate cash flow for promotional and research activities. The market requires additional specialized professional employees, while managers have broad skills, not specific ones. Challenges frequently arise due to the inability to foresee unpredictable business factors, choosing a poor initial location, expanding prematurely, limited market and banking access, and inadequate technology and information expertise [12]. It can be inferred that entrepreneurs encounter challenges such as managerial deficiencies, reliance on traditional financial statements, ineffective cash flow management, limited marketing and market research efforts, shortage of specialized workforce, employment of generalist managers rather than specialists, and inability to foresee uncertain factors affecting the business and engaging in business in the future, choosing a subpar location at first, expanding prematurely, facing restricted market and financial access, and having limited tech and info knowledge.

Entrepreneurship coaching that can effectively improve business performance is coaching oriented towards the real needs of entrepreneurs and is carried out comprehensively so that coaching is carried out in an integrated manner and not partial. The government has made various efforts to guide MSMEs. However, the performance of MSMEs still needs to be optimal, including not being able to be involved in local, national, or regional trade chains, and the contribution of MSMEs to national exports still needs to be higher. A study of the guidance provided by the government to increase economic empowerment still needs to be carried out. Entrepreneurship coaching for entrepreneurs must take a multidimensional approach, so it is necessary to develop a coaching model to improve business performance.

Based on the background above, the research problems are formulated as follows. (1) Can MSME development affect management skills? (2) Can MSME development affect the entrepreneurial character? (3) Can MSME development affect business performance? (4) Can management skills affect business performance? (5) Can entrepreneurial character affect business performance?

The paper structure: the Background Theory in Section II, the Literature Review in Section III, the discussion in Section IV, and the conclusion in Section V.

II. LITERATURE REVIEW

1. ENTREPRENEURSHIP DEVELOPMENT

Kharabsheh's study in 2017 found that strategies for entrepreneurial growth should focus on creating a favorable business environment, improving financial access, enhancing market reach by enhancing quality, design, and competitive pricing, and boosting entrepreneurs' entrepreneurship and skills, particularly their entrepreneurial mindset. It is crucial to prioritize promoting economic activities in the informal micro-sector, especially among low-income households, by enhancing business capacity, skills, protection, and development.

When viewed by business actors, the implementation of entrepreneurship coaching is the application of the learning process in running their business. Business actors learn to develop openness in the organizational environment. Learning is new and can be seen as a model for organizing the future. Organizational learning responds to changes in the internal and external environment. From a cultural perspective, learning is a managerial process intended to increase insight, knowledge, and understanding [6].

Organizational learning involves gathering creativity, skills, and knowledge to enhance behavior and apply new insights. Learning orientation is defined by critical aspects such as transferring knowledge from individuals to groups, dedication to learning, willingness to engage with external sources, overall emphasis on knowledge, methods for fostering understanding, and processes for keeping the organization up-to-date [7][3].

2. THEORY OF THE PENTA HELIX

The Pentahelix model is a collaborative framework involving five key stakeholders: government, business, academia, community, and media. This model aims to foster synergies among these entities to address complex societal issues, drive innovation, and enhance development efforts [21]. Recent studies highlight its application in various contexts, including public health, disaster management, and economic development. For instance, during the COVID-19 pandemic, the Pentahelix approach proved effective in mobilizing resources and strategies across sectors to enhance resilience and adaptability in communities.

The Pentahelix model encourages stakeholder collaboration by leveraging their unique strengths and perspectives, thereby promoting comprehensive solutions to local challenges [22]. It has been particularly emphasized in the context of e-government, where it aims to improve service delivery and reduce corruption through enhanced transparency and accountability.

Developing a coaching model whose implementation involves the roles of government, entrepreneurs, academics, community, and media is necessary for coaching new entrepreneurs.

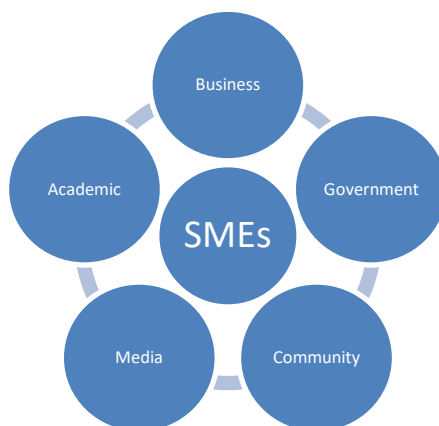


FIGURE 1. Penta helix model.

3. BUSINESS PERFORMANCE

The performance of a business is determined by its internal and external factors affecting activities to reach specific goals within a specified timeframe. Overall, finding one particular metric to assess company performance can be challenging. Empirical research frequently employs a subjective perspective, relying on company executives' opinions on performance. Operational performance is a crucial dimension for evaluating SME performance, according to Dubihlela and Dhurup [10]. This includes shorter production waiting times, improved forecasting accuracy, more effective resource planning, enhanced operational efficiency, lower inventory levels, reduced costs, and improved financial accuracy.

Sure, researchers believe the best way to determine if an organization is on the right track is by looking at its profitability. Small businesses' main focus of financial status is cash flow and other marketing-related growth factors like employee count, production efficiency, and customer retention. According to Mahmoud [3], small businesses often use sales, growth, net profit, and gross profit as marketing metrics unrelated to financial data. Financial performance can show how well a business is doing by examining liquidity, solvency, and profitability. Small and medium enterprise (SME) performance can also be evaluated by looking at financial performance, customer loyalty, customer satisfaction, customer retention, and acceptable performance. Using an unbiased method, assessing business success includes measuring ROI, profits, sales, revenue growth, and market share. Evaluate business performance using a subjective method involves non-economic or non-financial indicators such as market performance, market effectiveness, market dominance, service quality, customer satisfaction, productivity, market valuation, buyer and supplier power, sales concentration, customer retention, company reputation, employee turnover, and organizational commitment [3].

The evaluation of business performance involves two perspectives, one based on objective measurements and the other on subjective judgments. Economic performance pertains to objective measurements, while non-economic aspects of performance are associated with subjective measurements. Customer satisfaction, customer retention, company image, and employee satisfaction are examples of non-economic performance. The success of small and medium-sized enterprises can be assessed by their accomplishments in marketing and finances [3]. Marketing performance is determined by the sales growth rate, the capacity to attract new customers, control of market share, and increased sales volume. Evaluating financial performance involves assessing the capacity to generate profits and ROI and accomplish corporate objectives.

4. MANAGEMENT CAPABILITY

Capability is a person's ability, skill, and strength in doing something. Management Capability is a sequence of work or activities carried out by managers, including taking actions of planning, organizing, implementing, and supervising, as well as having management skills including spiritual energy, emotional skills, intellectual strength, physical quality, and mastery of applied technology to achieve predetermined targets [11]. According to this viewpoint, businesses of all sizes must apply management principles for effective and efficient results. The leader's understanding and implementation of essential management functions are crucial for future business success.

Nowadays, competition and development in the business world are getting stronger and sharper, so to increase business, serious management is required from every entrepreneur to be able to compete with other companies. One of the efforts that must be made is to increase internal resources to improve business success. The most crucial internal resource is management capability. Entrepreneurship and management are the most important internal factors influencing business success [12]. The success of a business or the business world depends on management and entrepreneurial skills; the company leader takes advantage of opportunities and manages all resources optimally and productively. Therefore, management and entrepreneurial skills must be developed through education, training, workshops, and opportunities to gain broader insight. Management Capability is managing a business by planning, organizing, motivating, supervising, and assessing [13]. The management functions used by MSMEs are as follows: (a) Planning, (b) Decision-making, (c) Budgeting, (d) Organizing, (e) Coordinating, and (f) Supervision. If an entrepreneur has management skills, then the entrepreneur believes in planning, organizing, mobilizing, and supervising, supported by creativity, innovation, and the courage to take risks.

Naturally, the goals to be achieved will be fulfilled. Management Capability is mobilizing other people to utilize existing resources to achieve organizational goals efficiently and effectively. The measure of how efficient and effective a manager is how well he sets plans to achieve adequate goals. Leading effectively is the key to organizational success [14].

Assessing management skills involves various indicators such as effective communication with employees, timely delivery of goods, decision-making proficiency, problem-solving capabilities, leadership and motivation skills, delegation skills, strategic planning skills, and awareness of environmental changes. Creating a dependable team that can effectively handle conflicts is essential in business.

5. CHARACTERISTICS OF AN ENTREPRENEUR

A person with entrepreneurial tendencies possesses three key traits: innovation, willingness to take risks, and proactivity. Entrepreneurial orientation is shown by how willing top managers are to take business risks (risk dimension), promote innovation to stay ahead of competitors (innovation dimension) and engage in fierce competition with other companies (proactive dimension). [15]. Entrepreneurial orientation is connected to psychometrics, demonstrated in innovation, proactivity, and willingness to take chances. A person's entrepreneurial orientation is visible through these three dimensions. Entrepreneurial character pertains to a business's strategic approach to acquiring techniques, rituals, and decision-making. Moreover, it was also disclosed that entrepreneurial orientation indicates how a company functions compared to what was intended.

Researchers such as Arshad, Rasli, and Zain [16] stated that innovation, risk-taking, and proactiveness uniquely contribute to a company's entrepreneurial orientation. This is characterized by several organizations that can innovate boldly and regularly by taking quite significant risks in their product marketing strategies. An entrepreneurially oriented company is a company that carries out product-market innovation undertakes risky ventures and is the first to succeed in obtaining proactive innovation to beat its competitors. A company's entrepreneurship level is the total sum of these three sub-dimensions, where a truly "entrepreneurial" company will display a high level in each sub-dimension.

6. CONCEPTUAL FRAMEWORK

The conceptual framework used in this research is based on theory and empirical studies on the relationship between coaching, entrepreneurial character, Management Capability, and business performance. Previous studies have shown that coaching, entrepreneurial character, and management abilities are essential to improve business performance.

Several studies have exploited the relationship between coaching and improving entrepreneurial character and Management Capability and its impact on business performance. Coaching can bring about a behavior change that will improve and increase performance. Organizational learning is a capability development process carried out continuously by an organization to create a better future. Organizations need effective learning capabilities to succeed in a complex, competitive, and challenging world. The ability of companies and business systems to support learning and adaptation has become essential for survival in competition. Coaching can give business actors a learning orientation, which is the organization's ability to mobilize resources to create customer value and achieve higher performance [3]. Coaching pertains to the wide range of organizational efforts focused on leveraging knowledge to improve competitive edge. These activities involve acquiring and exchanging information on customer requirements, market dynamics, and rivals' strategies and creating innovative technologies and products that outperform competitors. Therefore, companies need to view learning orientation as crucial in achieving high performance. Learning shows how an organization is inclined to learn and adjust to the environment. Improving a company's skills through learning can impact its business performance positively. It is further clarified that acquiring new knowledge through learning can enhance a company's competitive edge.

A study by Hussain, Abbas, and Khan [15] tried to see the differences in the role of an entrepreneurial character in business performance in established and new companies. The results of his research show that the entrepreneur's character significantly contributes to the profit level. A company's high or low performance depends on the entrepreneur's character in established and new companies (startups).

In its development, Sandybayev [17] found the significance of the influence of Management Capability on business performance. It is said that there is a strong relationship between entrepreneurial leadership and business performance. Management Capability significantly impacts business performance because if you have good management skills, your business performance will be good, and business success can be achieved [18].

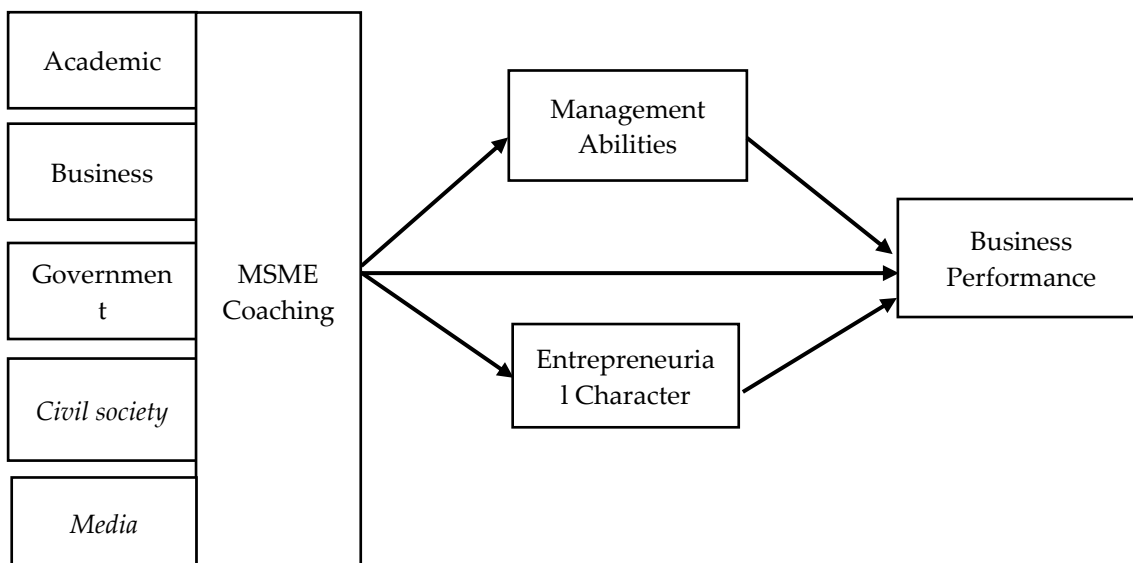


FIGURE 2. MSME development model with the Penta helix approach.

Source: researcher, 2024

7. HYPOTHESIS DEVELOPMENT

Small and medium enterprises (SMEs) benefit greatly from skill transfers, particularly in business acumen, which can be facilitated through mentorship and coaching. Although coaching and mentoring share similarities, each offers distinct advantages for entrepreneurial growth, a point highlighted in this qualitative study conducted at the University of Stellenbosch Business School's (USB) Small Business Academy. The study underscores the importance of distinguishing between coaching and mentoring in entrepreneurial development

programs, as both methods contribute uniquely to participants' growth. It suggests that each approach should have tailored definitions within programs like USB's Development Program, recognizing the separate roles each plays in fostering entrepreneurial skills [24]. Based on the findings above, the research hypothesis is formulated as follows:

H1: Coaching influences the management abilities.

Wright, et.al. [26], evaluated the effectiveness of a blended learning program known as Operational Coaching on MSMEs, focusing on how it influences management behaviors related to performance and productivity. The research involved a randomized controlled trial (RCT) that compared SMEs participating in the coaching program against a control group. It was found that SMEs that received coaching experienced significant improvements in management practices, which correlated with enhanced organizational performance. [26]. Yun Sae [27] has been highlighted the importance of coaching leadership (CL) in enhancing human capital development within MSMEs. It discusses how continuous coaching practices empower employees, foster a culture of collaboration, and improve overall organizational performance. The case study of a small consulting firm illustrates how coaching practices led to significant employee development and retention, ultimately driving business success. Based on the findings above, the research hypothesis is formulated as follows:

H2: Coaching influences entrepreneurial character.

Azizi et al. [30] discusses how coaching can be a powerful tool for enhancing innovation within MSMEs. It presents a theoretical framework and measurement scale for entrepreneurial coaching. It emphasizes the importance of effective coaching relationships in boosting individual capabilities, ultimately leading to improved productivity and quality in MSME performance. Olanrewaju, O., [31] has examined how coaching can enhance performance in MSMEs. Coaching improves management practices, employee engagement, and overall organizational efficiency. Both articles highlight how coaching contributes positively to the development and performance of MSMEs, providing valuable insights into the benefits of these interventions for small businesses. Ikupolati, et.al., [28] has examined how entrepreneurs' conceptual and technical skills influence the growth of SMEs. It finds that both skills significantly contribute to business growth, measured by factors such as the number of employees and clients. The research involved a survey of 304 SMEs, and the results indicated a strong positive correlation between these managerial skills and enterprise growth. Specifically, conceptual skills were linked to strategic planning and decision-making, while technical skills were essential for effective management and operational success. Based on the findings above, the research hypothesis is formulated as follows:

H3: Coaching influences business performance.

Khalid Thaher Amayreh [25], *The Impact of Managerial Competencies on the Performance of SMEs in Jordan*, This study found a positive link between entrepreneurial orientation, strategic thinking, and financial management skills and the performance of Jordanian SMEs. Managerial competencies help SMEs adapt to market changes and improve resource management, which boosts business outcomes and competitive positioning.

Sebastian [29], examines how managerial skills such as financial management, marketing, and human relations impact the performance of Micro, Small, and Medium Enterprises (MSMEs) focusing on businesses in Africa. Through thematic content and regression analyses, it was found that these skills are essential for MSME performance, especially in challenging and dynamic business environments in low-income countries. This highlights the need for targeted training and support to enhance managerial competencies among MSME owners and managers for improved business outcomes. Based on the findings above, the research hypothesis is formulated as follows:

H4: Management Capability Influences Business Performance

Ayu Fitriani Gunawan [32] mentions how entrepreneurial characteristics such as creativity, innovation, and risk-taking affect business performance in the creative industry in Indonesia. The study finds that these characteristics are essential in helping entrepreneurs overcome resource constraints and improve business competitiveness. Using statistical analysis, the study shows that entrepreneurs' characteristics have a significant positive relationship with their business's customer growth and sales growth.

Xie et al. [33] examined the characteristics of entrepreneurs, including leadership, planning, innovation, and social skills. The results showed that leadership and innovation significantly positively affected business performance. However, social skills were found to have no significant effect, which may be because early audiences often do not take vloggers seriously before they achieve success. This study underscores the importance of innovation and leadership skills for entrepreneurs in building their reputation and improving their business performance in the competitive creative industry: Entrepreneurial character influences business performance.

III. MATERIAL AND METHOD

1. POPULATION AND RESEARCH SAMPLE

The population of this research is MSMEs in the capital city of Tangerang, Indonesia. This study's population was MSMEs with business licenses registered in the MSME community in Tangerang City. This study targets active business actors with a minimum criterion of five years of business experience and are members of business associations in Tangerang City. Based on interviews with MSME coordinators, data was obtained from 250 business people; only 150 MSMEs are still actively running their businesses, so all of these active MSMEs were taken as samples using the saturation sampling technique.

Data was collected through questionnaires distributed by MSME coordinators in each region. This approach aims to reduce the potential for data bias, assuming that the coordinator has direct knowledge of the conditions of the business actors who are respondents.

2. DATA COLLECTION

Data was collected using a questionnaire. All questionnaires are adapted from previous studies. Five items measuring business coaching are adapted from Seeman et al. [24]; consisting of 5 items measuring entrepreneurial character adapted from Lumpkin and Dess [34]; Arsyad et al. [36]; Lechner and Gudmundsson [35]; Boso et al. [37]. 4 items measuring management capability were adapted from P Renu Agarwal [38], Siagian [13]. 6 items measuring business performance were taken from Mahmoud et al. [3]; Bayraktar et al., [39]; Sels et al., [40]. All questionnaires were designed using a five-point Likert scale.

Data collection using questionnaires distributed to respondents through MSMEs coordinators. Questionnaires that can be analyzed are 148 sets.

3. DATA ANALYSIS TECHNIQUES

This study uses Partial Least Square-Structural Equation Modeling (PLS-SEM) statistical analysis to test the hypothesis and produce a fit model. The model analysis consists of two sub-models, namely (1) the measurement model co, commonly called the outer model, which assesses the validity and reliability of the research instrument. The criteria for determining validity and reliability in this study refer to two things, namely convergent validity, discriminant validity, and composite reliability, (2) the structural model or inner model, which shows the strength of the estimate between latent variables and/or constructs, significance value and R Square of the research model.

The reason for choosing PLS is because PLS-SEM is more tolerant of small sample sizes compared to traditional SEM. This allows researchers to obtain significant results even with few respondents.

IV. DATA ANALYSIS

1 RESULT AND DISCUSSION

The graphics above provide a detailed demographic overview of MSMEs in Tangerang City across several dimensions: business type, years of operation, location, and type distribution within each district.

The first bar chart displays the distribution of MSMEs by business type, with the food and beverage sector leading, followed by fashion, services, and information technology. This breakdown highlights the city's diverse entrepreneurial focus and strong presence in consumer-driven sectors like Food and fashion.

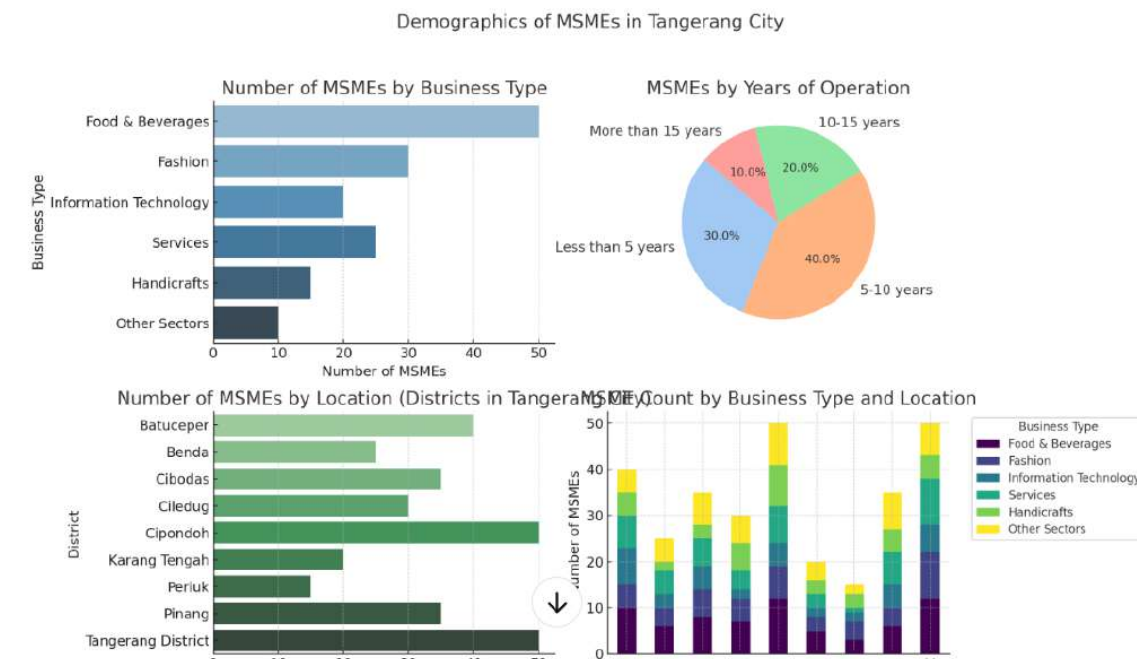


FIGURE 3. Demographics of Tangerang City MSMEs.

The pie chart on years of operation shows that nearly 40% of MSMEs have been operating for 5-10 years, indicating a relatively established business base. However, a notable proportion of businesses (30%) are relatively new, having been established within the last five years, suggesting recent growth and a dynamic business environment.

The second bar chart on MSMEs by location emphasizes that districts such as Cipondoh and Tangerang Districts have the highest concentrations of MSMEs, suggesting these areas may serve as business hubs within the city. Other districts, like Batuaceper and Pinang, also show significant activity, while regions like Periuk and Karang Tengah have fewer businesses.

The stacked bar chart combines business type with location, providing a more nuanced view of district sectoral distribution. This chart reveals that Food and beverages are consistently prominent across most districts, while other sectors like Services and Information Technology are concentrated in specific areas. This reflects a diversity of economic activities and localized strengths within Tangerang City.

Ghozali [20] emphasizes that Cronbach's alpha values should exceed 0.6 to confirm internal consistency among measurement items. As shown in Table 1, the alpha values for each construct fall within the range of 0.712 to 0.807, indicating reliable data. To ensure validity, convergent and discriminant validity were examined. According to Ghozali [20], item loadings should exceed 0.5 to confirm convergent validity, while Fornell and Larcker (1981) recommend a composite reliability (CR) value above 0.7 and an average variance extracted (AVE) value above 0.5 for each construct. Table 1 shows that item loadings range from 0.620 to 0.904, CR values from 0.918 to 0.957, and AVE values from 0.511 to 0.733, verifying that the data is both consistent and reliable.

Table 1. Assessment of measurement model.

Indicator	Factor Loading	
Business Coaching		CR=0,963
Take training from universities	0.869	AVE = 0,543
Get assistance to develop your business	0.743	$\alpha=0,807$
Get easy permits from the government	0.827	
Join the business community	0.790	
Get coverage by mass media	0.735	

Entrepreneurial Character		CR=0,963
Creating new product variations	0.797	AVE=0,595
Creating new target markets	0.851	α =0,712
Anticipate changes in the business environment	0.602	
Get ahead of competitors in introducing new products	0.644	
Take risks in every business decision	0.620	
Management Capability		CR=0,957
Setting targets in business. (Business planning)	0.760	AVE=0,571
Able to share work with employees or business partners well. (Organizing)	0.904	α =0,728
Motivate employees or yourself well. (Briefing)	0.844	
Evaluate business implementation in a certain period (Supervision)	0.861	
Business Performance		CR=0,918
Increase in profit percentage	0.888	AVE=0,653
Increased profit growth	0.890	α =0,727
Increased sales growth	0.764	
Increase in the number of customers	0.759	
Increased accuracy in completing work	0.741	
Increased speed in completing work	0.727	

Note: CR=Composite Reliability; AVE= Average Variance Extracted.

Discriminant validity refers to the extent to which each indicator can effectively differentiate its construct from other constructs. One approach to evaluate discriminant validity is to compare the square root of the average variance extracted (AVE) for each construct against the correlations between that construct and other constructs in the model. If the square root of the AVE for a construct exceeds its correlations with other constructs, it demonstrates strong discriminant validity. Additionally, the validity of a construct can also be assessed through its AVE value, which is ideally greater than 0.5. As shown in Table 2, the square root of the AVE for all constructs is higher than the correlations among them, providing evidence of discriminant validity.

Table 2. Discriminant validity.

	Business Coaching	Entrepreneurial Character	Management Capability	Business Performance
Business Coaching	0,737			
Entrepreneurial Character	0,613	0,771		
Management Capability	0,632	0,569	0,756	
Business Performance	0,471	0,672	0,634	0,808

2 HYPOTHESIS TESTING

Hypothesis testing consists of direct and indirect influence tests. Table 3 shows the results of the PLS inner-model analysis.

Table 3. Results of path analysis and significance between construct relationships.

	Path Coefficient	T Count	P Values	Information
Coaching → Management Capabilities	0.527	8,094	0,000	Significant
Coaching → Entrepreneurial Characteristics	0.414	4,327	0,000	Significant
Coaching → Business Performance	- 0.088	0.702	0.912	Not significant

Management Capabilities → Business Performance	0.704	8,120	0.03 0	Significant
Entrepreneurial Characteristics → Business Performance	0.224	1,997	0.040	Significant
Coaching → Management Capabilities, → Business Performance	0.229	1,967	0.050	Significant
Coaching → Entrepreneurial Character → Business Performance	0.419	2,095	0.037	Significant

Analysis Results and Significance Between Construct Relations

1. Business coaching has a calculated t value of 8.094, indicating strong management capabilities. With a t-value > 1.96 and a p-value of 0.000 < 0.05, it is clear that business coaching significantly impacts management capabilities. The impact of business coaching on management capabilities is equal to 0.527. The study's findings show that the initial hypothesis (H1) was supported.
2. The calculated t-value for business coaching impacting entrepreneurial character is 4.327, indicating a significant effect with a t-value > 1.96 and a p-value of 0.000 < 0.05. Business coaching positively impacts entrepreneurial character by a factor of 0.414. The study's findings show that the second hypothesis (H2) was supported.
3. Business coaching had a calculated t-value of 0.702, indicating that its effect on business performance is insignificant. The t-value was less than 1.96, and the p-value of 0.912 was more critical than 0.05. The study's findings show that the third hypothesis (H3) was invalid.
4. The t-value for management capabilities is 8.120. Since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.030, it can be concluded that management capabilities impact business performance. Management capabilities impact business performance with a coefficient of 0.704. The findings of this study show that the fourth hypothesis (H4) was supported.
5. The t-value for entrepreneurial character affecting business performance is 1.997. Since the t-value is greater than 1.96 and the p-value is less than 0.05 at 0.040, it indicates that entrepreneurial character impacts business performance. The entrepreneurial personality has a 0.224 impact on business success. The findings from this research show that the sixth hypothesis (H4) was supported.
6. Business coaching indirectly impacts business performance by 0.229 by enhancing management capabilities. The t-value was computed to be 1.967. Since the t-value calculated exceeds 1.96, management skills can effectively moderate the impact of business growth on business performance focus.
7. Business coaching impacts business performance through a 0.419 increase in entrepreneurial character. The calculated t value is 2.095; since the calculated t value is greater than 1.96, it can be concluded that entrepreneurial character can effectively mediate the impact of business development on business performance.

V. DISCUSSION

The study results indicate that management skills and entrepreneurial character are positively influenced by MSME development. Development that is carried out well will improve MSME management skills. Development for small business actors focuses more on the continuous business learning process to become resilient entrepreneurs. Learning can help improve an entrepreneur's problem-solving ability in business activities. Development for business actors, if followed effectively, will motivate innovative and creative power.

Entrepreneurial character, including innovative, creative behavior and the courage to take risks, will strengthen. Generally, entrepreneurs learn from the experience of establishing and managing a business, including the learning process, the ability to recognize why a problem occurs, and the ability to overcome it. The acquisition of these abilities is the result of the learning process. Therefore, entrepreneurs who study seriously tend to improve their management skills compared to those who do not.

Organizations need practical learning skills to succeed in a complex, competitive, and challenging world. A study by Mahmoud et al. (2016) concluded that organizational learning significantly affects business performance. The ability of entrepreneurs in small companies to experience a learning process through coaching

can bring their companies to success more quickly. However, this study shows different results. Coaching for MSMEs does not have a direct effect on their business performance. Coaching can improve MSME business performance if mediated by management skills and entrepreneurial character.

This study also shows that the mediation effect of management skills and entrepreneurial character is complete mediation. Complete mediation occurs because the direct impact of the MSME coaching variable on the business performance variable is insignificant. On the other hand, the effect of the MSME coaching variable on the business performance variable after being mediated by the management skills and entrepreneurial character variables is significant. This shows that the entrepreneurial orientation variable cannot influence the business performance variable without going through the talent management variable.

VI. CONCLUSION

The coaching process motivates MSMEs to develop a resilient entrepreneurial mindset. MSME participants who engage in the coaching process will enhance their management skills. MSME development does not directly promote improved business performance for MSMEs. However, MSMEs with a solid entrepreneurial spirit will enhance business outcomes. The capacity to manage effectively is a key factor in enhancing the business performance of MSMEs. The practical implications of this study can be used to develop SME development programs involving Penta helix. However, this study's limitations include only examining SMEs in Jakarta and did not reflect the national population. Further research should explore whether collaborative business coaching can directly improve business performance by expanding the population's reach.

Finding Statement

This study's findings are that coaching is a long-term process for improving the performance of MSMEs. The results indicate that business coaching will affect performance if mediated by management skills and entrepreneurial characteristics.

Author Contribution

All authors contributed according to their roles in writing this paper. The first author compiled the introduction, literature review, presentation, and data analysis. The second author contributed to the translation and search of the bibliography used as references. The third author contributed to the technical revision of the writing and reviewed the research data.

Conflict Of Interest

The author hereby declares that the data published in the manuscript has no conflict of interest with any party. If found in the future, the author will be fully responsible.

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**11. Bukti Artikel Telah Terbit
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12 Januari 2025 pukul 16.25

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Dear author

Thank you for bringing this to our attention. We sincerely apologize for the mistake. The issue has now been corrected, and your paper should be available for download from the journal website.

We appreciate your patience, and thank you for your understanding. Please feel free to reach out if you encounter any further issues.

Best regards,

Editor-QAJ

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