

Entrepreneurial Leadership Impact on MSME Women's Business Performance In Denpasar City

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Abstract: This study investigates the impact of entrepreneurial leadership on the performance of women-owned Micro, Small, and Medium Enterprises (MSMEs) in Denpasar City. Focusing on 130 female entrepreneurs, the research utilizes partial least squares through SmartPLS 3. Findings reveal a positive and significant correlation between entrepreneurial leadership and business performance. Thus, a higher level of entrepreneurial leadership corresponds to enhanced business performance. These outcomes underscore the explanatory power of entrepreneurial leadership in influencing variations in MSMEs run by women in Denpasar City. The study recommends leadership training, emphasizing values like vision, human resource management, technology, and risk-taking, contributing to governmental initiatives. Moreover, it provides valuable insights for female-led MSMEs and the Denpasar City government to elevate business performance through effective entrepreneurial leadership.

Keywords: Entrepreneurial Leadership; Business Performance; Women; MSME.

Abstrak: Penelitian ini menginvestigasi dampak kepemimpinan berwirausaha terhadap kinerja Usaha Mikro, Kecil, dan Menengah (UMKM) yang dimiliki oleh perempuan di Kota Denpasar. Fokus pada 130 pengusaha perempuan, penelitian ini menggunakan metode partial least squares melalui SmartPLS 3. Temuan menunjukkan korelasi positif dan signifikan antara kepemimpinan berwirausaha dan kinerja bisnis. Oleh karena itu, tingkat kepemimpinan berwirausaha yang lebih tinggi berkorelasi dengan peningkatan kinerja bisnis. Hasil ini menegaskan kekuatan penjelasan kepemimpinan berwirausaha dalam memengaruhi variasi UMKM yang dijalankan oleh perempuan di Kota Denpasar. Penelitian ini merekomendasikan pelatihan kepemimpinan, dengan menekankan nilai-nilai seperti visi, manajemen sumber daya manusia, teknologi, dan pengambilan risiko, sebagai kontribusi pada inisiatif pemerintah. Selain itu, penelitian ini memberikan wawasan berharga bagi UMKM yang dipimpin perempuan dan pemerintah Kota Denpasar untuk meningkatkan kinerja bisnis melalui kepemimpinan berwirausaha yang efektif.

Kata Kunci: *Entrepreneurial Leadership*; Kinerja Bisnis; Perempuan; UMKM.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) managed by women entrepreneurs are considered capable of being at the forefront of post-pandemic economic recovery. This is shown by the percentage of 65 per cent of MSMEs in Indonesia being managed by women (Hasibuan, 2022). Apart from that, the increase in the number of female MSME entrepreneurs will reach 37 million people in 2021 (Aditya, 2022). Compared to the world average, in 2020 the positive response to entrepreneurship for women in Indonesia exceeded the world ratio (Purnomo, 2022).

However, regarding their potential and strategic position, according to the Global Gender Gap Report 2022, women entrepreneurs who run MSMEs have obstacles related to the lack of support to be able to contribute to the country's economy optimally, resulting in gender equality issues where women are considered less capable of leading than men in the strawberry generation, lack of motivation, lack of competence, lack of tenacity, lack of innovation in production, marketing and production and have not been proactive in taking risks, so that Indonesia is ranked 92nd out of 146 countries (Muamar, 2022). Of course, this results in female MSME entrepreneurs not being able to improve their business performance in terms of increasing sales growth, asset growth and profit growth.

The obstacles above are currently also experienced by female MSME entrepreneurs in Denpasar City. Even though Denpasar is a big city in Bali which is full of technological advances and various access and facilities, there is still a gap between the leadership of female and male MSME entrepreneurs. The results of data from the Bali Province Central Statistics Agency (BPS) in 2020 show that the proportion of female MSME entrepreneurs in Denpasar City is only 35.541 per cent, while male MSME entrepreneurs reach 64.457 per cent (BPS Provinsi Bali, 2022). This is because women as MSME entrepreneurs have different challenges to male entrepreneurs, such as difficulties in accessing capital, limited access to networks and markets.

Apart from that, as many as 100 women entrepreneurs in Denpasar City have also held a dialogue with the Chair of the DPR RI where this two-way dialogue discussed the strategic role of women entrepreneurs in supporting the family economy, especially in Denpasar City during the Covid-19 pandemic. Apart from that, there were also many problems discussed. faced by female MSME entrepreneurs in Denpasar City in terms of (1) Law, customs, traditions, culture and religion (2) marital status (3) heavy household work (4) limited education, knowledge and information (5) Limited funds as capital and credit access (6) inadequate institutional network (Rhismawati, 2023).

The results of pre-research on 9 female MSME entrepreneurs in Denpasar City showed that 7 people stated that they were still lacking in terms of leadership because they were considered not able to lead optimally like men, were not too brave to be proactive in taking risks, and around 6 people stated that they lacked marketing innovation or products as well as a lack of competence in taking strategies, which has an impact on decreasing profits and the number of products and services sold. Meanwhile, 2 other people felt that they were highly valued in accordance with gender equality and were brave enough to take various risks, and around 3 people stated that they were able to maximize innovation in their business so that they were able to improve their business performance.

Based on searches and literature reviews carried out related to this research, several related studies were obtained, including. **First**, previous research from Aparisi-Torrijo & Ribers-Giner presents research related to the structure and current trends regarding entrepreneurial leadership in women. This research produces the results of an analysis of female entrepreneurs from a social construction perspective, especially articles that investigate gender with bias results that men are more dominant in terms of entrepreneurial leadership and business than women. This research also shows that there is still little research that discusses entrepreneurial leadership styles and abilities in female entrepreneurs and from Kadar et.al show Entrepreneurial leadership has no significant effect on the performance of Jambi Batik SMEs (Aparisi-Torrijo & Ribes-Giner, 2022; Kadar et al., 2023).

Second, (Nguyen et al., 2021) and (Razzaque et al., 2023) analyze the influence of entrepreneurial leadership, which is a leadership style that emphasizes entrepreneurship, innovation, being able to see new opportunities, taking risks and making quick decisions on business performance mediated by entrepreneurial orientation, team creativity, dynamic capabilities and competitive advantage, in addition to technological innovation capabilities mediating entrepreneurial orientation on the business performance of IT SME companies. Where the results of research by Nguyen et al. shows that the entrepreneurial leadership relationship mediated by team creativity, dynamic capabilities and competitive advantage is proven to be able to improve IT startup business performance. Meanwhile, entrepreneurial orientation is unable to mediate entrepreneurial leadership business performance. The practical recommendations in this research are to improve management and innovation in IT SME companies and increase promotion (Nguyen et al., 2021).

Then, research from (Srimulyani et al., 2023) analyze the relationship between entrepreneurial leadership style variables in SMEs and organizational performance using a grounded theory meta-analysis approach which systematically and structuredly looks at previous studies. The results of this research found that the success of SMEs cannot be separated from the role of entrepreneurial leadership style in improving organizational performance. This shows that the entrepreneurial leadership style is able to have a positive or negative impact on the leader's ability to make decisions, see opportunities and manage all existing resources in the SME organization (Srimulyani et al., 2023).

Furthermore, previous research from states that a leader who has an entrepreneurial spirit will have implications for the progress of his business. This research analyze and explain the influence of entrepreneurial leadership on business performance mediated by innovative human resources. This research was conducted on creative economy actors in Malang Raya. The results of this research show that entrepreneurial leadership has a positive and significant effect on business performance, but innovative human resource practices show that it does not have a mediating effect (Rumijati & Hakim, 2023).

Apart from that, research from Pangestu et al. aims to study the moderating effects of entrepreneurial leadership and competitive advantage on the relationship between business innovation models and business performance of start-up companies. The analysis of this research produces a significant relationship between business innovation models and the business performance of start-up companies. Apart from that, there is a significant relationship between entrepreneurial leadership and competitive advantage for business innovation models. However, it does not show a direct relationship between entrepreneurial leadership and the business performance of start-up companies (Phangestu et al., 2020).

Based on the studies that have been carried out on these studies, it shows that entrepreneurial leadership is dominantly able to improve business performance in MSMEs, but what is still being debated at the moment is entrepreneurial leadership seen from the perspective of women's gender in running MSMEs and improving business performance to be able to maintain and develop its business. From the analysis of previous research above, a hypothesis for this research can be formed, namely that there is a significant influence on entrepreneurial leadership on the business performance of MSME female entrepreneurs in Denpasar City.

The novelty of this research lies in its tailored exploration of entrepreneurial leadership within the specific context of women entrepreneurs, addressing the gaps identified in the existing literature. By understanding the nuanced challenges and

opportunities faced by women in MSMEs, the research endeavors to provide valuable insights for policy-makers, business support organizations, and entrepreneurs themselves. The ultimate goal is to contribute to the enhancement of the entrepreneurial ecosystem, fostering economic resilience and growth. Therefore, this research aims to analyze the Entrepreneurial Leadership Impact on MSME Women's Business Performance in Denpasar City.

THEORITICAL REVIEW

Business Performance. Performance is a crucial aspect that requires careful attention from all levels of management, whether within small or large organizations. The concept of business performance is straightforward, as it is derived from the term "performance." The explanation of performance encompasses three essential elements: objectives, metrics, and evaluation. Defining the objectives for each organizational unit serves as a strategic approach to enhance performance. Performance is a broad term that applies to some or all of an organization's actions or activities within a specific timeframe, with reference to various standards such as past costs projected based on efficiency, accountability, management responsibility, and similar criteria. On the other hand, business refers to the exchange of goods, services, or activities aimed at generating profits (Harini et al., 2023; Yahaya & Nadarajah, 2023).

Business performance refers to the level of achievement or achievement of a company in a certain time period. The performance of a company is very determining in the development of the company. The company's goal is basically to maximize company value reflected in various performance measures. The performance of small companies can be seen from three indicators, namely sales growth, asset growth and profit growth (Astuti et al., 2019).

Entrepreneurial Leadership. The success of a business really depends on effective leadership abilities in its management. One form of effective leadership is entrepreneurial leadership. Entrepreneurial leadership includes individual actions in building a business, efforts toward innovation at the organizational level, and steps to exploit market opportunities. Entrepreneurial leadership is a concept that combines leadership potential with entrepreneurial spirit (Shiferaw et al., 2023). By integrating key aspects of entrepreneurship into leadership traits, entrepreneurial leadership is formed which has the potential to change the direction of world development. Specifically, entrepreneurial leadership is defined as an effort to influence and guide employee performance towards achieving organizational goals by exploiting entrepreneurial opportunities. It is important to note that entrepreneurial leadership is not synonymous with entrepreneurship, but rather is a new leadership model. While entrepreneurs focus on creating new initiatives, entrepreneurial leaders also actively seek opportunities outside the scope of existing ventures (Ahmed & Harrison, 2022).

Entrepreneurial leaders combine leadership potential with entrepreneurial skills, as for example when someone not only acts as a football team coach, but is also actively involved on the field as a captain. Not just making decisions, giving instructions and supervising, entrepreneurial leaders should prefer the role of team captain who shows direction and plays a role in the field. When an entrepreneur dares to take risks and take advantage of opportunities, this is the essence of leadership which is vital for future



business growth. As a result, this has become a crucial phenomenon in the context of entrepreneurial leadership in business management.

Entrepreneurial leadership is a leadership style that combines an innovative entrepreneurial spirit and the courage to take risks with strategic thinking abilities and leadership management skills. It is the ability to recognize opportunities, take calculated risks, and lead and inspire others to achieve shared goals. Leaders who have this style are characterized by their ability to think creatively and act decisively in responding to new challenges. Entrepreneurial leadership has 7 dimensions consisting of: able to motivate, visionary, creative, flexible, risk taking, achievement oriented, persistence (Shane & Venkataraman, 2000).

METHODS

This research is a positivism paradigm, which is causal associative research by looking at the causal relationship between exogenous variables and endogenous variables. This research is quantitative research using primary data, where data is obtained through a questionnaire instrument. This research aims to see the direct relationship between entrepreneurial leadership variables and the business performance of MSME Women Entrepreneurs in Denpasar City. Entrepreneurial leadership is a leadership style that combines an innovative entrepreneurial spirit and the courage to take risks with strategic abilities and leadership management skills, which are able to influence the improvement of MSME business performance as seen from the indicators of sales growth, asset growth and profit growth. This research focuses on female entrepreneurs in Denpasar City where women are still considered unable to carry out entrepreneurial leadership well for the purpose of improving their business performance, therefore from this framework of thinking a research conceptual framework can be formed as follows in **Figure 1**. The hypothesis of this research is that entrepreneurial leadership has a positive and significant effect on business performance.



Figure 1. Research Model

Figure 1 shows research is causal associative research with a quantitative approach. The location of this research is Denpasar City. This research began in April 2023 to November 2023. The number of respondents was determined from the estimation of exogenous and endogenous variable indicators with the provisions of several sample unit characteristics, namely MSMEs owned or run by women located in Denpasar City with a minimum of 2 years of existence, because after the business has been running for at least 2 years, MSME entrepreneurs have built a strong customer base, developed better products and services, increased operational efficiency and have measured their performance in a detailed, accurate and formal manner.

The sample was determined using the snowball sampling technique because data on MSME entrepreneurs according to female gender in Denpasar City was not available at the Denpasar City Government agency. Through the snowball sampling technique which

is part of a non-probability sampling technique where the sample has characteristics that are rarely found. This is a sampling technique, where existing subjects provide references to recruit the sample required for a research study (Dragan & Isaic-Maniu, 2022). This research uses 24 indicators, so the minimum number of respondents taken as a sample in this research is $24 \times 5 = 120$ and the maximum is $24 \times 10 = 230$. So, this research uses a sample of between 120 and 240 respondents, which is 130 respondents to find, this data indicator get from indicators of variables which is using purposive sampling technique (Firmansyah & Dede, 2022). For data analysis techniques, use Partial Least Square (PLS) analysis with the help of SmartPLS 3 software.

RESULTS

The results of this research can be seen in the gender category, that the MSME entrepreneurs in Denpasar City who were targeted were all female. Apart from that, the majority of female entrepreneurs who own MSMEs in Denpasar are aged 31 to 35 years, which is the mature age category for organizing, able to accept risks, able to solve problems and able to see existing business opportunities.

The group of respondents in this study, based on the control variable used, namely gender, all 130 respondents were female. Based on age, the majority of respondents were aged 31 to 35 years, namely 33.100 per cent, followed by respondents aged 26 to 30 years at 21.500 per cent, respondents aged 41 to 45 years at 10.800 per cent, aged 21 to 25 years, namely 10.000 per cent, followed by those aged 36 to 40 per cent at 8.500 per cent. And aged 46 to 50 years as much as 7.700 per cent, while aged 51 to 55 years as much as 4.600 per cent and aged 56 to 60 years as much as 2.300 per cent, finally aged 61 to 65 years as much as 1.500 per cent. This illustrates that 130 female respondents who are MSME owners in Denpasar City are predominantly aged 31 to 35 years.

In the grouping based on education, the majority were respondents with a Bachelor's degree level of 33.800 per cent, followed by a SMA/SMK education level of 32.300 per cent, then followed by respondents with a Master's degree level of 16.200 per cent, a Diploma level of education of 16.200 per cent. 8.500 per cent. And junior high school education level was 6.200 per cent, followed by elementary school education level at 2.300 per cent and finally doctoral education level at 0.800 per cent. Therefore, this information indicates that female respondents who own MSMEs in Denpasar City predominantly have bachelor's degrees. Finally, grouping based on length of business, the most dominant are businesses that have been running for 5 years at 14.600 per cent. Then followed by length of business for 3 years at 10.000 per cent, 4 years at 9.200 per cent, length of business for 2 years and 7 years at 8.500 per cent respectively. After that, the length of business for 8 years was 6.200 per cent, followed by the length of business for 9 years at 5.400 per cent, then the length of business for 6 years, 15 years and 20 years each at 4.600 per cent. Length of business of 11 years is shown at 3.100 per cent, and length of business of 12 years and 13 years is shown at 2.300 per cent respectively. Apart from that, the length of business for 17 years was 1.5 per cent and finally the length of business for 18 years, 19 years, 22 years, 23 years, 24 years, 27 years, 30 years and 32 years was shown at 0.800 per cent each. This information shows that according to respondents, women who are dominant MSME entrepreneurs in Denpasar City have been running their businesses for 5 years.

Table 1. Respondent Characteristics

No.	Variable	Classification	Noun (n)	Per centage
1.	Genders	Women	130	100.000
		21 to 25	13	10.000
		26 to 30	28	21.500
		31 to 35	43	33.100
2.	Age (Year)	36 to 40	11	8.500
		41 to 45	14	10.800
		46 to 50	10	7.700
		51 to 55	6	4.600
		56 to 60	3	2.300
		61 to 65	2	1.500
		Total		130
3.	Higest Education	Elementary School	3	2.300
		Junior High School	8	6.200
		Senior High School	42	32.300
		Diploma	11	8.500
		Bachelor Degree	44	33.800
		Magister Degree	21	16.200
		Doctoral Degree	1	0.800
		Total		130
4.	Long Time In Business (Year)	2	11	8.500
		3	13	10.000
		4	12	9.200
		5	19	14.600
		6	6	4.600
		7	11	8.500
		8	8	6.200
		9	7	5.400
		10	11	8.500
		11	4	3.100
		12	3	2.300
		13	3	2.300
		15	6	4.600
		17	2	1.500
		18	1	0.800
		19	1	0.800
		20	6	4.600
22	1	0.800		
23	1	0.800		
24	1	0.800		
27	1	0.800		
30	1	0.800		
32	1	0.800		
Total		130	100.000	

Source: Data is processed with SPSS

Validity tests were carried out on 130 respondents. In this test the critical correlation coefficient is obtained from the r distribution table using a significance level of 5 per cent so that the r table is 0.171. The significance test is carried out by comparing the calculated r value with the r table value. If the r-count is greater than the r-table value, then the statement is said to be valid. It can be seen in **Table 2** that everything is valid with the

calculated r value being greater than the table r . In this research, assisted by using SPSS 27 software, the results of the validity test can be seen in **Table 2**:

Table 2. Instrument Validity Test Results

Variables	Dimensions	Indicators	r-count	Remarks
Entrepreneurial Leadership	Able To Motivate	AM1	0.893	Valid
		AM2	0.910	Valid
		AO1	0.897	Valid
	Achievement Oriented	AO2	0.911	Valid
		AO3	0.912	Valid
		AO4	0.919	Valid
		C1	0.901	Valid
	Creative	C2	0.929	Valid
		C3	0.934	Valid
		F1	0.929	Valid
	Flexible	F2	0.940	Valid
		P1	0.931	Valid
	Persistence	P2	0.915	Valid
		P3	0.928	Valid
		P4	0.952	Valid
		RT1	0.930	Valid
Risk Raking	RT2	0.908	Valid	
	V1	0.949	Valid	
Visionary	V2	0.899	Valid	
	V3	0.896	Valid	
	V4	0.919	Valid	
	KB1	0.926	Valid	
Business Performance	KB2	0.933	Valid	
	KB3	0.935	Valid	

Source: Data is processed with SmartPLS 3

Table 2 shows Reliability testing is carried out using one shot or just one measurement. SPSS software provides facilities for reliability testing with the Cronbach Alpha (α) statistical test. Here the reduction is only done once and then the results are compared with other questions or measure the correlation between question answers. A construct or variable is said to be reliable and acceptable if it provides an Alpha value more than 0.700. Based on the results of the reliability test with the help of SPSS version 27 computer software, it can be shown in **Table 3**:

Table 3. Instrument Reability Test Results

Variable	Cronbach's Alpha	Standar Alpha	Remarks
Entrepreneurial Leadership (EL)	0.991	0.700	Reliable
Business Perfomance (BP)	0.984	0.700	Reliable

Source: Data is processed with SmartPLS 3

Table 3 shows, it shows that the reliability test was carried out on question items that were declared valid. A variable is said to be reliable or reliable if the answers to questions are always consistent. The results of the reliability of the Entrepreneurial Leadership instrument are 0.991, and Business Performance is 0.919. Of the two instruments, the Cronbach's alpha value is greater than 0.700.

Table 4. Cross Loading Calculation Results

Indicators	Entrepreneurial Leadership	Business Performance
AM 1	0.889	0.862
AM2	0.908	0.867
AO1	0.900	0.827
AO2	0.914	0.840
AO3	0.915	0.847
AO4	0.922	0.856
C1	0.901	0.850
C2	0.931	0.861
C3	0.933	0.880
F1	0.928	0.880
F2	0.940	0.879
KB1	0.910	0.978
KB2	0.916	0.987
KB3	0.918	0.987
P1	0.933	0.855
P2	0.915	0.853
P3	0.929	0.862
P4	0.953	0.887
RT1	0.932	0.860
RT2	0.910	0.842
V1	0.949	0.884
V2	0.901	0.815
V3	0.900	0.805

Source: Data is processed with SmartPLS 3

The AVE root value of the entrepreneurial leadership construct (EL) is 0.920, which is greater than the correlation of the latent variable with other constructs besides entrepreneurial leadership (BP). The AVE root value of the business performance construct (BP) is 0.962, which is greater than the correlation of other latent variables with business performance (BP). therefore, all constructs in the model tested meet the criteria for discriminant validity. Another discriminant validity test is to assess the validity of variables with the AVE value. The model is said to be good if the AVE of each variable is greater than 0.500. The output results show that the AVE value for all variables is greater than 0.500 so the model can be said to be good.

Table 5. Comparison of AVE Square Roots with Latent Variable Correlations

Variable	AVE	AVE Root	Correlation	
			Entrepreneurial Leadership (EL)	Business Performance (BP)
Entrepreneurial Leadership (EL)	0.847	0.920	1.000	
Business Performance (BP)	0.926	0.962	0.929	1.000

Source: Data is processed with SmartPLS 3

Apart from the validity test, a construct reliability test was also carried out which was measured using two criteria, namely composite reliability and Cronbach's alpha from the indicator block that measures the construct. A construct is declared reliable if the composite reliability and Cronbach's alpha values are above 0.700. The output results can be seen in **Table 6**.

Tabel 6. Instrument Reliability Research Results

Variable	Composite Reliability	Cronbach's Alpha	Remark
Entrepreneurial Leadership (EL)	0.991	0.991	Reliabel
Business Performance (BP)	0.989	0.984	Reliabel

Source: Data is processed with SmartPLS 3

Table 6 shows The composite reliability and Cronbach's alpha output results for both the entrepreneurial leadership and business performance constructs are all above 0.700. Therefore, it can be explained that all constructs have good reliability. Convergent validity with reflexive indicators can be seen from the correlation between the indicator scores and the construct scores. Individual indicators are considered reliable if they have a correlation value above 0.700. However, at the scale development stage research, loadings of 0.500 to 0.600 are still acceptable. The correlation results between the indicators and their constructs can be seen in the following table.

Table 7. Outer Loadings Entrepreneurial Leadership Construct

No	Questions	Outer Loadings	t Statistic	p Values
Able To Motivate				
1.	I am able to increase employee morale.	0.889	21.592	0.000
2.	I am able to provide direction to employees to work better.	0.908	30.338	0.000
Achievement Oriented				
3.	I am able to pay more attention to the business or enterprise that I am working on.	0.900	32.055	0.000
4.	I am able to delegate tasks well.	0.941	44.133	0.000
5.	I am able to supervise the process of activities in the company from upstream to downstream.	0.915	41.350	0.000
6.	I want to change the plan that has been planned if there is better input.	0.922	58.733	0.000
Creative				
7.	I am active in looking for new ideas regarding new products and business processes.	0.901	36.082	0.000
8.	I am able to see opportunities that occur in the market.	0.931	55.068	0.000
9.	I am able to invite other people to think about creating new products or businesses.	0.933	61.692	0.000
Flexible				
10.	I am able to provide a positive response to changes that occur.	0.928	57.290	0.000
11.	I am able to act more quickly in responding to changes that occur.	0.940	62.752	0.000
Persistent				
12.	I am able to handle pressure at work.	0.933	58.212	0.000
13.	I am able to overcome any difficult obstacle.	0.915	38.528	0.000



14.	I am able to carry out my work even though it is full of challenges.	0.929	56.049	0.000
15.	I continue to carry out my work even though it is full of challenges.	0.953	85.474	0.000
Risk Taking				
16.	I am willing to bear the possibility of financial loss to the company.	0.932	65.419	0.000
17.	I am willing to bear the possibility of losses in the social aspects of life.	0.910	33.668	0.000
Visionary				
18.	I have an idea of his future endeavors.	0.949	80.169	0.000
19.	I am able to tell employees about current business developments.	0.901	26.683	0.000
20.	I am able to convey plans and hopes for future business to employees.	0.900	27.545	0.000
21.	I was able to convince employees about the business prospects.	0.920	30.150	0.000

Source: Data is processed with SmartPLS 3

Table 7 shows, the output results have met convergent validity because the loading factor is above 0.700. In the table above it can be seen that the indicator "I continue to carry out my work even though it is full of challenges" has the highest outer loadings value compared to other indicators, namely 0.953, so it can be explained that this indicator can reflect the construct of entrepreneurial leadership (EL).

Tabel 8. Outer Loadings Business Performance Construct

No	Questions	Outer Loadings	t Statistic	p Values
1.	In the last 2 years, sales of my products have increased.	0.978	128.258	0.000
2.	In the last 2 years, my asset growth has increased	0.987	244.362	0.000
3.	In the last 2 years, my sales profit has increased	0.987	256.781	0.000

Source: Data is processed with SmartPLS 3

Table 8 shows, the output results have met convergent validity because the loading factor is above 0.700. In the table above it can be seen that the indicator "In the last 2 years, my asset growth has increased", has the highest outer loadings value compared to other indicators, namely 0.987, so it can be explained that this indicator can reflect the business performance construct (BP).

The high R-square value of 0.864 suggests that the entrepreneurial leadership model effectively captures a significant portion of the variance in business performance. This implies a robust relationship between entrepreneurial leadership and business performance, indicating that the model is a reliable predictor. However, it is essential to consider other factors not included in the research that contribute to the remaining 13.600 per cent of unexplained variability in business performance. Future studies could explore these additional constructs to provide a more comprehensive understanding of the factors influencing business performance. Furthermore, a thorough examination of potential moderating or mediating variables may offer valuable insights into the nuanced dynamics of the entrepreneurial leadership-business performance relationship.



To measure how well the observation values are produced by the model and also the parameter estimates, it is necessary to calculate the Q-square as follows:

$$\begin{aligned}
 Q^2 &= 1-(1-(R_1)^2) && (1) \\
 &= 1-(1-(0.864)^2) \\
 &= 1-(1-(0.747)) \\
 &= 1-(0.253) \\
 &= 0.747
 \end{aligned}$$

Based on Q2, it has a value in the range 0 less than Q2 less than 1, where the closer to 1 means the model is better. So from the results of these calculations, the Q2 value is 0.747, so it can be concluded that the model has good predictive relevance (Q2 = 0.747 more than 0).

This research uses the Partial Least Square (PLS) approach to test and analyze the research hypotheses previously stated. The results of the empirical research model analysis using the PLS analysis tool can be seen in **Figure 2**.

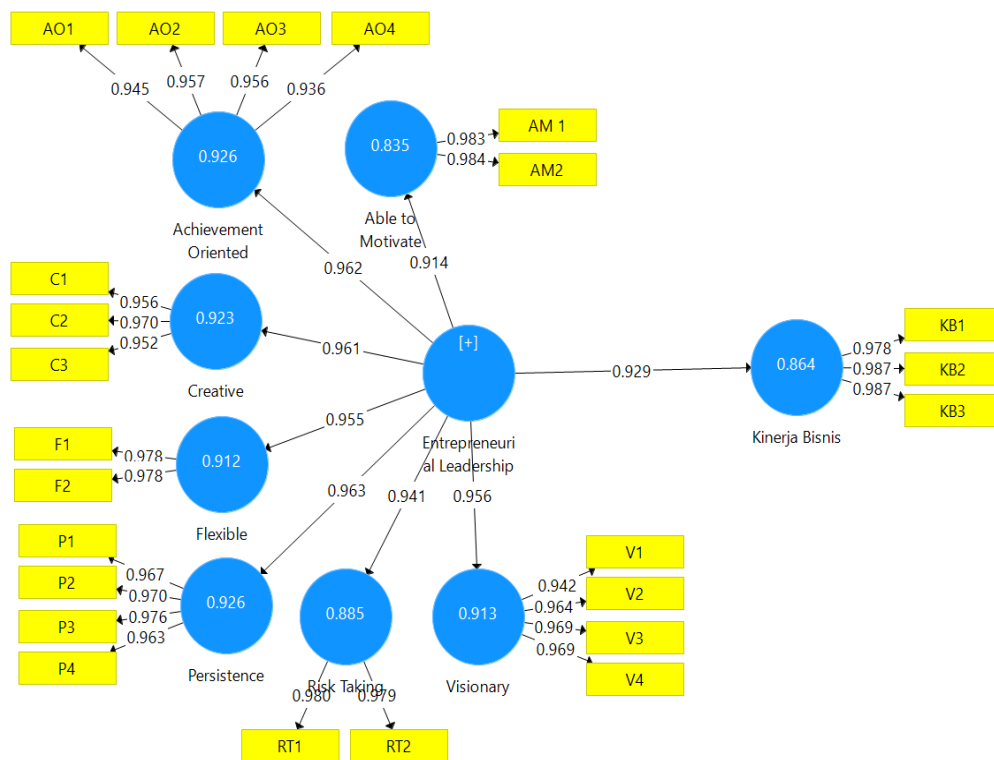


Figure 2. PLS output
 Source: Data is processed with SmartPLS 3

Figure 2, can carry out tests and analyzes of research hypotheses that have been stated previously. The results of the empirical research model analysis using the PLS analysis.



Table 9. Path Coefficient

Construct	Original Sample	<i>t</i> Statistic	<i>p</i> Values	Remark
Entrepreneurial leadership (EL) → Business performance (BP)	0.929	56.243	0.000	Significant

Source: Data is processed with SmartPLS 3

In addition, the discussion of this research includes an explanation of the direct influence of research variables. The description of the discussion of the results of this research hypothesis testing is as follows. The results of the structural model estimation as presented in Table 10 show that hypothesis testing on the influence of entrepreneurial leadership on business performance produces a correlation coefficient of 56.243 and a *p* value of 0.000 (less than 0.050). These results show that entrepreneurial leadership has a significant positive effect on business performance. Therefore, this research can empirically prove that the higher the entrepreneurial leadership, the higher the business performance. These results indicate that entrepreneurial leadership is able to explain variations in changes in the performance of MSME businesses run by women entrepreneurs in Denpasar City.

Entrepreneurial leadership referred to in this research is a leadership style that combines an innovative entrepreneurial spirit and the courage to take risks with strategic thinking abilities and leadership management skills. It is the ability to recognize opportunities, take calculated risks, and lead and inspire others to achieve shared goals. Leaders who have this style are characterized by their ability to think creatively and act decisively in responding to new challenges. Implementing entrepreneurial leadership through being able to motivate is the entrepreneur's ability to motivate their team or organization. They have the ability to inspire team members and invite them to actively participate in achieving common goals. Second, visionary ability is the ability of entrepreneurs to be able to inspire others with their vision and communicate that vision clearly. The third creative ability is the entrepreneur's ability to not only follow existing conventions, but look for new solutions and innovative ideas. Furthermore, they must be able to adapt quickly to changing situations and not stick to the initial plan. After that, the ability to take risks (dare to take risks) is one of the most striking characteristics of entrepreneurial leadership, namely the ability to take measurable risks. These entrepreneurs are not afraid to try new things or take risky steps to achieve their goals. Then, the ability to be achievement oriented is the entrepreneur's ability to focus on achieving results and targets. They have high motivation to achieve set goals and encourage team members to do the same. Lastly, the ability of persistence is the entrepreneur's ability to remain persistent and persistent in facing obstacles and failure, which is a characteristic of entrepreneurial leadership. These leaders do not give up easily and keep fighting to achieve their goals. Therefore, it can be interpreted that the higher the entrepreneurial ability in terms of leadership, looking for opportunities, organizing, the ability to see possible opportunities in the future and taking risks, has an influence on the success of business performance as measured through product sales, asset growth and sales profit. This means that in carrying out business activities, female entrepreneurs who own MSMEs in Denpasar City have carried out and implemented entrepreneurial leadership values such as the ability to motivate, the ability to manage a vision, be creative, dare to take risks, be achievement oriented and perseverance in improving business performance.

Empirical facts according to respondents' perceptions show that the indicator "I continue to carry out my work even though it is full of challenges with the highest outer loadings compared to other indicators, namely 0.953, this shows that it can reflect the entrepreneurial leadership construct, so this indicator must also be able to be strengthened so that it can protect the environment business from competitors. Meanwhile, the respondents' answers to the questionnaire provided show that the highest average score for each dimension of entrepreneurial leadership with the highest score being 4.300, which is considered to have contributed the most, is the ability to provide direction to employees to work better, seen from their abilities. able to motivate, the ability to supervise the process of activities in the company from upstream to downstream if seen from achievement oriented ability, the ability to provide a positive response to changes that occur seen from the ability to be flexible and the ability to be willing to bear the possibility of losses in the social aspects of life seen from this perspective risk taking ability. This can be used as a reference that these indicators need to be maintained, while other indicators that are still lacking must be improved so that business performance can be achieved more optimally.

The results of this research do not support research from Aparisi-Torrijo & Ribers-Giner presenting research related to the structure and current trends regarding entrepreneurial leadership in women. This research produces the results of an analysis of female entrepreneurs from a social construction perspective, especially articles that investigate gender with bias results that men are more dominant in terms of entrepreneurial leadership and business than women. This research also shows that there is still little research that discusses entrepreneurial leadership styles and abilities in female entrepreneurs (Aparisi-Torrijo & Ribes-Giner, 2022).

Nguyen et al. analyze the influence of entrepreneurial leadership, which is a leadership style that emphasizes entrepreneurship, innovation, being able to see new opportunities, taking risks and making quick decisions on business performance mediated by entrepreneurial orientation, team creativity, dynamic capabilities and competitive advantage, in addition to technological innovation capabilities mediating entrepreneurial orientation on business performance. Where the results of research by Nguyen et al. shows that the entrepreneurial leadership relationship mediated by team creativity, dynamic capabilities and competitive advantage is proven to be able to improve business performance (Nguyen et al., 2021)

Then this research is also which analyzes the relationship between entrepreneurial leadership style variables and organizational performance using a grounded theory meta-analysis approach which looks systematically and structured at previous studies. According to him, the role of entrepreneurial leadership style is able to improve organizational performance. This shows that the entrepreneurial leadership style is able to have a positive or negative impact on the leader's ability to make decisions, see opportunities and manage all existing resources in the company. Furthermore, the results of this study also support research from Armanu et al. which states that a leader who has an entrepreneurial spirit will have implications for the progress of his business. Research by Armanu et al. analyze and explain the influence of entrepreneurial leadership on business performance mediated by innovative human resources. This shows that entrepreneurial leadership has a positive and significant effect on business performance (Rumijati & Hakim, 2023).

Apart from that, the results of this research are not able to support research from Pangestu et al. which studies the moderating effect of entrepreneurial leadership and



competitive advantage on the relationship between business innovation models and business performance of start-up companies. The analysis of this research produces a significant relationship between business innovation models and the business performance of start-up companies. Apart from that, there is a significant relationship between entrepreneurial leadership and competitive advantage for business innovation models. However, it does not show a direct relationship between entrepreneurial leadership and the business performance of start-up companies (Phangestu et al., 2020). Finally, this research also supports research from Paudel which examined the influence of entrepreneurial leadership and organizational innovation on SME business performance, as well as looking at the mediating influence of organizational innovation between the relationship between entrepreneurial leadership and business performance. The results of this research found a positive and significant influence between entrepreneurial leadership on business performance (Paudel, 2019).

DISCUSSION

The findings of this research highlight the important role of entrepreneurial leadership in directly influencing business performance, especially in MSMEs led by women entrepreneurs in Denpasar City. This study emphasizes the positive correlation between entrepreneurial leadership skills and business success, highlighting the importance of innovative thinking, risk taking, strategic vision, and effective management skills.

The obstacles and challenges faced by MSMEs run by women entrepreneurs in Denpasar City, including negative stigma and leadership gaps, underscore the need to strengthen entrepreneurial leadership skills. Research reveals that a lack of recognition and support for women's leadership abilities contributes to existing disparities. These findings emphasize the importance of cultivating courage, strategic thinking, and effective leadership management skills to empower women entrepreneurs to overcome these challenges.

The practical implications of the results of this research indicate that MSMEs, especially those led by women, must focus on strengthening entrepreneurial leadership indicators. This includes cultivating continued dedication to work despite challenges, embracing innovation and technology, motivating employees, and monitoring the business environment. The study recommends a targeted approach to leadership training initiatives by governments, emphasizing values such as leadership, vision, human resource management, technology adoption and risk taking. This recommendation aims to improve the overall performance of MSMEs managed by women entrepreneurs.

The contribution of indicators from certain entrepreneurial leadership variables identified in the research. Motivation, visionary ability, creative thinking, risk taking, achievement orientation, and perseverance emerge as important components. By delving deeper into each indicator, this discussion can explain how these qualities manifest in successful entrepreneurial leadership and contribute to business performance.

Comparing this research with research from (Aparisi-Torrijo & Ribers-Giner, 2022), which also discusses women's leadership on its influence on business performance, however, this research shows biased results that only focus on men, while the results of this research are specifically in Denpasar City and are different. The location of previous research then shows that women's leadership is able to influence business performance



well. The advantages of this research also have the advantage of supporting and being in accordance with research from (Rujati & Hakim 2023), (Nguyen et al., 2021) that it is able to show entrepreneurial leadership influences business performance, but the advantages of this research are compared with the research of (Rujati & Hakim, 2023), (Nguyen et al., 2021) focus more clearly on the female gender who are considered incapable of leading in business to improve their MSME business performance

In conclusion, this research offers comprehensive insight into the theoretical implications of entrepreneurial leadership, addresses the specific challenges faced by MSMEs led by women entrepreneurs in Denpasar City, and provides practical recommendations for its implementation. The contribution of key indicators to entrepreneurial leadership underscores the multifaceted nature of effective leadership. Although this research acknowledges existing limitations, its significance lies in its potential to guide policymakers, entrepreneurs and stakeholders in creating a conducive environment for women-led MSMEs, thereby ultimately contributing to economic development and gender equality.

CONCLUSION

Based on the results of the research discussion that has been conducted, it can be concluded that entrepreneurial leadership has a positive and significant effect on business performance. This means that the higher the values of able to motivate, visionary, creative, flexible, risk taking, achievement oriented, persistence implemented by women entrepreneurs who own MSMEs in Denpasar City, the higher the business performance of the MSMEs that have been run will also be. Suggestions that can be given based on the conclusions obtained are indicators of courage to take risks according to the respondents' assessment so that the indicators are considered important to reflect the entrepreneurial leadership construct. Meanwhile, the respondents' answers to the questionnaire given show that those who are considered to have contributed the most are the ability to provide direction to employees to work better seen from the ability to motivate, the ability to supervise the process of activities in the company from upstream to downstream when seen from the ability to achieve oriented, the ability to provide a positive response to changes that occur seen from the ability to be flexible and the ability to be willing to bear the possibility of loss in the social aspects of life seen from the perspective of risk taking ability. This can be used as a reference that these indicators need to be maintained, while other indicators that are still lacking must be improved so that business performance can be achieved more optimally.

Furthermore, it is essential for women entrepreneurs managing MSMEs in Denpasar City to not only recognize the significant contribution of product sales indicators but also to address the existing gap in their implementation. In light of the respondents' perceptions indicating a current low level of sales, there is a critical need for these entrepreneurs to focus on and effectively implement strategies aimed at boosting the sales of their products. This involves a thorough examination of sales processes, customer engagement, marketing strategies, and other relevant factors to ensure a comprehensive and successful approach to increasing product sales.

In fostering an entrepreneurial leadership spirit among women entrepreneurs in Denpasar City, it is imperative to establish synergy and proactiveness not only among the central government, regional government, private sector, and the local community but also



to emphasize collaboration as a fundamental key to success in enhancing business performance. This collaborative effort should involve joint initiatives, support programs, and strategic partnerships that collectively contribute to creating an environment conducive to the development of entrepreneurial leadership among women entrepreneurs.

Future research needs to consider using other constructs as competitive advantage, business strategy or the Catur Paramitha local wisdom approach to support the realization of good entrepreneurial leadership so as to improve business performance, both directly and through mediation and future research can expand the research orientation within a wider population, conducting research on more specific types of MSMEs in other areas so that the findings of this research may be different compared to research in other areas.

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