



Strengthening Business Performance Through Entrepreneurial Orientation, Talent Management, and Entrepreneurial Ecosystems in Indonesia

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Abstract

This study aims to see the importance of business performance will impact Entrepreneurial Orientation which includes innovation, proactivity, and courage to take risks and contribute to improving Business Performance. Business Performance will also be influenced by Talent Management to see effective talent management from recruitment to HR retention, able to drive improved business performance in the context of the creative industry that is highly dependent on quality human resources. The data used are 45 samples from creative industry business actors and MSMEs. This data was obtained based on the results of surveys and questionnaires. The research tool to analyze work quality and motivation uses Structural Equation Modeling (SEM) and Partial Least Square (PLS). Based on the research conducted, it was found that the Entrepreneurial Orientation variable has a positive and significant influence on Business Performance. The Talent Management variable has a positive and significant influence on Business Performance. The Entrepreneurial Ecosystem variable is proven to moderate the relationship between Entrepreneurial Orientation and Business Performance positively and significantly. The Entrepreneurial Ecosystem variable has a positive and significant relationship between Talent Management and Business Performance. Overall, the analysis results show that Entrepreneurial Orientation and Talent Management can have a positive influence and tendency towards Business Performance. Therefore, business performance for entrepreneurs and managers in the creative industry develops an entrepreneurial orientation within the organization and optimizes the talent management system, as both have been empirically proven to improve business performance.

Keywords: Entrepreneurship Orientation, Talent Management, Entrepreneurship Ecosystem, Business Performance, Indonesian Creative Industry

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1. Introduction

The creative industry is a strategic economic sector within the global economy. Its contribution to the national Gross Domestic Product (GDP) makes this sector a significant contributor. Furthermore, it is a driver of innovation, employment, increased competitiveness at the international level, and a catalyst for strengthening the nation's economy. Data from the Creative Economy Agency (Bekraf) and the Ministry of Tourism and Creative Economy of the Republic of Indonesia shows that the creative industry continues to contribute to strengthening the economy, particularly in the culinary, fashion, and craft sectors, which are the three main components that dominate the scope of Indonesia's economic ecosystem [1]

However, there are still many challenges and competition that must be faced so that this industrial sector can innovate and develop much better. One of the

challenges for creative industry players is structural improvements that hinder the continuous improvement of business performance [2]. Increasingly tight competition, consumer tastes, and changes in digital technology require creative business actors to not only rely on creativity but must also have good entrepreneurial skills and reliable, superior human resource management capabilities, especially skilled talent management [3].

Entrepreneurial orientation is a method that has been widely used for strategic management of a business [4]. Entrepreneurial orientation itself (EO) is one of the most studied indicators in the literature on strategic management and entrepreneurship. According to [5] Entrepreneurial orientation is an activity of product-market innovation, taking risks, and being the first to create an innovation that surpasses competitors.

On the other hand, talent management is one of the factors in the success of a business in an organization.

Talent Management is a series of processes in filtering, using, identifying individuals who have the ability to develop their talents and talents to achieve the strategic goals of the organization [6]. In the creative industry, the development of Talent Management is very necessary, especially in developing the quality of human resources and individual creative capabilities. Good talent management practices will greatly depend on the development of productivity, innovation, and employee performance in the business as a whole.

The Entrepreneurial Ecosystem is an external indicator that will influence a business. This includes employees, resources, and environmental conditions that facilitate entrepreneurial action [3]. The Entrepreneurial Ecosystem is a moderating variable that is unique in this study. This variable will determine whether it strengthens or weakens entrepreneurial orientation and talent management [7].

Although the three variables of entrepreneurial orientation, talent management, and entrepreneurial ecosystem have been widely studied or studied separately in various studies, the integration of the two is very interesting to study, especially since it is closely related to the context of the Indonesian creative industry which is still very limited. Most studies conducted only focus on one object such as manufacturing, banking, or multinational companies in developed countries [8]. This causes a literature gap between the two variables in the form of creative industries in developing countries such as Indonesia. In addition, the characteristics of the industry in Indonesia which have uniqueness such as containing cultural dimensions, aesthetics, and habits are findings with other industrial contexts that cannot be implemented simply without further empirical testing

This research is expected to make a significant contribution and enrich the literature on strategic management and entrepreneurship by integrating these three research variables. It will provide a new perspective on how the entrepreneurial ecosystem can strengthen or weaken the effectiveness of entrepreneurial orientation and talent management in the context of Indonesia's creative industry [9].

Methods

This study uses a quantitative approach using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) [10] which aims to test and analyze the influence of Entrepreneurial Orientation and Talent Management on Business Performance, as well as the moderating role of Entrepreneurial Ecosystem in the creative industry in Indonesia. This method is expected to provide a more complex analysis in identifying the influence between variables [11]. The quantitative approach is a research method based on the philosophy of positivism, used to research certain populations or samples, data collection using research instruments, and

statistical data analysis with the aim of testing predetermined hypotheses [12]. This approach was chosen because the study aims to measure the strength of the relationship between variables, test the influence of causality, and analyze the role of moderation statistically and measurably [13].

2.1 Population and Sample

A population is an area consisting of objects/subjects that have a certain number and characteristics that are taken to carry out the research process, analyzed and studied and then to draw conclusions [14]. A sample is a part of the population that has certain characteristics. If the population is large, a study only takes a sample due to several factors such as limited funds, manpower and time. Therefore, the sample taken is a sample that is truly representative or represents the characteristics of the population [15].

2.2 Measurement Model

This study uses a SEM (Structural Equation Modeling) approach based on Partial Least Squares (PLS-SEM) using the SmartPLS4 tool [16]. The measurement model consists of Convergent Validity as seen from the Outer Loading results where all variable indicators are > 0.70 . Then seen from the results of the Average Variance Extracted (AVE) Henseler et.al (2021). Another measurement model uses Discriminant Validity by looking at the HTMT results must be below < 0.85 which indicates that the two variables have different characteristics [17].

2.3 Structural Model

The Coefficient of Determination (R^2) test is used to see how much the Independent variable is able to explain the Dependent variable [18]. Hypothesis Testing (Inner Model) which will later look at the results of the t-statistic and p-value.

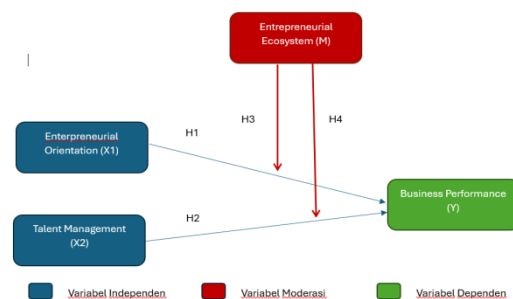


Figure 1. Conceptual Framework Hipotesis:

H1: Entrepreneurial Orientation has a positive and significant effect on business performance in the Indonesian creative industry.

H2: Talent Management has a positive and significant effect on business performance in the Indonesian creative industry.

H3: Entrepreneurial Ecosystem moderates the effect of Entrepreneurial Orientation on business performance in the Indonesian creative industry.

H4: Entrepreneurial Ecosystem moderates the effect of Talent Management on business performance in the Indonesian creative industry.

3. Results and Discussions

This study involved 45 respondents, who were MSME business owners in the creative industry sector in Pekanbaru. Data collection was conducted through in-person and online questionnaires using Google Forms from July to January 2026.

3.1 Outer Loading Results

Outer Loading is seen from each variable indicator with a minimum value of 0.70. All indicators of the four variables meet the requirements [19].

Table 1. Outer Loading Results

	Entrepreneurial Orientation (EO)	Talent Management (TM)	Entrepreneurial Ecosystem (EE)	Business Performance (BP)
EO1	0.824			
EO2	0.838			
EO3	0.797			
EO4	0.782			
EO5	0.811			
TM1		0.819		
TM2		0.843		
TM3		0.812		
TM4		0.794		
EE1			0.803	
EE2			0.817	
EE3			0.791	
EE4			0.818	
EE5			0.799	
BP1				0.849
BP2				0.826
BP3				0.818
BP4				0.793
BP5				0.832

Source: Smart PLS 4 Data Processing 2026

3.2 Convergent Validity

Convergent validity is seen from the outer loading value of each indicator and the Average Variance Extracted (AVE) value [19].

Table 2. Results of Convergent Validity and Construct Reliability Tests

Variabel/Konstruk	Indikator	Loading Factor	AVE	Composite Reliability	Cronbach's Alpha
Entrepreneurial Orientation (EO)	EO1	0,824	0,661	0,886	0,847
	EO2	0,838			
	EO3	0,797			
	EO4	0,782			
	EO5	0,811			
Talent Management (TM)	TM1	0,819	0,668	0,889	0,852
	TM2	0,843			
	TM3	0,812			
	TM4	0,794			
Entrepreneurial Ecosystem (EE)	EE1	0,803	0,651	0,879	0,834
	EE2	0,817			
	EE3	0,791			
	EE4	0,818			
	EE5	0,799			
Business Performance (BP)	BP1	0,849	0,678	0,904	0,874
	BP2	0,826			
	BP3	0,818			
	BP4	0,793			
	BP5	0,832			

Source: Smart PLS 4 Data Processing 2026

Based on Table 2, all indicators of the four variables have outer loading values that exceed the minimum threshold of 0.70. The AVE value for the EO variable is 0.661, TM is 0.668, EE is 0.651, and BP is 0.678. Therefore, from the results, it can be concluded that convergent validity for all variables is met.

3.3 Discriminant Validity

Discriminant validity is seen from the results of the Heterotrait-Monotrait Ratio (HTMT). The HTMT value must be below 0.85 to explain when two different variables have different entities [20].

Table 3. Discriminant Validity Test Results - HTMT Ratio

Konstruk	EO	TM	EE	BP
Entrepreneurial Orientation (EO)	—			
Talent Management (TM)	0,718	—		
Entrepreneurial Ecosystem (EE)	0,659	0,694	—	
Business Performance (BP)	0,748	0,769	0,703	—

Source: Smart PLS 4 Data Processing 2026

3.4 Coefficient of Determination (R^2)

R^2 is a measure to see how much the dependent variable can be explained by the independent variable in a research model.

Table 4. 4 Coefficient of Determination (R^2)

Konstruk Endogen	R^2	R^2 Adjusted	Q^2	Keterangan
Business Performance (BP)	0,589	0,562	0,372	Moderat–Substansial

Source: Smart PLS 4 Data Processing 2026

Based on table 3, the R^2 value is 0.589, indicating that the variables Entrepreneurial Orientation, Talent Management, and the moderation interaction of Entrepreneurial Ecosystem together are able to explain 58.9% of the Business Performance variable in the Indonesian creative industry.

3.5 Pengujian Hipotesis

Hypothesis testing was conducted using SmartPLS through a bootstrapping procedure, which then produced statistical values and p-values (Hair et al., 2022). The hypothesis was accepted if the t-statistic value was > 1.96 and the p-value < 0.05 . The following are the results of the hypothesis testing:

Table 5. Hypothesis Testing Results

Hipotesis	Hubungan	Original Sample (O)	T-Statistics	P-Values	Keterangan
H1	EO-BP	0,327	3,891	0,000	Diterima
H2	TM-BP	0,284	3,612	0,000	Diterima
H3	EO-EE-PB	0,172	2,318	0,021	Diterima
H4	TM-EE-BP	0,148	2,047	0,041	Diterima

Source: Smart PLS 4 Data Processing 2026

Based on table 4, it can be seen that the results of the hypothesis testing of the Entrepreneurial Orientation variable have a positive and significant effect on Business Performance with a t-statistic value of $3.891 > 1.96$ and a p-value of $0.000 \leq 0.05$, meaning H1 is accepted. Talent Management has a positive and significant effect on Business Performance with a t-statistic value of $3.612 > 1.96$ and a p-value of $0.000 \leq 0.05$, meaning H2. Talent Management has a positive and significant effect on Business Performance with a t-statistic value of $3.612 > 1.96$ and a p-value of $0.000 \leq 0.05$, meaning H2. Entrepreneurial Orientation and Entrepreneurial Ecosystem have a positive and significant effect on Business Performance with a t-statistic value of $2.318 > 1.96$ and a p-value of $0.021 \leq 0.05$, meaning H3 is accepted. Talent Management and Entrepreneurial Ecosystem have a positive and significant effect on Business Performance with a t-

statistic value of $2.047 > 1.96$ and a p-value of $0.041 \leq 0.05$, meaning H4 is accepted.

3.6 Research Limitations

This study only used 45 respondents from creative industry MSMEs in Pekanbaru, so that testing with a wide enough scope has not been fulfilled. In the coverage area only includes one city of Pekanbaru-Riau so that to develop this research must represent several regions in Indonesia. If seen from the results of R^2 58.9% it can be said that 41.1% of the Business Performance variable cannot be explained in the variables studied, so there are still other factors that have not been studied. For Cross Sectional data only taken from the period of July-August so it does not capture the dynamic changes of creative industry MSMEs.

4. Conclusions

Research has been conducted to test the influence of Entrepreneurial Orientation (EO) and Talent Management (TM) on Business Performance (BP), as well as the moderating role of Entrepreneurial Ecosystem (EE) in the creative industry in Indonesia using Path Coefficient and Booststrapping analysis with SmatPLS 4.0 tools, with the results of all proposed hypotheses being accepted.

First, the research results prove that Entrepreneurial Orientation has a positive and significant effect on Business Performance with a t-statistic value of $3.891 > 1.96$ and a p-value of $0.000 \leq 0.05$. This finding indicates that the higher the entrepreneurial orientation possessed by creative industry players, such as innovation, risk-taking, and proactivity, the higher the level of business performance that can be achieved. This result is consistent with various previous studies that emphasize the central role of entrepreneurial orientation as the main driver of growth and competitive advantage of companies. Second, Talent Management is proven to have a positive and significant effect on Business Performance with a t-statistic value of $3.612 > 1.96$ and a p-value of $0.000 \leq 0.05$. This shows that effective human resource management, including recruitment, development, and retention of talent, is a strategic factor that contributes significantly to improving business performance in the creative industry sector in Indonesia. Third, the Entrepreneurial Ecosystem is proven to moderate the relationship between Entrepreneurial Orientation and Business Performance positively and significantly with a t-statistic value of $2.318 > 1.96$ and a p-value of $0.021 \leq 0.05$. This finding confirms that a conducive entrepreneurial ecosystem, such as policy support, infrastructure, networks, and access to financing, can strengthen the impact of entrepreneurial orientation on business performance. Fourth, the Entrepreneurial Ecosystem is also proven to moderate the relationship between Talent Management and Business Performance positively and significantly with

a t-statistic value of $2.047 > 1.96$ and a p-value of $0.041 \leq 0.05$. These results indicate that the effectiveness of talent management in improving business performance will be more optimal when supported by a good entrepreneurial ecosystem.

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