Mediating effect of relational capabilities in the relationship between entrepreneurial orientation and SMEs performance



Abstract

Purpose: The aim of this research is to analyze empirical evidence of the effect of entrepreneurial orientations on SMEs' business performance. The previous study found that entrepreneurial orientation became an important key for an entrepreneur to enhance business performance. This study also examined the role of relational capabilities as an intervening variable to achieve business performance. Methodology: The sample in this study was the furniture SMEs in the region of central Java with a sample size of 208 SMEs. This study used purposive sampling methods. Structural Equation Modelling (SEM) was used to test results of the data analysis with the help of software AMOS/Amos Graph. Findings: The results of the study showed that entrepreneurial orientation has a significant positive effect on business performance. Entrepreneurial orientation has a significant positive effect on relational capabilities. Relational capabilities are mediated the positive relationship between entrepreneurial orientation and business performance significantly. **Implications for theory and practice:** The results of this study indicate the effect of entrepreneurial orientation on business performance and relational capabilities and mediating role of relational capabilities. Therefore, SMEs ought to develop relational capabilities with SMEs networks through strengthening entrepreneurial orientation to achieve SMEs' performance. Originality and value: The main contribution of the study from the combination of entrepreneurial orientation and relational capabilities of SMEs to enhance business performance.

Keywords: entrepreneurial orientation, relational capabilities, business performance.

Received 20 April 2019; Revised 28 September 2019; Accepted 30 September 2019 (paper moved to be published in 2021). This is an open access article under the CC BY license (https://creativecommons.org/licenses/by/4.0/legalcode).

¹ Nuryakin, Master of Management Department. Postgraduated Program. Universitas Muhammadiyah Yogyakarta. Brawijaya Road. Bantul. Yogyakarta City. 55183. Indonesia, e-mail: nuryakin@umy.ac.id (ORCID: https://orcid.org/0000-0002-4998-9601).

INTRODUCTION

Indonesian furniture export sales were ranked 18th, far below Malaysia and Vietnam, in the Central Java Directory of Exporters in 2014. However, the furniture and handicraft industry in Indonesia has the potential to grow more significantly in the future because of abundant raw materials and adequate skilled personnel to support them, as well as product design which is as good when compared with other countries. Indonesian export capabilities in the furniture sector have not yet been able to compete in the arena of global competition. In global export markets, the European region has huge potential at 42%, while Asia is 40%, 9% in America, 7% Australia, and 2% Africa (Asmindo, 2014).

It is essential for furniture SMEs in Indonesia to have an entrepreneurial p spirit and penetrate these international markets. Studies on the importance of SMEs to have an entrepreneurial orientation have also been investigated by previous researchers such as (Baker & Sinkula, 2009; Kohtamäki, 2008; Kraus, Rigtering, Hughes, & Hosman, 2011; Nadli, Nordqvist, Sjoberg, & Wiklund, 2007; Teck, 2012). Furthermore, Baker and Sinkula (2009) describe the importance of the company to be oriented on the market and entrepreneurial in achieving the firms' growth and identifying market opportunities. The companies conducting orientation towards entrepreneurship will efficiently develop the company's innovation through increasing both the quality and quantity produced.

Zimmerer, Scarborough, and Wilson (2005) declare the 21st century as the century of entrepreneurship. Entrepreneurship is a concept and management practices that are important in the history of today's business world. Hitt, Ireland, Sirmon, and Trahms (2011) state that entrepreneurship is an activity or process carried out by individuals or groups to create prosperity (performance) through the creation of value. Lumkin and Dess (1996) argue that the concept of entrepreneurial orientation describes the mindset of organizations in the search for a new venture that provides a framework for the company's research activities.

This research investigates the phenomenon of the exported furniture sales trend in Indonesia that has shown a decline. The market coverage of the export-oriented furniture SMEs in the Central Java region has increased. Based on the potential export market, Indonesian furniture products are still open, so the export-oriented furniture SMEs should be able to enhance their ability to enter international markets. The objective of this study is to empirically demonstrate the effect of entrepreneurial orientation on business performance through variable relational capabilities on the scope of furniture SMEs. Relational abilities are an essential concept in bridging the relationship between entrepreneurial orientation and business performance.

LITERATURE REVIEW -

The relationship between entrepreneurial orientation and business performance

Entrepreneurial orientation provides a strategic role in growing business performance (Bhuian, Richard, & Shamma, 2010). Furthermore, entrepreneurial orientation is an essential factor that mediates four managerial traits, such as the need for achievement, and tolerance of ambiguity, conformity, and individualism to achieve organizational performance. Wiklund (1999) asserts that entrepreneurial orientation is an entrepreneurship process based on the organization where several factors coming from inside and outside of a company can influence proactive action, innovation, and risk-taking by the company. So that the work is embedded in a management framework.

Several studies have shown that companies with entrepreneurial orientation have better performance, but some are showing no positive correlation between entrepreneurial orientation and firm performance, so the question arises whether an entrepreneurial orientation strategy is always a suitable orientation if its relationship with performance is complicated (Wiklund & Shepherd, 2005). Furthermore, Rauch, Wiklund, Lumpkin, and Frese (2009) used a *meta-analysis* approach that examined entrepreneurial relationship orientation with performance. The result showed that entrepreneurial orientation is a determinant of the performance of the company. Moreover, the study and assessment of the field of entrepreneurship studies show a slow and limited development to the accumulation of the body of knowledge from entrepreneurship, due to the lack of agreement on key issues about what constitutes entrepreneurship.

Covin and Lumpkin (2011) explain that the entrepreneurial orientation literature review shows a lack of universal consensus about the nature of the construct of entrepreneurial orientation, its dimensions, and its influence on performance. Therefore, researchers should explore more profoundly the concept of entrepreneurial orientation. Next, some studies on the relationship between entrepreneurial orientation and firm performance have been carried out by inserting a moderating or mediating variable.

Wang (2008) examined the relationship between entrepreneurial orientation and firm performance by inserting organizational learning as a mediator variable. The results showed that organizational learning

mediated the entrepreneurial relationship orientation and firm performance. However, these studies remained limited, partly because the research model that was built only covered the characteristics of medium and large companies. The relationship may be difficult to explain in the context of small businesses, due to the individual learning of entrepreneurs who play more roles in their organizations.

The role of the intra relational and extra relational capital industry is as a moderator variable in entrepreneurial relationship orientation and firm performance (Stam & Elfring, 2008). Furthermore, relational capital as a contingent value proposes an optimal business performance resulting from the harmony of a strategic attitude linked to the configuration of the intra and extra industry. Baker and Sinkula (1999) developed a model that put entrepreneurial orientation and market orientation as an independent variable and profitability as the dependent variable. The willingness to innovate mediates entrepreneurial relationship orientation and market orientation. According to the theories above, the hypothesis of this study is:

H1: Entrepreneurial orientation has a positive effect on business performance.

The relationship between entrepreneurial orientation and relational capabilities

Janney and Dess (2006) state that social capital attached to entrepreneurs in developing business networks can balance the risks coming up in their business. Membership of business networking organizations can offset the risk of entering a new business start-up. The members get exclusive access to information and opportunities to cope with the uncertainty in the business environment. Meanwhile, Chuluunbaatar, Ottavia, and Kung (2011) examined the relationship between relational capital (trust and linkage) and the socioeconomic conditions in the process of starting entrepreneurship. The result showed that entrepreneurs tended to take risks proactively, and aggressively sought to build their social capital based on the principle of mutual benefit.

Other researchers found that a car company in Japan sought to absorb the risk by building a relationship of efficient business with suppliers to stabilize the performance of the company (Okamuro, 2001). Jamsa, Tahtinen, Ryan, and Pallari (2011), in their study, showed the importance to the organization of using their network as a source of power and an opportunity for continuous excellence. Chang (2012) advised that the sensitivity of market orientation, the absorbing knowledgeability, the social networkability,

integrative communication ability, and negotiation ability, are important abilities required by an entrepreneur.

Studies that tested the entrepreneurial relationship orientation and relational capability are still relatively limited. Hoang and Antoncic (2003) emphasized the importance to the company of establishing interorganizational relationships between businesses in gaining access to a variety of business resources. The resource consisted of access to capital and intangible other resources. For example, the network provides emotional support for the risk-taking that entrepreneurs do and further improves the persistence to stay in business.

Dakhli and De Clercg (2004) examined the effects on innovation of two forms of capital in relational capabilities, namely human capital and social capital. The study used the conceptualization of social capital, previously consisting of belief, association activities, and norms of behavior, to examine the relationship among the indicators of social capital and innovation. The result of the study also found a positive correlation between human capital and innovation, and partial support for the positive effects of the beliefs and activities of the association in innovation.

The study done by Hoang and Antoncic (2003) placed network and relation in-network as a dependent variable in the process of entrepreneurship. They argued that an entrepreneur invests much time building new contacts and maintaining the current communications and exchanging valuable information within the relationship to get the best performance. Lumkin and Dess (1996) state the importance to the organization when risk-taking of anticipating and chasing new opportunities and being involved in the launch of a new market. A proactive company will be the first moverand will make use of this oportunity to improve its profitability and build brand recognition.

Based on the description above, the second hypothesis is as follows:

H2: Entrepreneurial orientation has a positive effect on relational capabilities.

The relationship between relational capabilities and business performance

Relational capabilities have a relation to focus on the acceleration of knowledge access, the support of innovation and market entry capability, and the creation of a competitive advantage (Nuryakin, 2018; Nuryakin & Ardyan, 2018; Smirnova, Naudé, Henneberg, Mouzas, & Kouchtch, 2011). Relational capability emphasizes the importance of relationships involved in better business exchange to gain information, specific relationships, and benefiting through integrated knowledge. Other researchers explain that the relational capability in some references were mentioned as the improvement of the performance of company in communicating, coordinating, and arranging business interaction (Day & Van den Bulte, 2002, J. H Dyer & Singh, 1998; Jacob, 2006). A relational capability consists of three dimensions; process configuration ability, communication with customers ability, and controlling business ability. Those dimensions measure the capability of a company in providing solutions for customers as an indicator of relational capability.

Lorenzoni and Lipparini (1999) in their study, concluded that a network in the firm (interfirm relationship) was an essential part of a distinctive organizational capability that gave a strong influence in improving the growth and innovation of the company. The relational capability was identical with one represented by the ability to coordinate the social network, to combine knowledge beyond the limit of organizations. So, it accelerated the access of transferring knowledge in the company and later affected the growth of the company.

Smirnova et al. (2011) in their study found that relational capability gave a positive and significant effect on marketing performance. Lee, Lee, and Penning (2001), in their research, tested the internal ability and external network in marketing performance. Internal skills focused on entrepreneurial orientation, technology skills, and financial resources invested during the building period. The result showed that those dimensions from internal skills affected performance and innovation. The interaction among internal skills based on partnership statistically gave a significant effect on performance.

A study from Pinho (2011) offered a framework that was useful for more profound research on the social network field and dynamic skills. In terms of creating new dynamic skills to overcome the turbulence of unpredictable market condition, SMEs need to expand their networks by building networks providing access to new information. These dynamic skills changed positively and influenced international performance. Other research showed these findings; first, membership of some organizations did not affect the performance of private companies in China; second, short-term investment, and the flow of social capital determined the performance of the firms significantly (Zhang & Fung, 2006).

Hormiga, Batista-Canino, and Sánchez-Medina (2011) tested the relationship with customers, suppliers, the information network of a company, and company reputation in successful performance. The results showed that the relational capital with the dimensions of connection with the customer and supplier relationships had a significant correlation to the success of the marketing performance. Other results showed that the informal network of the company and its reputation also correlated to the

success of the company's performance. Results of research conducted by Borchert and Bruhn (2010) concluded that human capital, relational capital, teamwork, and team size affected the company's corporate objectives measured by the company's performance. The other study that explained the role of relational capital on company performance was done by Taghieh, Taghieh, and Poorzamani (2013). The results showed that intellectual capital and relational capital affected the financial performance of a company. The research also concluded that intellectual capital and relational capital also had a significant effect on the market value of the company.

Based on the description above the following hypothesis can be developed and the research model (Figure 1):

H3: Relational capabilities have a positive effect on business performance.

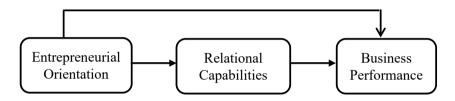


Figure 1. Conceptual model

Figure 1 above explains the importance of relational capabilities for companies in mediating the relationship of entrepreneurial orientation on business performance. Entrepreneurial orientation and relational capabilities in this study have the potential to increase business performance.

RESEARCH METHODS

Research samples

Respondents in this study of 200 SMEs are a group of furniture exporters located at the center of the furniture industry in Jepara, Sukoharjo, Klaten, and Sragen in Central Java. The analyzed unit of the study were managers or owners of these furniture SMEs. The sampling technique used was purposive sampling which was then reviewed using the experience of the manager or owner.

Instrument and measurement

This study used primary data collected through questionnaires filled in by respondents. All variables in this study, namely the constructs entrepreneurial orientation, relational capabilities, and business performance, were measured by using a Likert-scale questionnaire with answers in the range 1 - 5. The scale depicted ratings from 'strongly disagree' to 'strongly agree.' The instrument in this study applied an indicator of the three constructs, entrepreneurial orientation, relational capabilities, and business performance.

Lin and Peng (2008) explain business performance is an operation of the organization, including the achievement of company goals, both internal and external. Meanwhile, business performance indicators in this study were measured through sales growth, profit, and market share. Wiklund (1999) defines entrepreneurial orientation as the entrepreneurship process based on the company where proactive action, innovation, and risk-taking by the company can be influenced by many factors coming from inside and outside the company so that the work is embedded in a management framework. Indicators of support for the development of new ideas, the courage to enter new markets, the use of technology, and the courage to launch new products and innovations, measured the entrepreneurial orientation in this study. Adecco (2007) defines relational capability as an intangible asset based on an effort to develop, maintain, preserve and build a relationship that is qualified by the relations of the company. Relational capability in this study measured the quality of the relationship with the buyer, the information from the buyer on international product quality standards, the orientation of long-term relationships with buyers, and mutually beneficial relationships.

Screening data

In the early stages of processing data, the researcher did the data screening by testing normality, and potentially outlier data detection (Ghozali, 2011). The respondents surveyed in this study were 200 owners/managers of exported furniture oriented SMEs scattered across the four areas in Central Java, namely Jepara, Sukoharjo, Klaten, and Sragen. Only 172 people responded to the questionnaire but eight questionnaires were incomplete. In addition, when the data was processed, there were 30 questionnaires from outside respondents, so they were dropped from the study sample. Therefore, the total sample left in this study was 134 respondents.

Advanced testing conducted in the study used Structural Equation Modelling (SEM) and AMOS program assistance 21. The indicators made up the construct by looking at parameters resulting in goodness of fit.

Measurement models used convergent validity, namely to test these indicators, whether valid or what should be measured — the maximum likelihood estimation technique used in this study. Then the researcher tested the item questionnaire using confirmatory factor analysis to examine the relationship of the constructs with the indicator (the validity of the questionnaire) based on the theory developed while reliability testing, by using Cronbach alpha (Cronbach's α).

RESULTS AND DISCUSSION -

The technique used in the model and hypothesis testings in this study was Structural Equation Modelling (SEM) analysis with the AMOS program. The analysis was done with a measurement model to test unidimensionality. Indicators created the construct by looking at parameters derived from goodness of fit. The measurement model will employ convergent validity to test the indicators, whether it is valid or not, in measuring what should be measured. Besides, the significance of indicators needs to be tested, as well as whether those indicators have the same dimension in creating a latent variable. Next, the researcher conducted Structural Equation Modeling with the same steps, i.e. testing the parameters from goodness of fit and directly testing the research hypothesis on the causal relationship developed in the model.

The researcher also applied the technique of maximum likelihood estimation in this research. The number of samples used here was 164 on the basis that this number had met the criteria of the number of sample adequacy recommended for the Maximum Likelihood Estimation (MLE) technique and Average Variance Error (AVE) of indicator criteria with a minimum sample size.

The model tested in this research used the questionnaire item by confirmatory factor analysis to examine the relation of the construct with its indicator (questionnaire validity). Furthermore, the reliability testing employed Cronbach's alpha (Cronbach's α). The research concluded that indicators could explain the measurement of a construct.

Table 1. Scale item for measures

Reflective scale names and items (measured on a 1 –5 Likert-scale indicating the extent to which respondent agrees with the following statements).	Standardized factor loading
Entrepreneurial orientation (Cronbach's α = 0.861) • Our company always supports the discovery of new ideas. • Our company always takes initiatives to seek new opportunities. • Our company always uses particular technologies in the production process. • Our company has courage in launching new products. Relational Capabilities (Cronbach's α =0.800)	0.880 0.730 0.829 0.696
• Our company strives to establish closeness in a business relationship with buyers. • The buyers provide information about international standardized product quality. • Our company seeks to establish a long-term-oriented relationship with buyers. • Our company strives to build a mutual benefit-based relationship. • Business Performance (Cronbach's α =0.812) • Growth in sales of our products on the international market is increasing. • The total income from our sales is increasing. • Scope of the export market of our products is increasing.	0.667 0.719 0.717 0.731 0.764 0.776

The researcher used Structural Equation Modelling (SEM) with the AMOS program in testing the three hypotheses of this research. Figure 2 presents the result of the testing using Structural Equation Modelling (SEM). The test result of full model confirmatory has indicated an excellent result in which it has met the criteria of goodness of fit. The structure of the model was used to describe models of causality research with a tiered relationship. The test result indicates the criteria of goodness of fit have met the requirements which are the scores for Chi-Square was 62.155, probabilities 0.018, TLI 0.957, GFI was 0.928, AGFI 0.885 and the score for RMSEA was 0.060, which indicate that the scores have met the determined cut-off. It demonstrates that the research is accepted and meets the defined criteria (standards). Table 2 below shows the mean, standard deviation, and correlation of matrix among the constructs of entrepreneurial orientation, relational capabilities, and business performance.

Table 2. Descriptive statistics and correlations

	Mean	Standard Deviation	1	2	3
Entrepreneurial Orientation	3.334	0.541	1.000		
Relational Capabilities	3.218	0.523	0.681**	1.000	
Business Performance	3.199	0.580	0.580**	0.622**	1.000

Notes: *Correlation is significant at the p<0.1 level (2-tailed). ***Correlation is significant at the p<0.05 level (2-tailed). ***Correlation is significant at the p<0.01 level (2-tailed).

The correlation score among each construct shows a strong correlation between entrepreneurial orientation and business performance constructs (0.580**). The relation between the entrepreneurial orientation and relational capabilities constructs has shown a less strong result (0.681*). The relation

between relational capabilities and business performance indicates a strong correlation (0.622**).

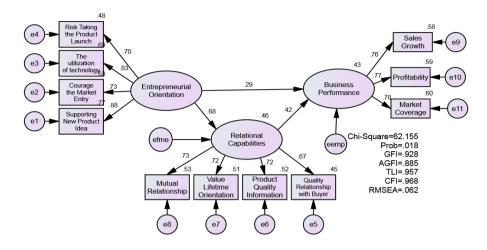


Figure 2. The relationship among entrepreneurial orientation, relational capabilities, and business performance

Table 2 indicates the *standardized path coefficients* of the relationship between entrepreneurial orientation, relational capabilities, and business performance. Meanwhile, Table 1 illustrates the research finding that forms the three hypotheses.

Table 3. Test result of relationship line coefficient of entrepreneurial orientation, relational capabilities on business performance

Hypothesis		Standardized path coefficients	t value	Prob.	Result		
H1	Entrepreneurial orientation →Business performance	0.269	2.104	0.035	Significant		
H2	Entrepreneurial orientation→Relational capabilities	0.513	5.738	0.000	Significant		
Н3	Relational capabilities →Business performance	0.518	2.920	0.003	Significant		
Note: *Significant at $p \le 0.05$; if $(t) \ge 1.96$.							

The relationship between entrepreneurial orientation and business

orientation and business performance. The result of a structural path calculation indicates that there is a positive and significant relationship between entrepreneurial orientation and business performance that can be observed from the value (t = 2.104 > 1.96) with a significant value (0.035) < 0.05). Hypothesis 1 is accepted.

The relationship of entrepreneurial orientation on relational capabilities shows that the result yielded from the structural path model explains the existence of a significant positive relationship between entrepreneurial orientation and relational capabilities. The result of a structural path calculation indicates that there is a positive and significant relationship between entrepreneurial orientation and relational capabilities that can be seen from the value (t = 5.378 > 1.96) with a significant value (0.000 < 0.05). Hypothesis 2 is accepted.

The relationship of relational capabilities on business performance shows that the result yielded from the structural path model explains the existence of a significant positive relationship between relational capabilities and business performance. The result of a structural path calculation indicates that there is a positive and significant relationship between relational capabilities and business performance that can be seen from the value (t = 2.920 > 1.96) with a significant value (0.003 < 0.05). Therefore, hypothesis 3 is accepted.

This research is designed to examine the relationship between entrepreneurial orientation, relational capabilities, and business performance in the context of an analysis of furniture export market-oriented SMEs in the Central Java Region. The research finding has given proof that entrepreneurial orientation has a positive effect on business performance. This research finding has supported the previous research done by Wang (2008), which found that organizational learning mediates the relationship between entrepreneurial orientation and a company's performance. Another study has also outlined the role of relational capital in both intra and extra industry as the moderator variable in the relationship between entrepreneurial orientation and a company's performance (Stam & Elfring, 2008). Baker and Sinkula (1999) also confirm the same result, which reveals the association between entrepreneurial orientation and market orientation that is mediated by the willingness to innovate.

Another result of this study found that entrepreneurial orientation gives a significant positive effect on relational capabilities. This result supports the previous research conducted by Jamsa et al. (2011) which underlined the importance of an organization utilizing their network as the source of opportunities and resources that can function as a path of changes towards sustainable excellence. Chang (2012) also supports the same result in his research. He found that a company with market sensitivity orientation,

the ability to absorb knowledge, with a social networking capability, and the integrative ability to communicate and negotiate are essential abilities needed by a businessman.

Relational capability has a significant positive effect on business performance. This finding is in line with the previous study done by Lorenzoni and Lipparini (1999). They state that the networking available in an organization (interfirm relationship) is a pivotal part of organizational capabilities (distinctive organizational capability). It has a strong influence on promoting a company's growth and innovation. Furthermore, a study done by Smirnova et al. (2011) found that relational capabilities gave positive and significant effects on marketing performance. Lee et al. (2001) examined the internal ability and external network on marketing performance with the result that the three dimensions of internal ability had an impact on the performance to innovate. Interaction among internal abilities, on the grounds of partnership relation, gives a statistically significant effect on performance.

THEORETICAL CONTRIBUTIONS AND CONCLUSIONS

This paper provides new empirical evidence on the relationship between entrepreneurial orientation and business performance and the mediation variable of relational capabilities. This follows the previous studies which suggest that entrepreneurial orientation brings a very strategic role in improving business performance (Bhuian et al., 2010). Another significant theoretical contribution is that this study also confirms the previous research conducted by Wiklund (1999). He states that entrepreneurial orientation is a process in which proactive, innovative, and risk-taking actions taken by a company can be affected by several factors that exist either inside or outside the company, and this is embedded in a management framework.

The implication of this research indicates its importance for the actors of export-oriented furniture SMEs to improve their business performance. In addition, the finding has also stated that the mediation role of relational capabilities is an essential support for export-oriented furniture SMEs in improving their business performance. It is also crucial for the exportoriented SMEs to maintain a relationship with their relations by putting forward the four principles, namely, keeping an excellent relationship with their buyers, sharing information with their connections on international standardized product quality, orienting on long-term relationships with buyers, and also building mutual relationships with their relations. Another significant contribution of this study is also in line with the theory developed by Morgan and Hunt (1994). They state that a company needs to be proactive

in cooperation and play an active role in introducing their products, which are built on the basis of commitment and trust.

Another interesting finding of this research also shows that, even though a lot of researchers have done studies, the research result here has consistently found a positive relationship with business performance. The SMEs are urged to establish their orientation in developing their business by possessing supportive characteristics on the development of new ideas, courage to penetrate new market, technology utilization and courage to launch new product.

Acknowledgments

I'm grateful and say thank you to the two anonymous reviewers for providing their comments on this paper. This paper was prepared within the framework of the research project dissertation and I'm especially grateful to my supervisor, Prof. Augusty Tae Ferdinand from Diponegoro University Semarang, Indonesia, for his continous support and encouragement for this paper.

References

- Adecco. (2007). The intrinsic link between human and relational capital: A key differentiator for today's leading knowledge economy companies. Retrieved from http://www.eepulse.com/documents/pdfs/adecco wbf exec summary bro final 1.pdf
- Asmindo. (2014). Data of Asmindo Komda Java, Central Java Provincial Department of Commerce and the Chamber of Commerce. Retrieved from http://asmindo.or.id/
- Baker, W. E., & Sinkula, J. M. (2009). The complementary effects of market orientation and entrepreneurial orientation on profitability in small businesses. Journal of Small Business Management, 47(4), 443–464.
- Baker., W. E., & Sinkula., J. M. (1999). Learning orientation, market orientation, and innovation integrating. Journal of Market - Focused Management, 4(4), 295.
- Bhuian, S. N., Richard, O. C., & Shamma, H. M. (2010). Entrepreneurial orientation and organizational performance: The role of managerial traits. Competing Forum Journal, 8(1). https://doi.org/10.1504/ JIBED.2012.049797
- Borchert, P., & Bruhn, M. Z. (2010). The influence of human and relational capital on the magnitude of early venture goal. Journal of Applied Management and Entrepreneurship, 15(4), 53-72.
- Chang, C.-C. (2012). Exploring IT entrepreneurs' dynamic capabilities using Q-technique. Industrial Management & Data Systems, 112(8), 1201-1216. http://doi.org/10.1108/02635571211264627

- Chuluunbaatar, E., Ottavia, D.-B. L., & Kung, S.-F. (2011). The entrepreneurial start-up process: The role of social capital and the social economic condition. *Asian Academy of Management Journal*, 16(1), 43-71.
- Covin, J. G., & Lumpkin, G. T. (2011). Entrepreneurial orientation theory and research: Reflections on a needed construct. *Entrepreneurship Theory and Practice*, *35*(5), 855-872.
- Dakhli, M., & De Clercq, D. (2004). Human capital, social capital, and innovation: A multi-country study. *Entrepreneurship & Regional Development*, 16(2), 107-128. http://doi.org/10.1080/08985620410001677835
- Day, G. S., & Van den Bulte, C. (2002). Superiority in customer relationship management: Consequences for competitive adventage and performance. *MA: Marketing Science Institute., Cambridge. Report No. 02-123*.
- Ghozali, I. (2011). Structural Equation Modelling. Semarang: BP Udip.
- Hitt, M. A., Ireland, R. D., Sirmon, D. G., & Trahms, C. A. (2011). Strategic entrepreneurship: Creating value for individuals, organizations, and society. *The Academy of Management Perspectives*, 25(2), 57-75.
- Hoang, H., & Antoncic, B. (2003). Network-based research in entrepreneurship: A critical review. *Journal of Business Venturing*, *18*(2), 165-187.
- Hormiga, E., Batista-Canino, R. M., & Sánchez-Medina, A. (2011). The impact of relational capital on the success of new business start-ups. *Journal of Small Business Management*, 49(4), 617-638.
- Dyer, J.H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, *23*(4), 660–679.
- Jacob, F. (2006). Preparing industrial supplies for customer integration. *Industrial Marketing Management*, *35*, 46-56.
- Jamsa, P., Tahtinen, J., Ryan, A., & Pallari, M. (2011). Sustainable SMEs network utilization: The case of food enterprises. *Journal of Small Business and Enterprise Development*, 18(1),141-156. http://doi. org/10.1108/14626001111106479
- Janney, J. J., & Dess, G. G. (2006). The risk concept for entrepreneurs reconsidered: New challenges to the conventional wisdom. *Journal of Business Venturing*, *21*(3), 385-400.
- Kohtamäki, M. (2008). Small firm performance: An examination of the role of ambidexterity, strategic planning and entrepreneurial orientation. *ICSB. Word Conference Congres Mondial.*
- Kraus, S., Rigtering, J. P. C., Hughes, M., & Hosman, V. (2011). Entrepreneurial orientation and the business performance of SMEs: A quantitative study from the Netherlands. *Review of Managerial Science*, *6*(2), 161-182. http://doi.org/10.1007/s11846-011-0062-9
- Lee, C., Lee, K., & Penning, J. M. (2001). Internal capabilities, eternal networks, and performance: A study on technology based ventures. *Strategic Management Journal*, 22, 615–640. http://doi.org/10.1002/smj.181
- Lin, C.-H., & Peng, C.-H. (2008). The innovativeness effect of market orientation and learning orientation on business performance.

- International Journal of Manpower, 29(8), 752-772. http://doi. org/10.1108/01437720810919332
- Lorenzoni, G., & Lipparini, A. (1999). The leveraging of interfirm relationships as a distinctive organizational capability: A longitudinal study. Strategic Management Journal, 20(4), 317-338.
- Lumkin, G. t., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. Academy of Management Review, 21(1). https://doi.org/10.5465/amr.1996.9602161568
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. Journal of Marketing, 58(3), 20-38. https://doi. org/10.2307/1252308
- Nadli, L., Nordqvist, M., Sjoberg, K., & Wiklund, J. (2007). Entrepreneurial orientation, risk taking, and performance in family firms. Family Business Review, 20(1), 33.-47. https://doi.org/10.1111/j.1741-6248.2007.00082.x
- Nuryakin. (2018). Competitive advantage and product innovation: Key success of Batik SMEs marketing performance in Indonesia. Academy of Strategic Management Journal, 17(2), 1-17.
- Nuryakin, & Ardyan, E. (2018). SMEs' marketing performance: The mediating role of market entry capability. Journal of Research in Marketing and Entrepreneurship, 20(2), 122-146. http://doi.org/10.1108/jrme-03-2016-0005
- Okamuro, H. (2001). Risk sharing in the supplier relationship: New evidence from the Japanese automotive industry. Journal of Economic Behavior & Organization, 45(4), 361-381.
- Pinho, J. C. M. R. (2011). Social capital and dynamic capabilities in international performance of SMEs. Journal of Strategy and Management, 4(4), 404-421. http://doi.org/10.1108/17554251111181034
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. Entrepreneurship Theory and Practice, *33*(3), 761-787.
- Smirnova, M., Naudé, P., Henneberg, S. C., Mouzas, S., & Kouchtch, S. P. (2011). The impact of market orientation on the development of relational capabilities and performance outcomes: The case of Russian industrial firms. Industrial Marketing Management, 40, 44-53. http:// doi.org/10.1016/j.indmarman.2010.09.009
- Stam, W., & Elfring, T. (2008). Entrepreneurial orientation and new venture performance: The moderating role of intra-and extraindustry social capital. Academy of Management Journal, 51(1), 97-111.
- Taghieh, M. B., Taghieh, S., & Poorzamani, Z. (2013). The effects of relational capital (customer) on the market value and financial performance. European Online Journal of Natural and Social Sciences, 2(3), 207-211.
- Teck, P. E. (2012). Entrepreneurial market orientation relationship to performance Malaysian SME's perspective. Journal of Asia Entrepreneurship and Sustainability, 8(1), 3-47.

- Wang, C. L. (2008). Entrepreneurial orientation, learning orientation, and firm performance. *Entrepreneurship Theory and Practice*, *32*(4), 635-657.
- Wiklund, J. (1999). The sustainability of the entrepreneurial orientation performance relationship. *Entrepreneurship Theory & Practice*, 37-48. https://doi.org/10.1177/104225879902400103
- Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurational approach. *Journal of Business Venturing*, 20(1), 71-91.
- Zhang, Q., & Fung, H.-G. (2006). China's social capital and financial performance of private enterprises. *Journal of Small Business and Enterprise Development*, 13(2), 198-207. http://doi.org/10.1108/14626000610665908
- Zimmerer, T., Scarborough, N. M., & Wilson, D. (2005). *Essentials of Entrepreneurship and Small Business Management*: NJ: Pearson/Prentice Hall.

Abstrakt

Cel: Celem tego badania jest analiza empirycznych dowodów wpływu orientacji przedsiębiorczych na wyniki biznesowe MŚP. Poprzednie badanie wykazało, że orientacja na przedsiebiorczość stała się dla przedsiębiorcy ważnym kluczem do poprawy wyników biznesowych. W tym badaniu zbadano również role zdolności relacyjnych jako zmiennej pośredniczącej w osiąganiu wyników biznesowych. Metodyka: Próbą w tym badaniu były MŚP z branży meblarskiej w regionie środkowej Jawy, o wielkości 208 MŚP. W badaniu użyto celową metodę pobierania próbek. Do testowania wyników analizy danych wykorzystano modelowanie równań strukturalnych (SEM) za pomocą oprogramowania AMOS / Amos Graph. Wyniki: Wyniki badania wykazały, że orientacja na przedsiębiorczość ma znaczący pozytywny wpływ na wyniki biznesowe. Orientacja na przedsiębiorczość ma znaczący pozytywny wpływ na zdolności relacyjne. Zdolności relacyjne w znacznym stopniu wpływają na pozytywny związek miedzy orientacją na przedsiebiorczość a wynikami biznesowymi. Implikacje dla teorii i praktyki: Wyniki tego badania wskazują na wpływ orientacji przedsiębiorczej na wyniki biznesowe i zdolności relacyjne oraz pośredniczącą rolę zdolności relacyjnych. Dlatego MŚP powinny rozwijać zdolności relacyjne z sieciami MŚP poprzez wzmacnianie orientacji na przedsiębiorczość w celu osiągania wyników MŚP. Oryginalność i wartość: Główny wkład badania wynikający z połączenia orientacji przedsiebiorczej i zdolności relacyjnych MŚP do poprawy wyników biznesowych.

Słowa kluczowe: orientacja przedsiębiorcza, zdolności relacyjne, wyniki biznesowe.

Biographical note

Nuryakin is a research officer at the Universitas Muhammadiyah Yogyakarta, Indonesia. He is a Senior Researcher in the Marketing Management Department at the Universitas Muhammadiyah Yogyakarta. His research interests focus on relationship marketing, online marketing, SMEs Business and on the use of origin as a marketing resource. Nurvakin is the corresponding author and can be contacted at: nuryakin@umy.ac.id.

Conflicts of interest

The author declares no conflict of interest.

Citation (APA Style)

Nuryakin (2021). Mediating effect of relational capabilities in the relationship between entrepreneurial orientation and SMEs performance. Journal of Entrepreneurship, Management and Innovation, 17(1), 129-146. https://doi. org/10.7341/20211714