

Entrepreneurial Innovative Behavior as a Catalyst for Business Performance Improvement

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ABSTRACT: This study aims to prove and empirically test the differences in results from previous studies and the formulation of the research problem, namely Improving Business Performance with Entrepreneurial Leadership, Business Networking, and Entrepreneurial Innovative Behavior as intervening variables for cafes in Serang City. This study uses a quantitative approach and Structural Equation Modeling (SEM) analysis techniques Modeling (SEM) analysis technique. Data was collected through a survey conducted among café owners and managers in Serang City. The survey results were then analyzed to understand the relationship between Entrepreneurial Leadership, Business Networking, and Entrepreneurial Innovative Behavior. This analysis examined the direct and indirect effects of these variables on Business Performance. The analysis results indicate that Entrepreneurial Leadership has a significant effect on Business Performance, and significantly influences Entrepreneurial Innovative Behavior. Meanwhile, Business Networking was found to have a significant influence on Entrepreneurial Innovative Behavior and Business Performance. Entrepreneurial innovative behavior has a significant influence on business performance and acts as a mediator between Entrepreneurial Leadership and Business Performance. The mediating role of Entrepreneurial Innovative Behavior in the relationship between Entrepreneurial Leadership and Business Performance significantly mediates moderately. In the relationship between Business Networking and Business Performance, the mediating role of Entrepreneurial Innovative Behavior significantly mediates partially. These findings emphasize the importance of enhancing Entrepreneurial Innovative Behavior, which ultimately supports Business

KEYWORDS: Business Performance, Entrepreneurial Innovative Behavior, Entrepreneurial Leadership, Business Networking, SMEs.

I. INTRODUCTION

Business Performance refers to the extent to which a business successfully achieves its goals and targets, both in financial and non-financial aspects. Business Performance reflects operational efficiency, customer satisfaction, product innovation, and long-term growth. In the era of globalization and increasingly fierce business competition, Business Performance becomes a key factor in determining the sustainability and growth of a business, including cafe businesses in Serang City. Business Performance refers to the extent to which a business successfully achieves its goals and targets, both in financial and non-financial aspects. Business Performance reflects operational efficiency, customer satisfaction, product innovation, and long-term growth. In the era of globalization and increasingly fierce business competition, Business Performance becomes a key factor in determining the sustainability and growth of a business, including cafe businesses in Serang City.

To survive and thrive, business owners need to adopt innovative and strategic approaches, such as Entrepreneurial Leadership, expanding Business Networks, and Entrepreneurial Innovative Behavior. The fields of leadership and entrepreneurship have experienced parallel developments recently. Although they are studied separately, some researchers have attempted to combine Entrepreneurship with Leadership. Entrepreneurial Leadership plays a crucial role in determining the success of business ventures (Lubis, 2017; Lussier & Hendon, 2018). Every leader has a unique way of influencing their employees. According to Robbins and Judge (2017), there are three leadership styles: transactional, transformational, and charismatic. Different leadership styles influence the performance or effectiveness of organizations (Wahab et al., 2016). For a long time, research has been conducted on how organizational behavior and leadership styles correlate with each other. Research on transformational and transactional leadership styles is a key topic (Sani et al., 2018). A new paradigm about leadership styles and how they relate to organizational behavior that supports business growth and innovation is known as Entrepreneurial Leadership (Rutan, 2019).

Meanwhile, Business Networking plays a crucial role in expanding markets, obtaining resources, and enhancing collaboration

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with other stakeholders. One key aspect of success in a company is business networks as they allow an industry to interact and exchange information that benefits both parties (Flora and flora, 1993; Malecki, 1996; Woolcock, 1998). Business networks provide assistance through access to opportunities and resources, which will ultimately influence the performance of micro enterprises (Burt, 1992). A network, also referred to as a network, can be categorized as human resources if used to connect with individuals and organizations (Dollinger, 1999). Networking is essential for businesses to facilitate companies' access to information, resources, markets, and technology (Gulati, Nohria, & Zaheer, 2000). Business networking is important for companies in four areas: managerial area (important for companies in determining strategies to relate to other organizations), entrepreneurial activities, technology development (where networking can simultaneously enrich and prevent development), and for customer relationship area (Hakansson, 1997). Contacts and trust between individuals can be built through such networks, which can also provide additional resources, reduce the risks of opportunistic behavior, and lower transaction costs (Granovetter, 1985). The entrepreneurial ability to build business networks has enabled the exchange of information and fostered social relationships to enhance competitive advantage and the performance of MSMEs (Meutia, M. (2013).

Other studies have shown that such environments enhance creativity and business progress (Isaksen, A. 1997). Entrepreneurial Behavior can motivate business owners to act based on the startup prospects (Teemu Kautonen, et al 2011). Entrepreneurial Behavior affects Business Performance (Hussain, et al., 2022). Entrepreneurial Behavior is an asset for an entrepreneur, one of the resources for an entrepreneur to win business competition. Developing entrepreneurial behavior is crucial for enhancing hard skills and social skills (Permatasari, A., & Agustina, A. 2018). Entrepreneurial Behavior (EB) is based on a set of values, beliefs, and specific needs that provide individuals with intrinsic motivation as well as the ability to determine their own fate, thus, they engage in entrepreneurial behavior. Therefore, consumer trust is crucial in purchasing decisions, because when consumers trust a particular product, they will continue to buy it (Taufik, E.R. et al., 2021).

In recent years, the city of Serang has experienced rapid growth in the culinary business sector, particularly in cafes. The surge in café businesses cannot be separated from changes in eating patterns and lifestyle among the community, especially the younger generation who increasingly enjoy making cafés a place to relax, work, and socialize. This phenomenon reflects a shift in consumption culture that is oriented towards experience, aesthetics, and comfort. To survive in their business, café managers need to implement marketing strategies, which compels cafés to compete in attracting customers to visit their establishments (Sari, 2018). However, behind these opportunities, there are concerns from business players about the sustainability of their businesses. Increasingly intense competition, high demands for innovation, and rapidly changing consumer preferences create specific pressures. Many café businesses struggle to maintain their performance, especially in achieving sales targets, customer loyalty, and operational efficiency. This phenomenon highlights the need for a deeper understanding of strategic factors that can help café entrepreneurs remain competitive and sustainable, such as entrepreneurial leadership, the ability to build business networks, and entrepreneurial innovative behavior as an adaptive response to the continuously changing market dynamics.

In the sustainability and growth of the culinary business, it certainly faces complex challenges, such as changing consumer preferences, high competition, and fast market dynamics. Recent data shows that there are issues faced by MSME Cafes in Serang City, namely a significant decline in sales over the past year. Based on the preliminary survey conducted by the researcher, the sales graph of Cafe businesses has undergone a decline, with Business Performance indicators such as sales turnover, customer satisfaction, high employee turnover rates, and customer loyalty showing negative trends. This research is supported by several previous studies regarding the influence of Entrepreneurial Leadership and Business Networking on Business Performance. Although there are still gaps, research conducted by Paudel, S. (2019) shows that Entrepreneurial Leadership has a positive and significant impact on Business Performance. Based on the research findings, the same drive of Entrepreneurial Leadership (EL) and innovation can be cultivated, nurtured, and developed in family businesses, large corporate entities, non-profit organizations, governments, and certainly in home environments as efforts to enhance their innovation and performance. Research conducted by Srimulyani, V. A, et al. (2023) states that Entrepreneurial Leadership significantly improves Business Performance. This indicates that EL has a strategic role in enhancing innovative behavior and business breakthroughs so that MSMEs can maintain business continuity in the long term. Research conducted by Uasanguankul, V et al. (2022) shows that Entrepreneurial Leadership has a Positive and Significant effect on Business Success. One effort that stakeholders can undertake to improve MSME performance is by enhancing Entrepreneurial Leadership (EL) through training tailored to the needs and demands of the business environment, which can be carried out periodically. Findings from other research reveal that Entrepreneurial Leadership includes aspects of responsibility, accountability, and emotional intelligence, which show a significant positive effect on micro business performance (Al Mamun, A. et al., 2018). The results of this study indicate that there is a significant positive relationship between Entrepreneurial Leadership (EL) and organizational performance (Imran, R., and Aldaas, R.E., 2020; Sandybayev, A. 2019). The gap with the research conducted by Ahmad, M. K, et al., (2022) states that empowering leadership does not have a significant relationship with business success. The findings of the study by Fatoni, F, et al. (2021) indicate that Entrepreneurial Leadership does not significantly influence

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performance in campus performance, meaning that entrepreneurial leadership has not been optimally implemented by the existing leaders in the Faculty of Economics Unesa.

Research conducted by Widiyati, D. et al. (2023) states that Business Networking has a positive effect on Company performance. Another study states that Networking has a significant positive effect on the Performance of MSME (Gaol, M. L, et al., 2022). Research conducted by Anwar et al. (2018) revealed that networking has a positive impact on competitive advantage and the performance of new businesses in Pakistan. Newly established businesses must leverage various external networks including business, financial, and political networks to gain competitive advantage and improve performance. For instance, in emerging markets, institutional resources usually do not provide sufficient support for new companies. Networking has a positive relationship with business performance (Aidil, M. & Thamrin, 2020). Research conducted by Kurniawan et al. (2021), states that network capability has a positive impact on company performance and is not significant directly.

Unlike previous research findings, based on the study conducted by Mlotshwa, S. H., & Msimango-Galawe, J. (2020), it states that the more value entrepreneurs place on the network, the lower their Business Performance, as the relationship becomes negative. However, the importance and maintenance of the network is very different because the network is valued higher than what we see from the maintenance and participation in the network. The results of this study show that the network has a negative and insignificant effect on sustainable Business Performance because all weavers who run businesses selling silk woven products have the same products, so they will compete against each other for consumers, therefore they avoid intense interaction with one another. An interesting forum is training for them to join solely for product development without the goal of developing networking (Erwin, E. et. al., 2021). Business networks do not have a significant effect on business success. MSME actors are expected to gain more benefits rather than just participating as passive members of Pedalindo, so they can obtain value that can be leveraged to advance their ongoing business endeavors (Nabila, B., & Suharsono, N. 2023).

In the context of improving Business Performance, Entrepreneurial Innovative Behavior (EIB) acts as an intervening variable that bridges the influence of Entrepreneurial Leadership and Business Networking on Business Performance. Previous research has shown that Entrepreneurial Leadership and Business Networking indeed contribute to Business Performance, but the underlying mechanisms of this relationship are still not fully explained (research gap). Entrepreneurial Innovative Behavior emerges as a critical factor that explains how visionary Entrepreneurial Leadership and strong Business Networking drive innovation, which ultimately enhances Business Performance. Thus, this study proposes Entrepreneurial Innovative Behavior as a mediator while also filling the literature gap regarding the internal mechanisms in entrepreneurship that drive business growth. This study is expected to provide practical implications for entrepreneurs in optimizing leadership, networking, and innovative behavior to achieve excellent performance. This research aims to empirically demonstrate and test the differences in results from previous studies and the formulation in this research problem, namely Improving Business Performance with Entrepreneurial Leadership, Business Networking, and Entrepreneurial Innovative Behavior as intervening variables for cafes in Serang City.

II. THEORITICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

2.1 THEORY RESOURCE-BASED VIEW (RBV)

The Resource-Based View (RBV) theory is a strategic management approach that states that a company's competitive advantage depends on the internal resources it possesses. RBV emphasizes that unique, rare, inimitable, and non-substitutable resources will provide sustainable competitive advantages. According to the Resource-Based View (RBV) theory, a company's specific capabilities determine its competitive advantage and performance. (Amit and Schoemaker, 1993; Barney, 1991; Dierickx and Cool, 1989; Prahalad and Hamel, 1990; Mahoney and Pandian, 1992; Penrose, 1959; Peteraf, 1993; Wernerfelt, 1984). Even previous researchers stated that the capabilities in question must be unique, valuable, inimitable, and non-substitutable (Barney, 1991). The Resource-Based View believes that a company's unique resources and skills are the key to success. (Barney, 1991). Capabilities are abilities that provide better performance and competitive advantage for organizations, although some researchers use different terms to describe qualities (Lenz, 1980; Stalk, Evans, and Shulman, 1992), these terms have the same definitions: Strategic capabilities, Organizational capabilities, Corporate capabilities, Core competencies, Intangible assets (Itami, 1987). Capabilities determine the company's strategy and provide competitive advantage and better performance (Barney, 1991). The Resource-Based View (RBV) focuses on achieving competitive advantage by relying on internal environments to become sustainable (Barney & Hesterly, 2015; Assensoh, 2019). It has also emerged and is regarded as a new perspective in strategic management. RBV has received considerable attention from business management researchers over time (Sukaatmadja et al., 2021). Applying the resource-based view perspective to companies can help design value creation and sort their strategic capabilities so they are not easily duplicated by competitors, which promotes the sustainability of the company (Savino & Batbaatar, 2015; Mitra et al., 2018).

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2.2 Influence of Entrepreneurial Leadership on Business Performance

Several previous studies have found relationships between variables as follows: the research by Musa, S. and Fontana, A. (2014) indicates that Entrepreneurial Leadership has risen as a popular leadership style that describes a leader who possesses a combination of entrepreneurial approaches along with the ability to face vulnerable market situations, thereby gaining a competitive advantage for an organization. Entrepreneurial Leadership is a combination of entrepreneurial orientation, leadership, and entrepreneurial management. Entrepreneurial leaders motivate their employees to perform better (Renko et al., 2015). By acting strategically and focusing on entrepreneurial initiatives, these leaders can ensure better organizational performance (Miao et al., 2019; Rahim et al., 2015). They exploit the environment to create opportunities, leverage changes, and develop competitive advantages for better and sustainable performance (Sarabi et al., 2020). The research findings reveal that Entrepreneurial Leadership has a positive and significant effect on organizational performance (Imran, R., & Aldaas, R. E. 2020). Research conducted by Wu, C. (2016) states that Entrepreneurial Leadership is necessary for organizational learning and creativity, which in turn stimulates Company performance. The results of this study establish a significant positive relationship between Entrepreneurial Leadership (EL) and organizational performance (Sandybayev, A. 2019; Para-Gonzalez et al., 2018; Al Mamun, A., et al., 2018). Research conducted by Rumijati, A., & Hakim, A. R. (2023) states that Business Performance will improve as Entrepreneurial Leadership becomes better or more effective. Conversely, the lower the Business Performance, the worse or less effective the entrepreneurial leadership. Based on the description of the research findings above, the following hypothesis is obtained for the proposed research: **Hypothesis 1 (H1): The better the Entrepreneurial Leadership, the higher the Business Performance.**

2.3 The Influence of Business Networking on Business Performance

Business Networking leads to a dependency of SMEs on the connections they have; in this study, the connections held by SMEs are towards an association. Business networks can create more directed ventures, thus enabling them to operate effectively. Business networks can cultivate an interest in growth, where the influence is that the resources owned can be utilized within that network. Previous empirical studies show that network capability significantly affects business performance in the Cigondewah fabric center in Bandung (Suganda, F. et al., 2019). There is a significant relationship between the business networks of SMEs and the Business Performance of SMEs (Meutia, M, 2013; Gaol, M. L., & Sigalingging, E. D, 2022). Business Networking positively influences company performance. Research conducted by Anggraini, R., et al., (2020), which states that business networks partially have a positive and significant effect on business development. The more business networks that can be built by SMEs, the more the business will grow. The research results of Yusuf, A., & Soelaiman, L. (2022) indicate that Business Networking has an influence on the performance of companies (SMEs). Based on the description of the research findings above, the following hypothesis is obtained **Hypothesis 2 (H2): The broader the Business Networking, the higher the Business Performance will improve.**

2.4 The Influence of Entrepreneurial Leadership on Entrepreneurial Innovative Behavior

Entrepreneurial Leadership is an important factor in fostering and enhancing innovative behavior among employees in a competitive corporate environment. Recently, management researchers have continually recognized Entrepreneurial Leadership as a people-oriented leadership style (Newman, et al., 2018). Entrepreneurial Leadership must be able to provide facilities and guidance to achieve superior performance through the creative contributions of employees. Entrepreneurial Leadership can encourage the emergence of innovative behavior within organizations (Ilhami, S. D. 2024). Test results indicate that Entrepreneurial Leadership has a significant impact on innovative work behavior, but has an insignificant effect on the performance of Jambi Batik SMEs (Kadar, M., 2023). Entrepreneurial Leadership directly influences Business Performance and innovative work behavior, and innovative work behavior impacts Business Performance (Rumijati, A., & Hakim, A. R. 2023). Entrepreneurial leadership significantly enhances innovative entrepreneurial behavior (Srimulyani, V. A., et al. 2023). Empirical findings recommend a significant positive effect of Entrepreneurial Leadership on employees' innovative work behavior. There is a positive relationship between ethical leadership and staff service innovation behavior in tourism hotels, and issues related to leadership and job design should be studied from an interactional perspective to promote innovative service behavior (Dhar, R. L. 2016). Based on the description of the research results above, the following hypothesis is obtained for the proposed research: **Hypothesis 3 (H3): The better the Entrepreneurial Leadership, the greater the increase in Entrepreneurial Innovative Behavior.**

2.5 The Influence of Business Networking on Entrepreneurial Innovative Behavior

Research conducted by Vadjal (2020) reported evidence of the impact of social networks and friends on the innovative behavior of female entrepreneurs in Slovenia. Furthermore, a female entrepreneur's interaction with business networks (suppliers, partners, investors, and competitors) allows her to believe in her ability to succeed and achieve her goals, which motivates her to be more creative and innovative (Jaziri, R., & Miralam, M. S. 2024). Using a mixed-methods approach, Gao, J., et.

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al., (2021) argue that as a primary pathway for startups to acquire external resources, social networking is beneficial for enhancing the innovation performance of innovative startups. Additionally, networking not only provides access to capital and technology but also encourages learning and the synthesis of new ideas that support innovative behavior (Ramachandran, K., & Ramnarayan, S. 1993). Networking capabilities strengthen the influence of risk management and innovative behavior on the sustainability of MSMEs in Semarang City (Lukiastuti, F., & Rosani, N. R. 2022). Based on the description of the research results above, the following hypothesis is obtained for the proposed research: **Hypothesis 4 (H4): The wider the Business Networking, the higher the Entrepreneurial Innovative Behavior.**

2.6 The Influence of Entrepreneurial Innovative Behavior on Business Performance

Research conducted by Guan, H. et al. (2019) shows that entrepreneurs who adopt and integrate the philosophy of Innovative Behavior automatically improve their work environment whenever there is an opportunity for success. Typically, entrepreneurs are willing to adopt changes suggested by colleagues or others. Entrepreneurial Innovative Behavior can define innovative capability, including technological innovation capability, which ultimately can positively impact Business Performance (Nguyen, P. V. et al., 2021). The results of the study by Musneh, S. N. H., & Roslin, R. M. (2021), which was conducted to examine the effect of Entrepreneurial Innovative Behavior on the performance of SMEs in the service sector in Sabah, Malaysia, indicate that Entrepreneurial Innovative Behavior has a positive and significant effect on organizational performance. Another study by Jankelová et al. (2021) shows a significant positive influence of Entrepreneurial Innovative Behavior on Business Performance. Entrepreneurial Innovative Behavior leads to changes in organizational performance (Guan, H., et al. 2019). Based on the description of the research results above, the following hypothesis is obtained for the proposed research: **Hypothesis 5 (H5): The better the Entrepreneurial Innovative Behavior, the higher the Business Performance.**

2.7 The Influence Of Entrepreneurial Leadership On Business Performance Through Entrepreneurial Innovative Behavior As A Mediator

Empirical findings recommend a significant positive effect of Entrepreneurial Leadership on employees' innovative work behavior (Li, C. et al., 2020). With Entrepreneurial Innovative Behavior, it is expected to generate new and valuable ideas, gain sponsorship, implement them, and promote them, which is anticipated to enhance Business Performance (Musneh, S. N. H., et al. 2021). Empirical results reveal that Entrepreneurial Leadership, through full mediation of team creativity, dynamic capabilities, and competitive advantage, can improve the performance of IT SMEs. Although entrepreneurial orientation does not affect the Business Performance of SMEs, technological innovation capabilities can provide several benefits (Nguyen, P. V. et al., 2021). Entrepreneurial Leadership is seen as effectively enhancing competitiveness in dealing with an uncertain environment and achieving sustainable organizational development (F.Y. Lai, et al. 2020). Therefore, this leadership model fosters innovative behavior. The effect of EL on BP is fully mediated by the creative team (Nguyen, P.V, et al., 2021). Thus, **Hypothesis 6 (H6) is obtained: Entrepreneurial Innovative Behavior mediates Entrepreneurial Leadership with Business Performance.**

2.8 The influence of Business Networking on Business Performance through Entrepreneurial Innovation as a mediator.

Empirical studies show that: (1) The personal characteristics and educational background of new generation entrepreneurs influence their perceptions of innovation. (2) Risk awareness, understanding of innovation content, and social capital will affect innovation behavior and lead to changes in organizational performance. (Guan, H. et al., 2019). Innovation is positively and significantly influenced by emotional intelligence, internal locus of control, entrepreneurial alertness, and entrepreneurial self-efficacy. The construct of entrepreneurial self-efficacy mediates the relationship between business and personal networks and innovation. However, professional forums and mentors do not have a significant effect on innovation (Jaziri, R. et al., 2024). Innovative work behavior is positively related to organizational performance (Shanker, R. 2017), research results show the presence of a positive and significant mediating effect of entrepreneurial innovation in the relationship between networking competence and company performance (Sajilan, S., and Tehseen, S. 2019). Based on the description of the research results above, the following hypothesis is obtained for the proposed research: **Hypothesis 7 (H7): Entrepreneurial Innovative Behavior mediates Entrepreneurial Leadership with Business Performance.**

III. RESEARCH METHOD

This research is a quantitative study to examine the influence between variables, and a survey method is used in this research. Quantitative research is a type of research conducted by collecting numerical data to provide an explanation of certain events. This study is the first to investigate the relationship between entrepreneurial leadership and business networking on cafe business performance with the mediating role of entrepreneurial innovative behavior. This study examines how the capability of entrepreneurial innovative behavior intervenes in the relationship between entrepreneurial leadership and business networking

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on business performance. The proposed study combines three factors to present the designed model. In this model, entrepreneurial leadership and business networking are independent variables; business performance is the dependent variable, while entrepreneurial innovative behavior is the mediating variable.

The population in this study is cafes in the city of Serang, Banten Province, Indonesia, whose number is unknown. The research subjects include individuals who play an important role in the management of the cafe business, such as owners, managers, or individuals who combine both roles. Based on the existing data, to calculate the size of the sample, 5 - 10 times the number of research indicators is used (Ferdinand, 2019). This study consists of 4 variables with a total number of 16 indicators. Thus, the minimum sample size taken is $5 \times 16 = 80$ respondents, while the maximum limit is $10 \times 16 = 160$ respondents. The sampling technique used next is non-probability sampling, with sampling using the snowball method so that more people from specific communities and businesses can be included. Therefore, the sample in this study obtained 100 respondents. The data analysis technique in this research uses Structural Equation Modelling. The software chosen is Smart PLS version 4.1.1.1. PLS (Partial Least Square).

A. Figures and Tables

Figure 1 below presents the research model after a thorough literature review as mentioned above to explain the model displayed below.

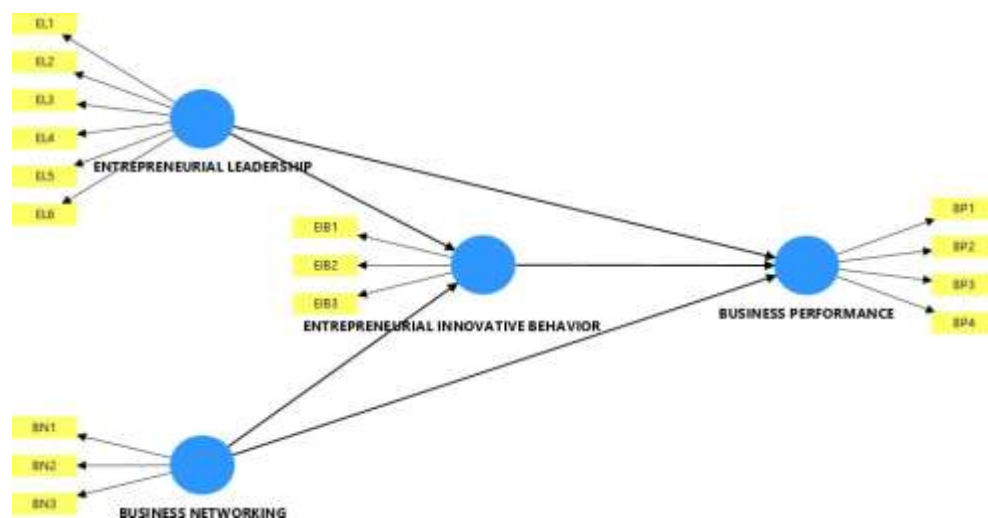


Figure 1. The proposed study model with its selected variables: Entrepreneurial leadership, business network, entrepreneurial innovative behavior and business performance.

IV. RESULT AND DISCUSSION

1. R Square values

a good R^2 value for a dependent construct should be more than 0.10, and the higher the value, the better the model. According to Hair et al. (2021), the interpretation of the R^2 value is divided into three categories: strong (≥ 0.75), moderate (≥ 0.50), and weak (≥ 0.25). The R^2 value in PLS-SEM is used to measure how well the model can explain the variation in the dependent variable or endogenous construct.

Table of R-Square Values

	R-square	R-square adjusted
Business Performance	0.360	0.340
Entrepreneurial Inovative Behavior	0.441	0.429

Source: Primary data processed by PLS, 2025

The R-square (R^2) value indicates the extent to which the independent variables can explain the dependent variable in the model. In this study, the R-square value for Business Performance is 0.360, meaning that 36% of the variation in Business Performance can be explained by the variables of Business Networking and Entrepreneurial Innovative Behavior, while the remaining 64% is influenced by other factors outside the model. Meanwhile, the R-square value for Entrepreneurial Innovative Behavior is 0.441, indicating that 44.1% of Entrepreneurial Innovative Behavior can be explained by Business Networking. The

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adjusted R-square values for each variable, which are 0.340 and 0.429, show that the model remains stable even after being adjusted based on the number of predictor variables.

In general, the obtained R-square value indicates that the model has a fairly good predictive power, as it has exceeded the minimum threshold of 0.30 commonly used in social research (Ghozali, 2021). This indicates that the relationship between Business Networking, Entrepreneurial Innovative Behavior, and Business Performance is quite strong and worthy of further analysis. This model can serve as a basis for a deeper understanding of how Business Networking and Entrepreneurial Innovative Behavior contribute to the enhancement of Business Performance.

2. Q² Predictive relevance (PR)

This technique can represent the synthesis of cross-validation and the fitting function with predictions from the observed variables and estimates from the construct variables. A Q² value > 0 indicates that the model has predictive relevance. On the other hand, a Q² value > 0 indicates that the model has low predictive relevance. The criteria for determining the obtained values are 0.02 (small), 0.15 (medium), and 0.35 (strong). The Q-Square value can be seen from the blindfolding test by selecting the construct cross-validated redundancy.

Table Q² Predictive relevance (PR) value

	Q ² predict
Business Performance	0.281
Entrepreneurial Innovative Behavior	0.402

Source: Primary data processed by PLS, 2025

The Q² Predictive Relevance (Q²predict) value is used to measure the predictive ability of a model against the indicators of the dependent variables. In this study, the Q² value for the Business Performance variable is 0.281, and for the Entrepreneurial Innovative Behavior variable, it is 0.402. According to the guidelines from Hair et al. (2019), a Q² value above 0 indicates that the model has good predictive capability, while a Q² value > 0.25 is considered to have moderate prediction, and a value > 0.50 indicates strong prediction. Thus, the model in this study has moderate predictive capability for the Business Performance and Entrepreneurial Innovative Behavior variables. This indicates that the model is not only able to explain the relationships between variables statistically, but also able to predict new data fairly well. These findings strengthen the validity of the model in a practical context, especially for managerial decision-making based on predictions of innovative behavior and business performance.

CONCLUSIONS

1. Entrepreneurial Leadership has a positive impact on Business Performance. Entrepreneurial leadership characterized by vision, risk-taking courage, and the ability to motivate employees has been shown to significantly enhance business performance. This demonstrates the important role of leaders in creating the strategic direction of the company. In the field of marketing management, Entrepreneurial Leadership plays a role in formulating product differentiation strategies, building strong brands, and creating sustainable customer value. Adaptive leaders will be better able to respond to market dynamics and consumer trends, and guide the company to be more market-oriented.
2. Business Networking has a positive impact on Business Performance. A wide and quality business network has a significant impact on improving business performance. Through this networking, companies can obtain market information, collaboration opportunities, and access to external resources. Business Networking strengthens relational marketing activities, which is a long-term strategy focused on building relationships with customers, business partners, and stakeholders. Networking also allows companies to gain competitive advantages based on connections and market loyalty.
3. Entrepreneurial Leadership has a positive influence on Entrepreneurial Innovative Behavior. Entrepreneurial leadership has been shown to encourage innovative work behavior within organizations. Supportive and visionary leaders create a work culture that fosters creativity and the courage to experiment. Innovative behavior is crucial in creating new products or services.
4. Business networking has a positive influence on Entrepreneurial Innovative Behavior. Business networks become a source of ideas and external knowledge that strengthens innovative behavior. Through interactions with partners and the business community, organizations find it easier to capture market trends and develop creative solutions. Networking strengthens the market sensing process in marketing, which is the organization's ability to capture market signals for innovation development. This is relevant to the customer-driven innovation approach, where innovation arises from a deep understanding of customer needs.

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5. Entrepreneurial Innovative Behavior positively influences Business Performance. Innovative behavior significantly contributes to the improvement of business performance. Innovations in processes, products, and services allow companies to adapt better to competition and market changes. Consistent innovation is the foundation for creating a sustainable competitive advantage. In marketing, this includes the ability to develop a unique selling proposition (USP), expand market segments, and enhance customer loyalty through value renewal.

6. Entrepreneurial Innovative Behavior mediates the influence of Entrepreneurial Leadership on Business Performance. Innovative behavior acts as a partial mediator in the relationship between entrepreneurial leadership and business performance. Leaders who encourage innovation will contribute significantly to business success. In the context of strategic marketing, innovative leaders can motivate their teams to produce new ideas in digital marketing, promotional campaigns, and customer service strategies, ultimately enhancing the company's competitiveness in the market.

7. Entrepreneurial Innovative Behavior mediates the influence of Business Networking on Business Performance. The relationship between business networking and business performance is partially mediated by innovative behavior. This indicates that the information and connections gained from networking must be combined with innovation capabilities to have a real impact on business performance. Networking provides access to market insights, but its implementation in the form of marketing innovations such as digital strategies, co-creation with customers, or new distribution models is what truly enhances competitive value in the market.

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