

Entrepreneurship Orientation and Performance of Green Economy SMEs during COVID-19 Pandemic: The Mediating of Strategic Agility

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ABSTRACT

This study was conducted to analyze the effect of entrepreneurial orientation on company performance through strategic agility. This research uses the SEM analysis method with WarpPLS software. The sample of this study consisted of 204 actors and strategic decision-makers of green economy SMEs in Malang areas. The unit of analysis in this study is the green economy SME business players in the business of flower, fruit, and ornamental plants. This business field was chosen because it is environmentally friendly, the waste has minimal risk of environmental damage, and this business is at the same time healthy for the environment for business people, employees, and consumers. Data collection was collected by distributing questionnaires directly or via a Google Form. This study proves that entrepreneurial orientation has a direct and positive effect on improving company performance. This study has proven that entrepreneurial orientation positively affects company performance both directly and through strategic agility, so it can be concluded that strategic agility can partially mediate the effect of entrepreneurial orientation on company performance. The application of strategic agility/agility is proven to improve company performance. This study can enrich the study of strategic management theory in the context of Strategic Agility in a green economy. SMEs' owners and managers improve their performance by increasing entrepreneurial orientation and strengthening strategic agility.

ABSTRAK

Penelitian ini dilakukan untuk menganalisa pengaruh dari orientasi kewirausahaan terhadap kinerja perusahaan melalui kelincahan/ ketangkasan strategi. Penelitian ini menggunakan metode analisis SEM dengan software WarpPLS. sampel dari penelitian ini terdiri dari 204 pelaku dan pengambil keputusan strategis UKM green economy di Malang Raya. Unit analisis dalam penelitian ini adalah para pelaku bisnis UKM green economy di bidang usaha tanaman bunga, buah-buahan, dan tanaman hias. bidang usaha ini dipilih karena ramah lingkungan, limbahnya minim resiko kerusakan lingkungan, dan bisnis ini sekaligus menyehatkan lingkungan masyarakat pelaku bisnis, karyawan, dan konsumennya. Pengumpulan data dikumpulkan dengan menyebarkan kuesioner baik secara langsung maupun melalui googleform. Hasil penelitian ini membuktikan bahwa orientasi kewirausahaan terbukti secara langsung dan berpengaruh positif dalam meningkatkan kinerja perusahaan. Penelitian ini telah membuktikan bahwa orientasi kewirausahaan berpengaruh positif terhadap kinerja perusahaan baik secara langsung maupun melalui kelincahan/ketangkasan strategi, sehingga disimpulkan bahwa kelincahan/ketangkasan strategi mampu memediasi pengaruh orientasi kewirausahaan terhadap kinerja perusahaan secara parsial. Penerapan kelincahan/ketangkasan strategi terbukti mampu meningkatkan kinerja perusahaan. Kajian ini dapat memperkaya kajian teori manajemen strategis dalam konteks Kelincahan Strategis dalam ekonomi hijau. Pemilik dan pengelola UKM dalam meningkatkan kinerjanya melalui peningkatan orientasi kewirausahaan dan penguatan ketangkasan strategis.

1. INTRODUCTION

Entrepreneurs during the COVID-19 pandemic, which has entered its second year, the majority have experienced various difficulties in facing challenges in their business. The impact of the COVID-19 pandemic, either directly or indirectly, requires them to be able to survive in challenging economic conditions. They are required to think creatively to produce reliable and agile strategies. When everyone is restless, they must have creativity and strategies to turn less productive resources into productive ones to provide economic and added value. Entrepreneurs will always face challenges that are quite formidable. Therefore, they must look for breakthroughs in running their business, one of which is the application of agile and intelligent strategies following environmental changes as a reinforcement of their strategy. In such conditions, entrepreneurs must have a high entrepreneurial spirit to achieve the desired performance.

Organizational entrepreneurship is a process that considers three dimensions: autonomy, risk-taking, and proactiveness (Al-Mamary & Alshallaqi, 2022). Entrepreneurial strategy orientation can be a "driving force" for SME managers to improve their organizational performance. Meanwhile, enhanced organizational performance is a benchmark and reflects its ability to improve business competitiveness. The influence of entrepreneurial orientation and company performance has been carried out by Al-Dhaafri & Al-Swidi (2016), Al-Dhaafri & Alosani (2020), Mahrous & Genedy (2019), and Rofiaty (2019). They state that entrepreneurial orientation has a significant effect on company performance. However, Pardi et al. (2014) prove that entrepreneurial orientation has no significant effect on organizational performance. The entrepreneurial orientation variable is measured using risk-taking, proactiveness, innovation, competitive aggressiveness, and autonomy. The results show that the proactive attitude and courage in taking risks not owned by the owners and managers impact their lack of courage to seek new opportunities. In addition, Diaz & Sensini (2020) uses five entrepreneurial orientation elements: risk-taking, proactiveness, innovation, competitive aggressiveness, and autonomy. The results show that of the five elements, competitive aggressiveness and autonomy have no significant effect on the firm performance. These different results are research gaps that need to be studied further.

Strategic agility must also support organizational performance to survive and win the business with increasingly fierce competition (Žitkienė & Deksnys, 2018). SMEs must have strong strategic agility. Setili (2014) states that strategic agility is essential in adapting to the turbulent/dynamic environmental changes in this era of disruption. Harraf et al. (2015) suggest that strategic agility should be prioritized when organizations want to achieve effectiveness and excellence. Strategic agility will enable organizations to identify threats and opportunities faster the effect of market orientation and entrepreneurial orientation toward learning orientation, innovation, competitive advantages, and marketing performance than competitors and plan to achieve competitive advantage (Tikkamäki & Mavengere, 2013). Cegarra-Navarro et al. (2016), Khalid et al. (2020), Kulelung (2015), and Tahmasebifard et al. (2017) prove that strategic agility significantly affects organizational performance.

Arokodare et al. (2019) state that a more agile strategy could improve the company's performance. Strategic agility is measured using human resources, information technology capabilities, response orientation/responsiveness to internal and external changes, and strategic insights and forward-looking strategies. Furthermore, Lyn Chan & Muthuveloo (2021) show that stronger strategy agility can improve organizational performance. Green economy entrepreneurs must be more agile to improve performance and encourage the application of their entrepreneurial orientation to increase strategic agility and company performance.

Managing a business, whether large, medium, or small, always faces various challenges and changes. Entrepreneurs need to make breakthroughs so that their businesses can survive, be highly competitive, and be sustainable. One of the business breakthroughs is in the form of the application of strategic agility. Creative entrepreneurs will always try to make improvements, presenting something new/unique that is different from the existing ones (Barney & Hesterly, 2015). Creative and innovative are also important attitudes that an entrepreneur must own. Those who consistently implement their business strategies reliably/agilely will gain short-term profits, sustainable business growth, and competitive advantage in the long term. Strategic agility is also defined as the ability of an

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organization to adapt to external changes successfully.

In addition to the direct impact of entrepreneurial orientation on strategic agility that then affects company performance, strategic agility can also mediate the effect of entrepreneurial orientation on company performance (Cegarra-Navarro et al., 2016). Their results show that strategic agility as a mediator affects the influence of structured knowledge processes on knowledge application on company performance in Spanish companies' information and technology service sector. Kale et al. (2019) state that the effect of absorption on company performance through strategic agility is a mediating variable in the tourism sector in Turkey. Budianto et al. (2021) prove that manufacturing agility mediates the effect of lean manufacturing on operational performance in the food industry in Indonesia. Strategic agility may have a role in the impact of entrepreneurial orientation on company performance, so the following hypothesis is suggested.

One of the efforts to overcome the economic impact of the COVID-19 pandemic is through implementing strategic agility in the green economy business. Green economics is about people and the planet. Green economics seeks to move the target of our economy away from economic growth and towards flourishing, convivial human communities that do not threaten other species or the planet itself (Cato, 2012). Therefore, the novelty of this study is that it focuses on the green economy because a green economy is an idea that aims to increase welfare, environmental-friendly business, minimize pollution, prevent increased greenhouse gas emissions, and overcome the effects of climate change. The green economy can drive the pace of the Indonesian economy because when economic, social, and environmental factors are mapped comprehensively, sustainability will be achieved through implementing green economy business.

In facing the challenges of uncertain environmental changes, especially in the era of the COVID-19 pandemic, the business world, especially green economy SMEs, must be more agile and agile in facing business competition. Strategic agility in this study was measured by the speed of responding to change, flexibility, and reliability (Arokodare et al., 2019). The speed of responding to changes in terms of adapting to changes in the organization's operational processes, adapting strategies to changing market trends, quickly allocating resources, and responding quickly to existing opportunities. Flexibility is measured by allocating

resources appropriately according to changes and being flexible to adapt operations. Reliable capabilities include human resource capabilities, information technology, and forward-looking strategies.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Organizations engaged in any field, whether large, medium, or small, must have agility in this digital era. That means that organizations must be able to face business competition, such as the challenges of very fast change. Therefore, a rapid adaptation to environmental changes is needed, which of course, requires a strategy that must align the internal change with the level of external change.

Entrepreneurial Orientation

Entrepreneurial orientation is an ongoing activity to improve innovative capabilities, risk management, effective use of resources, and value development to retain customers and benefit the organization (Al-Mamary & Alshallaqi, 2022). This variable includes the following indicators: autonomy, the ability to make their own decisions regarding performance achievement; risk-taking, courage to take opportunities in the uncertainty of decision making; proactiveness, entrepreneurial activities are active, dynamic, and high-spirited and never go out due to obstacles, obstacles, and challenges to achieve achievements.

Gupta & Batra (2016) examine the effect of entrepreneurial orientation (proactive, autonomy, and risk-taking) and showed that top managers who dare to take risks, like activities that are full of innovation, showing a high proactive attitude (the stronger the entrepreneurial orientation) is proven to improve performance significantly. Entrepreneurial activity is considered important in company performance, for example, risk-taking, autonomy, proactiveness, and innovation which are characteristics of entrepreneurial orientation (Fadda & Soren, 2017).

Jalali et al. (2014) reveal that entrepreneurs could improve company performance by increasing entrepreneurial orientation, especially risk-taking, being proactive, and innovation. The courage to take greater risks affects strategic agility and company performance in the long term (Jia et al., 2014).

Cong et al. (2017) state that innovation and being proactive are key elements of entrepreneurial orientation, namely providing facilities such as activities to invite stakeholders to be more active in supporting entrepreneurial activities and building

more agile strategies. That is one of the main keys to doing business in an era of global markets where companies do not compete with low prices to attract consumers but by adopting agility strategies that are more responsive to environmental changes.

Strategic Agility

Gölgeci et al. (2019) defined agility as the ability to move quickly, flexibly, and decisively in anticipating change, avoiding negative things (which are risky), and taking advantage of existing opportunities. The agility items in this research emphasize that the organization is open to change; the organization actively and widely scans for new information about what is going on; the organization is good at making sense of an ambiguous, uncertain situation; the organization takes advantage of opportunities quickly; and the organization is good at quickly deploying and redeploying resources to support execution.

Žitkienė & Deksnys (2018) defined agility as an organization's ability to adapt processes, strategies, production lines, and resources to respond to changes. Chakravarty et al. (2013) state that strategic agility consists of entrepreneurial (offensive agility) and adaptive (defensive agility). The company can detect and respond to market dynamics in defensive ways, such as protecting itself and staying afloat to recover from disruptions, rather than responding to any fundamental changes in the organization's internal structure. An offensive objective is the ability to anticipate and proactively capture market opportunities that enable the company to change positions and strategies and adopt new business approaches to gain an advantage under changing conditions.

Arokodare et al. (2019) examine the effect of strategic agility on performance moderated by the role of organizational culture results show a significant influence and role. Strategic agility is the main driving factor for improving organizational performance by measuring agility through strategic insight and foresight, response to internal and external changes, human resource capabilities, and information technology capabilities. Lyn Chan & Muthuveloo (2021) found that strategic agility antecedents (resources and capabilities) are the significant positive driver of improving performance.

Company Performance

Performance is essential for an organization as it evaluates all its finance, marketing, and human resources activities. In strategy research, ignoring performance is impossible because improving performance is one of many strategic goals (George et al., 2019). Kimathi et al. (2015) stated that company performance was identified as one of the most important indicators of the influence of capital structure in a literature review. Performance is a general term used for part or all of the actions or activities of an organization in a period by referring to a standard amount, such as historical costs or projected costs, based on efficiency, accountability, or management accountability (Christensen & Lægheid, 2015).

Performance is defined as the extent to which the company achieves the goals that have been set. So far, companies have mostly focused on the resulting economic goals. The company has also contributed to environmental issues as its business goal in recent years. Companies are more concerned about how to deal with pollution produced by companies, climate change, global warming, and ozone depletion due to their company activities (Parida & Wincent, 2019). It underlies the company to change its orientation to become a green economy. The achievement of the company's business goals can be reflected in the company's performance. The company's performance in the green economy can be measured through financial performance, marketing performance, and human resource performance (Obeidat et al., 2020).

Conceptual Framework

Green economy SMEs in agriculture face complex environmental changes, especially during the Covid-19 pandemic. They are facing difficulties. Therefore, SMEs must be agile in building strategies so their business can survive and thrive. Research linking the importance of entrepreneurial orientation, and strategic agility to improve performance and business sustainability, is seen as very important and useful for the object of research, namely green economy SMEs. Considering this business sector has a big role in creating jobs, developing the community's economy, minimizing environmental pollution, and being environmentally friendly. Based on the description in the previous chapter, the conceptual framework proposed in this study can be seen in Figure 1.

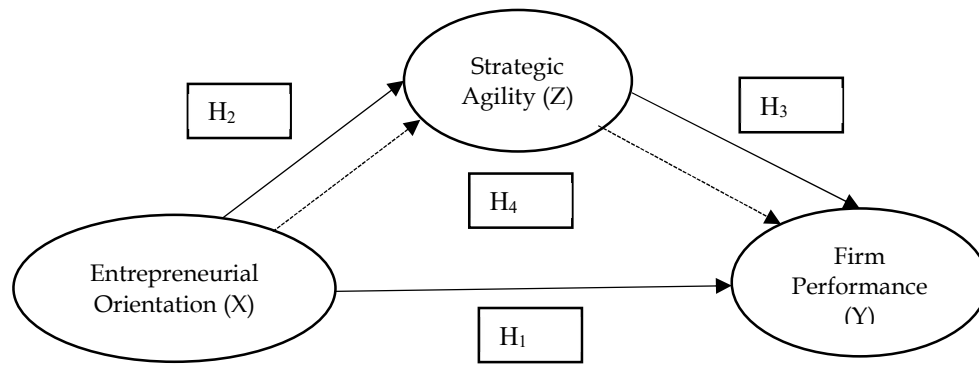


Figure 1. Conceptual Framework

The Effect of Entrepreneurial Orientation on Company Performance

Al-Dhaafri & Alosani (2020) confirm that entrepreneurial orientation positively and significantly affects company performance. Mahrous & Genedy (2019) indicate that entrepreneurial orientation practices positively affect firm performance. Entrepreneurial orientation can become a driving force for the boarding school manager to improve the organization's performance and entrepreneurial orientation has a significant positive toward company performance (Rofiaty, 2019). Entrepreneurial orientation can be a driving force for SME managers to improve their organizational performance. Based on the explanation, the following hypothesis is proposed:

H₁: Entrepreneurial orientation has a significant effect on company performance

The Effect of Entrepreneurial Orientation on Strategic Agility

Cong et al. (2017) stated that innovation and proactivity are key elements of entrepreneurial orientation, namely, providing activities to invite stakeholders to be more active, support entrepreneurial activities, and build more agile strategies, and this is one key. The main thing for businesses to do in this era of the global marketplace where companies are not competing for the lowest prices to attract consumers but to adopt agility strategies that are more responsive to environmental changes. Strategic agility is needed to support organizational performance in surviving and winning business with increasingly fierce competition (Žitkienė & Deksnys, 2018). SMEs must have strong strategic agility. Setili (2014) states that strategic agility is important in adapting to turbulent/dynamic environmental changes in this era of disruption. Harraf et al. (2015) show that strategic agility should be prioritized when an

organization wants to achieve effectiveness and excel. Based on the explanation, the following hypothesis is proposed:

H₂: Entrepreneurial orientation has a significant effect on strategic agility

The influence of Strategic Agility on Company Performance

Arokodare et al. (2019) state that a rapidly changing business environment requires organizations to implement strategic agility because it can improve organizational performance. Green economy SMEs are currently facing various challenges. Strategic agility will allow organizations to identify threats and opportunities faster than competitors to develop steps to achieve competitive advantage (Tikkamäki & Mavengere, 2013). Kulelung (2015), Cegarra-Navarro *et al.* (2016), Tahmasebifard et al. (2017), and Khalid et al. (2020) state that strategic agility has a significant effect on organizational performance. It has strengthened the hypothesis in this study. Based on the explanation, the following hypothesis is proposed:

H₃: Strategic agility has a significant effect on company performance

The role of Strategic Agility in Mediating the Influence of Entrepreneurial Orientation on Company Performance

Budianto et al. (2021) prove that agility strategy is measured through manufacturing agility and can mediate in improving operational performance. Other studies also strengthen this mediating role. Cegarra-Navarro et al. (2016) and Kale et al. (2019) mention that organizational agility mediates organizational performance. Strategic agility becomes an intermediary or mediates the stronger influence of entrepreneurial orientation on company performance. This hypothesis is proposed to prove

the ownership of the role of strategic agility as a mediating variable that may affect full mediation, partial mediation, full mediation, or even unable to mediate. Based on the explanation, the following hypothesis is proposed:

H₄: Strategic agility mediates the influence of entrepreneurial orientation on company performance

3. RESEARCH METHOD

This type of research is explanatory research, namely research to test hypotheses between hypothesized variables. This study begins with problem identification activities and then proposes research hypotheses based on previously found concepts (empirical road maps) and existing theories (Solimun et al., 2017; Sekaran & Bougie, 2016). This research was conducted on green economy SMEs in Malang Raya from March-October 2021. The reason for choosing green economy SMEs in Malang Raya as the research object is the extraordinary public attraction. It is the behavior of buyers in the era of the COVID-19 pandemic which shows an increasing trend sharp due to work from home, social distancing so that it diverts people's behavior toward plants because, at the same time, they can fertilize the environment and prevent the risk of COVID-19 transmission.

The population in this study are managers, owners, and strategic decision makers in green economy SMEs in Malang Raya in the field of agriculture (green economy). In this study, the object was chosen because green economy SMEs are environmentally friendly industries and most business actors are in Malang. The unit of analysis consists of SMEs of roses, SMEs of tuberose flowers, SMEs of aglaonema, SMEs of orchids, SMEs of fruits, and SMEs of vegetables.

The sample selection used a stratified random sampling method because green economy SMEs operate in various fields. The sample used in the SEM (Structural Equation Modeling) research is a minimum of 100 samples (Hoyle & Gottfredson, 2015). The purpose of sampling will be evenly distributed at all levels, and the sample represents the character of the entire heterogeneous population of elements. From 240 questionnaires distributed, 204 questionnaires were answered completely and could be analyzed. Data collection techniques are (1) field surveys and direct interviews with respondents and (2) distributing questionnaires (on a 5-point Likert scale). In addition, documentation related to the research object is collected by studying data

sources documented by relevant agencies and associations of green economy entrepreneurs. The analytical tool used is SEM with the WarpPLS approach. This study uses SEM with the WarpPLS because PLS does not require data that meets assumptions like regression, so no data requirement must meet classical assumptions. PLS can process data with different scales in one model and can test formative models. In these models, the construct's meaning is determined by the indicators and can test the reflective model and vice versa (Abdillah & Hartono, 2015).

Mamun et al. (2017) state that autonomy is the highest contributor to entrepreneurial orientation. It consists of proactiveness, creativity, & innovativeness, and risk-taking. On the other hand, entrepreneurial attitudes and behaviors have three key dimensions: innovation, risk-taking, and proactiveness (Al-Mamary & Alshallaqi, 2022). Entrepreneurial orientation consists of three key dimensions. Those dimensions are the ability to innovate, proactiveness, and the courage to take risks (Soekotjo et al., 2021).

The concept of agility first appeared in a survey by the Iacocca Institute in the United States in 1991 and focuses on capability-based, flexible, and agile production to meet rapidly changing market needs (Iqbal et al., 2020). Strategic agility is defined as the organization's capacity to make strategic commitments while remaining agile and flexible and is considered a means of being able to change and rediscover the company's core competencies. When market conditions experience turbulence, then the company can adapt and finally be able to survive and persist (Arbussa et al., 2017). Felipe et al. (2016) stated that in the perspective of dynamic capabilities, speed and flexibility in responding to market changes are a form of achieving strategic agility.

Company performance is measured by two indicators, namely financial performance and operational performance (Jahanshahi et al., 2012). Firm performance is measured using financial and stock market performance (Limanto, 2017). Marketing performance is an important element of the company's performance in general because a company can be seen from its marketing performance so far (Bag et al., 2021). Firm performance is the company's ability to efficiently and effectively use resources (Diaz & Sensini, 2020). Every employee in the organization is required to make a positive contribution through good performance, considering that organizational performance depends on the performance of its

employees. Kallio et al. (2020) stated that performance is the output produced by a job or profession's functions or indicators within a certain time. Every employee is required to make a positive contribution through good performance, considering that organizational performance depends on the performance of its employees. If the

individual performance is good, the performance of the company or organization will likely be good (Chalimah et al., 2021). The questionnaire was prepared based on operational definitions of research variables. Each variable consists of several indicators, and each indicator consists of several items, which are presented in Table 1:

Table 1. Research variables, indicators, and items

Variable	Indicator	Item	Source
Entrepreneurship Orientation	Autonomy	1. Encourage employees to take responsibility for their work.	Mamun et al. (2017); Morris & Lewis (2002); Weerawardena (2003).
		2. Supervision of employees to a minimum.	
		3. Encourage employees to prioritize their work.	
	Risk-taking	1. Treat situations of uncertainty as challenges.	Weerawardena (2003).
		2. Encourage employees to enter unfamiliar markets	
		3. Management acceptance of implementation failure.	
		4. Emphasis on chances of success over failure.	
		5. Treat business failure as a lesson.	
	Proactiveness	1 Consistency/capability of capturing and proactively seeking market opportunities	
		2 Pioneering in introducing new products/services in the industry.	
		3 Responsiveness to achievable business opportunities.	
		4 Consistency in seeking opportunities to improve its performance.	
		5 The business excels from competitors in responding to market challenges.	
Strategic Agility	Speed of responding to changes	1 SMEs quickly adapt to changes in their operational processes.	Arbussa et al (2017); Felipe et al. (2016)
		2 SMEs quickly adapt their strategies to market trends.	
		3 SMEs quickly allocate resources	
		4 SMEs quickly respond to existing opportunities	
	Flexible	1 Allocate its resources appropriately according to changes.	
		2 Flexibility to customize its operation.	
	Reliable capability	1 Human resource capability	
		2 Information technology capabilities.	
		3 Forward-looking strategic capabilities.	
Company Performance	Financial performance	1 Income levels increase.	Jahanshahi et al. (2012); Limanto (2017); Chalimah et al. (2021).
		2 The company's net profit increased.	
		3 Company assets increase.	
	Marketing Performance	1 Sales Growth.	
		2 Market Share Growth.	
	Human Resources Performance	1 Increase in the number of employees.	
		2 Labor turnover rate.	

4. DATA ANALYSIS AND DISCUSSION

Construct Model Testing

Table 2 shows that all indicators of the three variables have a loading factor value (coefficient) above 0.5. It explains that all indicators have met the validity of the study. Entrepreneurial orientation (X) is measured by three indicators: autonomy (X.1), risk-taking (X.2), and proactivity (X.3). The results of

SEM analysis show that the highest loading factor value is autonomy (X.1), meaning that the autonomy indicator (X.1) has a dominant role in the entrepreneurial orientation variable (X). Respondents in this study can see that SMEs have a good entrepreneurial orientation, and the main indicator must be considered the courage of managers in managing autonomy in management.

Three indicators measure company performance (Y): financial performance (Y.1), marketing performance (Y.2), and human resources performance (Y.3). The highest loading factor is in financial performance (Y.1). It indicates that financial performance (Y.1) has a dominant value on the company's performance variable (Y). In this study, it can be seen that respondents in SMEs have good performance. The main indicator that managers must consider is financial performance.

Strategic agility (Z) is measured by three indicators consisting of the speed of responding to change (Z.1), flexibility (Z.2), and capacity reliability (Z.3). The highest loading factor is the capacity reliability (Z.3) which means that it has a dominant role in the strategic agility variable (Z). This study's respondents can see that SMEs already have good strategic agility, and an indicator that managers must consider is reliable capacity.

Table 2. Convergent validity variables

Variable	Indicator	Corrected Item Total Correlation	R-table	Information
Entrepreneurship Orientation (X)	X.1	0.742	0.1374	Valid
	X.2	0.542		Valid
	X.3	0.637		Valid
Strategic Agility (Z)	Y.1	0.807	0.1374	Valid
	Y.2	0.915		Valid
	Y.3	0.763		Valid
Firm Performance (Y)	Z.1	0.884	0.1374	Valid
	Z.2	0.872		Valid
	Z.3	0.667		Valid

Source: Primary Data Processed, 2021

Table 3 shows that the value of Cronbach's alpha coefficient is above 0.60 following the criteria set by Ghozali (2018), so it can be concluded that the overall

statement in this research instrument is declared reliable so that the questionnaire is ready to be distributed to respondents

Table 3. Reliability test results of research variables

Variable Construct	Cronbach's Alpha	Reliability Cut-off	Information
X	0.951	0.60	Reliable
Z	0.978	0.60	Reliable
Y	0.940	0.60	Reliable

Source: Primary Data Processed, 2021

Direct Effect

The explanation of each exogenous variable's effect on the endogenous variables of the research hypothesis is described in Table 4. Table 4 and Figure 2 show the coefficient values of each exogenous to endogenous variable and the p-value of each

coefficient. The results of hypothesis testing in Table 4 show that all relationships from H1 to H3 have significant, positive, and one-way coefficients. If the exogenous variable increases, the endogenous variable will increase significantly and vice versa.

Table 4. Direct influence result

Relationship	Path Coefficient	P-Values	Information
Entrepreneurial orientation (X) → firm performance (Y)	0.455	<0.001	Supported
Entrepreneurial orientation (X) → strategic agility (Z)	0.812	<0.001	Supported
Strategic agility (Z) → firm performance (Y)	0.407	<0.001	Supported

Source: Primary Data Processed, 2021

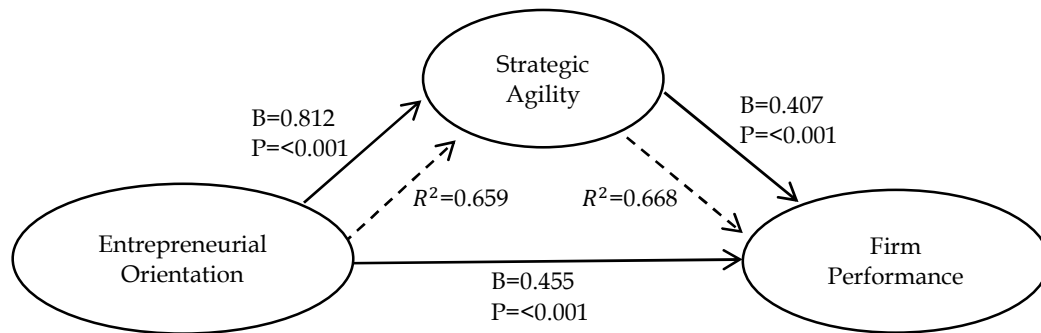


Figure 2. Tested Model

Indirect Influence

Testing the indirect effect of this research model was conducted by observing the direct path coefficient of the exogenous variable on the mediating variable and the direct path coefficient of the mediating variable on the endogenous variable. The path coefficients for the indirect effect test are described in Table 5.

Table 5 shows the indirect influence hypothesis in this study which states that entrepreneurial orientation (X) has a significant effect on company performance (Y) through strategic agility (Z). It shows that strategic agility (Z) is proven to be able to mediate the effect of entrepreneurial orientation (X) on company performance (Y). Strategic agility has a partial mediating in nature.

Table 5. Indirect Influence Result

Relationship	Path Coefficient	P-Values	Information
Entrep. Or. (X) → Strat. Ag. (Z) → Firm. Perf.	0.330	<0.001	Supported

Source: Primary Data Processed, 2021

The Relationship between Entrepreneurial Orientation on Company Performance

Table 4 shows that entrepreneurial orientation positively and significantly affects company performance. The results of this study indicate that the stronger the entrepreneurial orientation will improve performance. The result supports the result of a study by Al-Dhaafri & Al-Swidi (2016), Rofiaty (2019), and Jalali et al. (2014) that also found that entrepreneurial orientation influences company performance. Orientation of entrepreneurial strategy may be a "driving force" to improve the organization's performance (Rofiaty, 2019).

The result of this study supports the theory of Resource-Based View (RBV), which focuses on internal, firm-specific factors and their effect on performance. A sustained competitive advantage results from the company's unique resources and capacities consisting of management skills, organizational processes and skills, information, and knowledge (Jalali et al., 2014). For a small business entrepreneur, EO is equivalent to management skills and is, therefore, a unique intangible resource that leads to competitive advantages. Entrepreneurship as a process considers three dimensions: autonomy, risk-taking, and proactivity (Linton, 2019). Applying the three dimensions of the company requires changes in norms and behaviors that have been

established and accepted/adopted within the organization (Al-Mamary & Alshallaqi, 2022). As autonomy measures, entrepreneurial orientation is the strongest and most important indicator of improving company performance. Autonomy includes the drive to be responsible for their work, supervise employees to a minimum, and prioritize their work (Fadda & Soren, 2017; Gupta & Batra, 2016; Jalali, 2014; Rofiaty, 2019; Widjajani et al., 2021).

The Relationship between Entrepreneurial Orientation on Strategic Agility

Table also 4 shows that entrepreneurial orientation positively and significantly affects strategic agility. The results of this study indicate that the stronger the entrepreneurial orientation, the greater the strategic agility, which means that the results of this study support Tahmasebifard et al. (2017); Sari & Ahmad (2022); Sarkosi et al. (2022). Strategic agility is essential in adapting to the turbulent environmental changes that occur in this era of disruption (Setili, 2014) and should be prioritized when organizations want to achieve effectiveness and excellence (Harraf et al., 2015).

Concept agility says that companies with high levels of entrepreneurial orientation tend to constantly scan and monitor their operating environment to find new opportunities and

strengthen their competitive positions, which may result in higher sensing capability (Al-Mamary & Alshallaqi, 2022). Entrepreneurial orientation also exploits identified opportunities before competitors target them, so they must be able to respond to opportunities as quickly as possible (Tahmasebifard et al., 2017).

The Relationship between Strategic Agility on Company Performance

Table 4 reveals that strategic agility positively and significantly affects company performance. The results of this study indicate that the stronger strategic agility, the more able to improve company performance. The result supports a study by Cegarra-Navarro et al. (2016), Khalid et al. (2020), Kulelung (2015), and Tahmasebifard et al. (2017).

The concept of agility is characterized by being able to operate and grow a business in a turbulent environment (Storme et al., 2020). This concept aims to encourage business people to behave forward and proactively. However, some factors can hinder agility, namely the lack of company resources and entrepreneurial abilities. Strategic agility describes a company's ability to rapidly change and reorient its strategic orientation to quickly adapt its strategy to respond to business opportunities and changing trends (Clauss et al., 2020). In the strategic agility variable, the dominant factor in forming strategic agility is reliability, including human resource capabilities, information technology capabilities, and forward-looking strategic capabilities.

The Relationship between Entrepreneurial Orientation on Company Performance through Strategic Agility

Table 5 shows that strategic agility could mediate the effect of entrepreneurial orientation on company performance. The nature of the mediation was partial mediation because the results of statistical tests show that entrepreneurial orientation can improve SMEs' performance directly. The results support previous studies by Cegarra-Navarro et al. (2016), Kale et al. (2019), and Budianto et al. (2021).

Entrepreneurial orientation is part of the strategy that entrepreneurs must own due to environmental changes that are continuous and full of uncertainty so that green economy SMEs are expected to be able to adapt to the dynamics of complex environmental changes. Thus, strategic agility is needed as a mediation to overcome environmental uncertainty and look for opportunities to improve organizational performance (Darvishmotevali et al., 2020). The results showed that strategic agility, on the other

hand, can also be through strategic agility.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

The research results based on the description in the previous chapter are concluded as follows. A stronger entrepreneurial orientation is proven to improve the performance of green economy SMEs in Malang areas. The ownership of an autonomous attitude always encourages employees to be responsible for their work, which is the main indicator of improving performance. The entrepreneurial orientation is proven to increase agility and dexterity in taking advantage of existing business opportunities. The more dexterous and agile SME players are in implementing their strategies, the more performance they will be able to improve. Agile, dexterous, and intelligent strategies can be mediating variables to improve performance. The nature of the mediating variable is partial mediation. It means that entrepreneurial orientation in improving the performance of SMEs can also be through strategic agility, which is more responsive to changes in the business environment that changes very quickly. Sometimes it is difficult to predict when changes in the business environment will change.

There are some implications of the finding. SMEs must always improve their proactive attitude as part of their entrepreneurial orientation towards efforts to improve their performance. Courage to take business risks needs to be fostered even during the COVID-19 pandemic, which is full of uncertainty in a constantly changing business environment. It is necessary to improve the intuitive sharpness of green economy SMEs, in particular, always looking for new information by utilizing and through digital media in the marketing process (online system). This group of SMEs benefited because many people turned to plant cultivation during the COVID-19 pandemic.

Theoretically, this research enriches the study of strategic management theory in the context of SMEs' strategic agility in a green economy. Practical implications for SME owners and managers in improving their performance through increasing entrepreneurial orientation and strengthening strategic agility. For further researchers, examining environmental condition variables originating from outside the organization is necessary. These variables are following current conditions, especially during the COVID-19 pandemic, where the consequences of changes in the external environment are very unpredictable and require

SME entrepreneurs to implement strategic agility.

This study only examines the variables of entrepreneurial orientation, strategic agility, and company performance. This study only examines green economy SMEs. The object of research in this study only covers the area of the city of Malang, the district of Malang, and the city of Batu, because most business actors are in Malang.

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