Effective Enterprise Communication and Learning Attitude in Business Performance: A Case Study on SMEs

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Abstract:

The purpose of this paper is to describe the role of entrepreneurial communication in entrepreneurial learning and how such communication shapes business attitudes which in turn impact on performance of the small-medium enterprises in Indonesia.

The data for this research was derived from small medium entrepreneurs from the furniture industry around Bandung, a capital city of the West Java Province. The data collection techniques, included observations, interviews, reading compiled data and also use of audio-visual analyses and simulations.

This study concludes that good business or entrepreneurial communication is of great contribution to entrepreneurial learning which in turn affects performances of enterprises including small-medium enterprises across Indonesia as one of the fastest emerging economies in Southeast Asia.

This therefore means that in an effort to build strong small-medium enterprises there is need for better business communication, better entrepreneurial learning approaches which are able to impact on the performance and attitudes of the small-medium enterprise owners moreso a developing country such as Indonesia.

Keywords: Business or enterprise communication, business education and learning, effective enterprise, perception and attitudes, small-medium enterprise performance.

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1. Introduction

Entrepreneurship is one way a country functions to its fullest capacity because it leads to dynamism, inventiveness and prosperity of a country (Ogunlana, 2018). It is at the centre of contemporary economics and economic growth of many countries including Indonesia since, it influences development (Smith, 2010).

Entrepreneurship is of fundamental importance to national development (Bunyasrie, 2010) and growth. It is considered to be a leading contributor to national growth and course economic development. Though this is true, it is interesting to note that while developed countries are categorised to be low in terms of entrepreneurs characteristics compared to developing countries, the developed countries have higher levels of competitiveness (Pawitan et al., 2017). Indonesia being a developing country, still lags behind on issues concerning entrepreneurship. It is upon this that the present study, aimed to describe the role of entrepreneurial communication in entrepreneurial learning and how such communication shapes business attitudes which in turn impact on performance of the small-medium enterprises in Indonesia. Entrepreneurship education is considered inadequate in Indonesia.

The effectiveness and efficiency of entrepreneurship is depicted in its influence on small-medium enterprises. In macroeconomics, small-medium enterprises contribute greatly to a country’s economic growth. Due to the entrepreneurs play in strengthening the economy, their is always faster economic growth and ease jobs for the existing labour and even at times the excess labour. Just like in any given human interaction, in business communication is very vital. Acquiring the necessary entrepreneurship communication skills, is of importance to effective business performance. According to Meng and Liang (1996), a business or an enterprise’s success depends one’s ability to communicate effectively with the respective customers.

Indonesia being a developing country, it needs to teach its citizens entrepreneurship skills, thus it requires its learning at all levels of society including in schools. Since, its true that through education people acquire knowledge and learn to be (in this case entrepreneurs). The learning of entrepreneurship is either formal, informal and nonformal, it depends on the education condition of a country plus its geographical setting. However, most people commonly learn entrepreneurship skills through associating with others already doing it.

Based on the above, it is believed that an enterprise’s performance will always depend on the people’s attitudes and perceptions. This belief has led to a set of values which influence enterprising minds, among such values are innovative mind, having the courage to take risks, and being an activity of entrepreneurship itself (Lupiyoadi and Bakir, 1999; Miller, 1983). While on the other hand, Suharyadi et al. (2007) mention a number of factors which include one is behaviour or discipline,
being truthful and honest, individual commitment, being creative and innovative and above all taking independent decisions. While according to Kasmir (2006) and Breckova (2016) the other characteristics among others include: jovyness, time keeping, being polite and respecting others.

 Knowing the value and importance of small-medium enterprises, Bandung being the capital city of the West Java province has played a great role in shaping today and tomorrow’s entrepreneurs through building effective and efficient entrepreneurship communication skills with purpose of shaping enterprising attitudes and perceptions within the area of the city’s jurisdiction. In a discussion on small-medium enterprises in Bandung, the Head of Regional Office of the West Java DJBC, Saipullah Nasution mentions that in West Java there are 7,428 small-medium enterprise, especially in the areas of cloths and clothings, with Bandung taking a share of 2918 small-medium enterprises (REP-PUN, 2018).

 Through this association, assistance is being provided by training small-medium enterprises business skills which aim to help in accelerating the process effectiveness use and supply of the necessary and required materials, especially in the Textile industry (REP-PUN, 2018) which makes beiggest sector of the region and the province. With the current support, it has been projected that by the end of 2018, 80% of the 2,918 small-medium enterprises will have joined this scheme (REP-PUN, 2018).

 In this regard, most of the community members of Bandung plus its surrounding earn their livelihood from the small-medium sector and they strive to maintain its existence and prosperity (REP-PUN, 2018). Because of the nature of most developing countries, the small-medium enterprise industry faces bottle-necks and challenges, which range from customer care to quality of the products offered. The challenges are believed to originate from the poor entrepreneurship attitudes among citizens which is coupled with poor business communication. The current study, aims to examine the role of effective enterprise communication and learning attitude in business performance.

 2. Literature Review

 Contemporary research on entrepreneurship continues to argue that entrepreneurship is an engine for transforming the world and also it is believed to overcome the diverse nature of the global challenges (Apostolopoulos et al., 2018). Some of the old literature which has contributed greatly to the past and the present entrepreneurship is that of Schumpeter (1949), his study establishes and sets a foundation for entrepreneurship by pointing at three issues which are looking at people as the main object for any growth and economic development; being innovative in the effort to establish a dynamic economy; and lastly, discovering a development theory. In addition, Gibson (1987) proposes a performance theory and also analyses several variables that impact on individual behaviours and
performance. While McClelland (1967) is of the view that essentially a person has three social motives consisting of the need for achievement, which is the desire to gain success, the need of affiliation, which is the need of warmth and support from other people and the need of power, which is the desire to control and influence other people.

Based on the above views, it is therefore, summarised that entrepreneurs with the ability to manage their social motives have higher chances of growing and improving, something which increases their performance and participation in growth and development. From this point of view, it is then confirmed that there are two main factors which influence individual personalities, behaviours, traits and performance. Such factors represent a psychological aspect which include people’s perceptions, attitudes and motivations. The family is at the centre of developing, shaping and instilling such values in the citizens.

However, though there are several theories developed in regard to entrepreneurship, there is need to look at other issues or aspects such as effective and efficient communication, the teaching and learning of entrepreneurship for attitude change. In this line, the Gibson (1987)’s model appears appropriate and effectively sets a foundation for easy and effective entrepreneurial communication, learning and attitude shaping of people in any given setting or organisation (Grima et al., 2017).

According to Meng and Liang (1996) successful enterprises are those that work in a good network. In addition, Sandjojo (2004) mentions that factors which impact on the growth of small-medium enterprises are business environment, the nature of entrepreneurship, motivation and learning. Whereas, on the other hand, the other factors said to influence success, entail: experience, education, time, individual mentality and capital (Wiyono, 1999; Bogdanova et al., 2016; Meutia et al., 2017). It has also been established that small-medium enterprises in some communities are influenced by personality, background and having a net-work of activities which turn out to be strong factor influencing on most small-medium enterprise (Lee and Tsang, 2001). In the same study of Lee and Tsang (2001), they studied personality traits, which they found comprising of the desire to achieve, internal locus of control, self-reliance and extroversion, educational background extra.

Hadi et al. (2015) are of the proposal that education should be added to each and every development programme, since it is key to any change and sustainable development of people and that if well executed, it can serve a good purpose within a country’s development agenda. With education therefore, it implies that a a given nation’s know-how requires people focused development which in turn can lead to the improved utilization of other resources (Ginzberg 1971; Hadi et al., 2015). Their studies have revealed that personal personal and or entrepreneurial traits remain unchanged in several and in different conditions, for instance they pointed at the desire for achievement, one locus of control and individual risks. This evident in the personality theory which describes predispositions as determinant factors of
individual enterprise performance. According to Meng and Liang (1996) and Riyanti (2003) it is personality factors which tend to influence the performance of small-medium enterprises (Havlicek et al., 2013).

The personality traits theory mentioned the importance of personal predispositions in determining the performance of an enterprise. Personality factor determines the performance of small enterprises (Meng and Liang, 1996; and Riyanti, 2003). While on the other hand, Baum et al. (2001) are of the view that entrepreneurship characteristics play a great role in the performance of businesses in a capitalistic state. These characteristics impact on the enterprises by influencing growth through stimulating competences, motivation and performance strategies and tricks. Thus, affecting business skills and individual motivations. Though, a lot has been said about entrepreneurship in the perspective of personal traits, Sandjojo (2004) makes an outstanding summary of regarding expert opinions and views which describe and try to expalin personality traits of the different entrepreneurs.

3. Method of Study

The present study applies a survey research method in trying to examine and describe the role of effective enterprise communication in order to establish how it impacts on entrepreneurial learning and attitudes. The manuscript aims to describe the various aspects or components, including entrepreneurship communication, entrepreneurial teaching and learning, people attitudes on entrepreneurship and how they influence performance of small-medium enterprises within Bandung and its surrounding.

Upon this, the study looked at a population of 100 research respondents from across the varying spectrums of the small-medium enterprises in Bandung, especially those involved in the production of cloth and clothing materials. The author used several techniques of data collection, including observational studies, interview, reading of the compiled data and also analysing audio visual aspects to describe the would hypothetical theories and statements in line with communication, learning and attitude of the entrepreneurs.

4. Results and Discussion

4.1 Entrepreneurship Communication

Viewing from a descriptive perspective, the analysis revealed that the effectiveness level of entrepreneurship communication was good. This implies that small-medium enterprise owners have good communication skills, though still with limitations. Therefore, there should improvement in entrepreneurial communication such that there is improved business performance.
The above findings are inline McClelland (1987) and DeVito (1989)‘s views which points out that effective communication could by looking at a number of indicators and course variables. For instance, according to Effendi (1986) in order to have effective communication, there is need for other factors which include the communicator’s needs which are categorised based on two important aspects such as trust and attraction.

In addition, viewing from the being open minded- it lies in the category of good, it was established that is at a maximum level. Meaning that there is need for individual entrepreneurs improve their openness while communicating with customers, because it is a basis for trust any transaction. Besides, being empathetic was revealed to be in the category trying to understand the purchasing capabilities of individuals especially, consistent customers.

In the findings, it has also been revealed that there is relevance with the ability in closing the different cognitive gaps as in that of individual basic human abilities and values (Lillico, 1984). In such a situation, the success any dissemination of information is mainly influenced by the readiness and desire to listen. There are various roles in the community and these communities often expects different roles from one another.

The study also reveals that small-medium enterprises triggers behavioural change in communication with customers quite effectively. This implies business enterprises in Bandung have to improve both verbal and non-verbal communication. With improvements, there is effective communication. This therefore calls for proper customer care and handling. The entrepreneurs need to know that communication works well when positive attention is given to customers. In this respect, communication is preserved through shown positive behaviours, which impact on the sucess of the related parties.

4.2 The Entrepreneurship Learning Phase

In Bandung, small-medium enterprises are empowered through entrepreneurial learning through coaching (REP-PUN, 2018), hence the process and training aspect supports the owners at a relatively good level. Depending on the descriptive analysis it was revealed that the level of entrepreneurial learning is average and hence requires improvement.

From the bove views, it has been found that education is a fundamental empowerment component when it comes to performance improvement of small-medium enterprises. It has been revealed that most of the participants were found to be low in entreprenuership skills. People going into small-medium enterprises are basically those who failed in education. In most cases, these small-medium enterprise owners donot understand the advantages of education and or coaching in business.
Viewing from the entrepreneurial learning perspective, it was established that the level of understanding was categorised as good, implying that the understanding of people is average. Depending people’s existing experience approach on behavioural changes is categorised as good based on the premise that people often believe in their own experience compared to other people’s experiences. Finally it has been revealed that people change their behaviours by testing their belief depending on their reactions about certain situations in which they feel there are important. This confirms view that learning from direct experience can lead to varying outcomes (Springer, 1981). Learning of this kind either formal, informal and nonformal because individual act mostly in an independent and self reliant manner.

4.3 Enterprising and Business Attitudes

Viewing from the perspective of entrepreneurship attitude, there is an impression that small-medium enterprise owners are adequately committed to their businesses. Attitude and commitment are entrepreneurial traits with the potential to increase performance of small-medium enterprises. Business owner in most cases go through a lot of experiences which include individual growth and development, which influences one’s wellbeing in society. In otherwords, small-medium enterprise owners are motivated to perform, spare and spend more time making research, establishing the most appropriate and various ways of contributing to innovation, ntional growth and development.

Being into a good business, entrepreneurs are required to have proper working schedule, with a direct and focused well guided commitments. The more one is committed to his her job, the better the better the credibility and trust from the public mainly clients. The traits of creativeness and innovativeness are categorised as quite good. Most traits entail searching for better ways to improve performance, being open to ideas, views and new inventions, not focused on the past and old ideas but looking into the future.

Schumpeter explains that economic growth, reflected in the form of large outputs, arises because of individual innovations from entrepreneurs who have made broad and several technological improvements, such as finding new products, opening new markets, and using new production techniques.

Viewing from the risk-taking perspective. This is read from individual mimics and expression. Where, the entrepreneur is facing many challenges, there is ignoring of what might happen and what will happen. According McClelland (1967) the common characteristic people have is a strong motivation for achieving highly. Hence, being able to take risks is a mental attitude that is necessary for small-medium entreprises. The enterprise owners are hospitable they spend alot of time smiling. It therefore implies that the enterprise owners should maintain and honor the peace of others.
4.4 Performance of Small-Medium Enterprises

Viewing from a descriptive perspective, the results revealed that performance level of small-medium enterprises is categorised as high. This component is based on a number of products. The capacity to produce a number of products is a good indicator for the success, prosperity and performance of small-medium enterprises. The existence of various types of products is an indicator to measure the economic performance of enterprises (Wahjoedi, 2004). When the number and volume of sales has gone high, this is categorised as a growth is sales, hence indicates a higher value of an enterprise. In this regard, Meng and Liang (1996) established that entrepreneurs use net profit growth to calculate business success, their sales revenue growth, returns on investment and market share. While the performance of small-medium enterprises is measured based on entrepreneurial satisfaction. The present study, uses satisfaction indicator as a higher measuring component to self satisfaction. Satisfaction is one of the factors that influence the performance of small-medium enterprises (Robbins, 2001). It’s upon this that entrepreneurs are encouraged to establish a peaceful and good working environment which supports work performance.

The capacity to absorb labour is one of the factors which were found to have impact on performance, meaning that high levels of labour absorption can lead to better performance. In this line, Suliyanto (2011) uses labour growth indicator in measuring the performance of general small-medium enterprises in Indonesia, while Wahjoedi (2004) uses this indicator to measure economic performance of the paper industry. The common points on labour and quality is the aspect of support to good performance (Suharyadi et al., 2007). On this note, soegoto and Narimawati (2017) argue that among the factors which drive an organisation’s success and prosperity is basically that of the worker’s personality, which influences one’s self-management.

In today’s business life, social responsibility has become a common indicator in business performance. The descriptive results revealed that the responsibility of small-medium enterprises is of higher value in a company’s performance. Hardinsyah (2008) established that corporates must not only search for profits but also be human in their businesses something which supports a better working environment hence impacting on performance of a business.

5. Testing of the Hypothesis

5.1 The Effectiveness of Entrepreneurship Communication on the Performance of Small-medium Enterprises

Viewing from a critical ratio value obtained from the analysis on the impact of effectiveness of entrepreneurial communication towards the performance of small-medium enterprises, a higher than the minimum required critical ration value was established, with a lower probability, indicating that both enterprise communication
and learning attitude have a significant causal connection in improving enterprise performance.

It’s from this point of view that the author concluded from the first hypothesis on entrepreneurial communication, that there is a significant influence of both variables on the performance of small-medium enterprises. It was further found that entrepreneurial communication contributes positively to the performance of small-medium enterprises, by stimulating values of empathy, positive thinking, open mindedness, supportive and creativeness of individuals in the company. This is inline with Pekerti (1985) who habours the view that being in good relationship with customers is a component in networking which determines business performance. While on the same note, Meng and Liang (1996) argue that the existing relationships between individuals determines performance of a business or an activity. Thus, building good relationships with other parties within and outside a given company is essential for business success and performance (Kotler and Hermawan, 2001). However, the said values will always depend on the personality and entrepreneurial traits of an individual.

For instance, in relation to the above views, Haynes and Fryer (2000) in their research on Human Resources, Service Quality and Performance carried out in New Zealand discovered that the development of human resources and service quality positively and significantly impacts on financial performance, hence meaning that it directly influences a business’s performance whether positively or negatively, so it should be paid attention too for business prosperity. Goldstein (1992) in one of his studies has established that skills development, which of course entails communication skills can lead to increased satisfaction and performance of both workers and customers in any given business.

5.2 The Influence of Learning on the Performance of Small-medium Enterprises

Viewing from a critical ratio value obtained from the descriptive analysis of entrepreneurial learning and measuring its influence on performance of small enterprises, the author found a higher minimum, with a lower probability, meaning that both enterprise communication and learning attitude have a significant causal connection regarding the second hypothesis on entrepreneurial learning.

The hypothesis is that there is significant influence of entrepreneurial learning on the performance of small-medium enterprises in Bandung and within the general West Java region. Basing on imperical analysis from the field, it has been found that entrepreneurial learning has a direct positive influence on performance of small-medium enterprises. It is therefore concluded that learning from the formal, informal and formal setting are of positive influence on the performance of small enterprises within Bandung and Indonesia in general.
Regarding the findings on personality influence on business performance Lee and Tsang, 2001; Meng and Liang, 1996), learning is a wonderful variable in developing effective business communication and learning attitudes. On this note, Sandjojo (2004) argues that entrepreneurial learning should aim at positively influencing the performance of small-medium enterprises. A similar study by Serumaga-Zake et al. (2005) on the performance of small-medium enterprises established that education and working experience impact greatly on enterprise performance of a business. One of the studies on entrepreneurship established that those with higher education tend to perform better in entrepreneurship (Staw, 1991). With learning, one is able to develop required knowledge to perform in all sectors, including business performance.

Hadi et al. (2015) are of the proposal that education should be added to each and every development programme, since it is key to any change and sustainable development of people and that if well executed, it can serve a good purpose within a country’s development agenda. Thus, learning being an educational activity leads to the development of knowledge which in turn helps entrepreneurs understand business technicalities, hence leading to improved performance of most enterprises, including small-medium enterprises. With education therefore, it implies that a given nation’s know-how requires people focused development which in turn can lead to the improved utilization of other resources (Ginzberg 1971; Hadi, Wahyudin, Ardiwinata and Abdu, 2015). According to Sullivan (2000) entrepreneurship learning is an important component in the sustainability and continuity of small-medium enterprises in the developing and developed markets.

5.3 The Influence of Attitudes on the Performance of Small-medium Enterprises

Just like in the above two variables, critical ratio value was also obtained from the analysis of the impact of entreprising attitudes on the performance of small-medium enterprises. It was found that there is a higher than the minimum of performance with a lower probability signifying that both enterprise communication and learning attitude have a significant causal relation which impacts on performance. This then leads to a conclusion that attitude greatly affects small-medium enterprise performance.

On this note, Soegoto and Narimawati (2017) argue that among the factors which drive an organisation’s success and prosperity is basically that of the worker’s personality, which influences one’s self-management, which involves attitude. In relation to this point, other studies have revealed that people who succeed are those with discipline (Prijodarminto, 1993; Suharyadi et al., 2007). Because of their discipline, they are innovative, risk-takers and active (Wiklund, 1999).

According to Miller (1983) entrepreneurship characteristics are displayed from the start of an enterprise at the innovation stage where the entrepreneur is able to take
risks and actively participate in the development of the business. During the initiation phase, the entrepreneur’s attitude influences performance. It is one’s attitudes which may either to success and prosperity or failure of a business enterprise. A serious entrepreneur acts ahead of others for better results. The individual trait of proactiveness, enhances an entrepreneur’s chances of being productive, hence withstanding the competition pressure. Because of the limited pressure from competition due to flexibility and strategic dimensions in the business, there is better functioning and operation of small-medium enterprises. However, in most cases, small enterprises are affected by the inadequate or limited resources which enables them to pursue cost effective business strategies (Porter, 1985). Any decision taken in perspective should help small-medium enterprises to perform effectively and efficiently.

Being innovative, helps individual entrepreneurs to perform highly and effectively (McClelland, 1987) without interruption because innovators are able to control the business situation and hence able to avoid detrimental risks. On this point Lee and Tsang (2001) points out that internal factors are best known for any prosperity or good performance of an enterprise.

5.4 The Influence of Good Entrepreneurship Communication on the Individual Entrepreneur’s Attitude

In entrepreneurship, communication is very important, since it directly influences entrepreneurial attitudes and behaviour. It has been found a higher contribution, meaning is effective on business performance of an enterprise. Findings from other studies have pointed out that communication depends on how far individual entrepreneurs express themselves. Communication as a variable studied in this research was found to have significant influence on building an enterprise.

In regard to the above, Rogers (1995) suggests that empathy as a factor determines the effectiveness of communication in human most human encounters. It is these personal encounters which lead to a sustained network of a business, hence empathy being considered a major component. David and Howard (2000) in their study on business cooperation with other companies discovered that there a chance to build confidence, participation and sustained social interactions between small-medium enterprises with the larger players in the field.

6. Conclusions

Concluding from the perspective of the purpose which is to describe the role of entrepreneurial communication in entrepreneurial learning and how such communication shapes business attitudes in regard to performance of small-medium enterprises in Indonesia. The author concludes that effective communication, business learning and proper entrepreneurial attitudes are of great contribution to the
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performance of small-medium enterprises in Bandung city as well as West Java Province and of course Indonesia in general.

Effective entrepreneurship communication is of great contribution to small-medium enterprise performance. On the other hand, entrepreneurship learning has also been found to be of significance to effective business performance of small-medium enterprises. Lastly, perception and attitudes are also of great influence of business performance, hence influencing success and prosperity of the company.

Finally, it has been concluded that both effective communication and entrepreneurial learning attitude variables have a significant contribution to the success and prosperity of a business.

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