

The Effect of Social Competency on Business Success with Business Networks as Mediation Variables in Indonesian Women Entrepreneurs Commitment (Iwapi), Surabaya City

Riyan Sisiawan Putra¹

Faculty of Economics and Business, Airlangga University

riyan_sisiawan@unusa.ac.id

Gita Koes Herawati³

Faculty of Economics and Business, Universitas Nahdlatul Ulama Surabaya

gitakh.mj15@student.unusa.ac.id

Tatag Herbayu Latukismo⁵

Faculty of Economics Krisnadwipayana University of Jakarta

tatag@unkris.ac.id

Indrianawati Usman^{2*}

Faculty of Economics and Business, Airlangga University

indrianawati-u@feb.unair.ac.id

Nuzulul Fatimah⁴

High School of Economic Mahardhika, Surabaya

Nuzulul.fatimah@stiemahardhika.ac.id

Abstract

The research is conducted at the Association of Women Entrepreneurs (IWAPI) in Surabaya. The sample consists of 154 active members of the Indonesian Women Entrepreneurs Association (IWAPI) in Surabaya. The analytical tool to test the hypothesis is a path analysis technique using SPSS (Statistical Package for Social Sciences) software. The study's results indicate that Social Competence positively and significantly affects business success directly at the Indonesian Women Entrepreneurs Association (IWAPI) in Surabaya. Social competence has no positive and insignificant impact on business success, indirectly mediated by the Business Network at the Indonesian Women Entrepreneurs Association (IWAPI) in Surabaya.

Keywords

Social Competence, Business Success, Business Network

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Introduction

Entrepreneurship is one of the main economic growth factors that help create jobs. It has an essential role in developing state competitiveness (Maulina, Kostini, Purnomo, & Febrian, 2021). Become an entrepreneur is not a difficult thing when someone can see opportunities. An entrepreneur is a person who dares to take the risk, coordinate the means of production, have a creative and innovative response. Currently, the field of entrepreneurship is not only monopolized by men but also by women. Women can lift the wheels of the economy massively, including opportunities to become entrepreneurs to improve the welfare of themselves, their families, and even society. The city of Surabaya is one of the big cities in Indonesia. It is classified as the second metropolitan city after Jakarta. According to the Central Statistics Agency (BPS), the population growth rate based on gender increases yearly.

Total Population of Surabaya City Based on Gender

Gender	Year		
	2015	2016	2017
Men	1.406.683	1.414.025	1.420.182
Woman	1.441.900	1.448.381	1.454.517

The existence of technological developments and women's emancipation nowadays encourage significant changes in various aspects of women's lives. Women are no longer just housewives and depend on their husbands, but also already active in multiple roles of life, both social and economic, and political (Shukla, et al., 2013). Being a woman with many functions is not as easy as imagined. Additional skills or knowledge are needed to support the roles performed by women. To encourage growth and development, accommodate and develop women's entrepreneurship, Indonesian women have formed the Indonesian Entrepreneurs Association (IWAPI). The Indonesian Entrepreneurs Association (IWAPI), founded in 1975 with the slogan "Increase National Competitiveness to Win Global Markets," is a forum for women entrepreneurs to help Indonesian women become entrepreneurs by providing information, education, and training, as well as access to financial institutions. The organization enhances and maintains the image of a woman entrepreneur who is in line with the Indonesian personality and culture. The Indonesian Entrepreneurs Association (IWAPI) Surabaya City was officially formed in 2016, led by Mrs. Reny Widya Lestari, ST. The businesses owned by members of the Surabaya City Indonesian Women Entrepreneurs Association (IWAPI) are engaged in the culinary, education, fashion, handicrafts, cosmetics, spa, etc.

Women entrepreneurs support each other to improve the number of women entrepreneurs in Indonesia. Business success is the ideal goal of every business person. According to Ratten and Usmanij (2021), successful entrepreneurs in his business are not gamblers because of luck. Still, an entrepreneur decides to be involved in a company. They handle business at work with full consideration, wholeheartedness, and fully aware that effort does not always produce a piece of luck but also a failure. The success of an entrepreneur in running the business is the primary key to economic growth. Running a business is not as easy as imagined. Knowledge of entrepreneurship is required to navigate competition with other entrepreneurs. It is a must to build good business relationships with many people. In this modern era, business development requires a business network with partnerships to increase quality and business success. According to Kirzner (1985), entrepreneurial networks are associated with creating new economic network activity patterns through interactive manifestations of innovation or bridging supply and demand. Organizational involvement in the business network will provide more significant opportunities to enter new markets, enter into collective agreements to undertake projects, secure significant contracts, create new products and services, or set up organizations. Even more than that, organizations involved in the business network will have more opportunities to coordinate new products circulating in the market. Entrepreneurs can also reduce production and marketing costs, improve

production process technology, form effective marketing and distribution networks, and provide alternative solutions to problems by having essential information and knowledge about business. A woman who dares to do entrepreneurial activities will increase her economic level for the better. So, with the times, women are also considered. Thus, women need more encouragement to improve their role, including being an entrepreneur who succeeds in achieving success in business by building commitment within and can form networks reasonable effort. Based on the description above, the writer is interested in researching the title "THE EFFECT OF SOCIAL COMPETENCY ON BUSINESS SUCCESS WITH BUSINESS NETWORKS AS MEDIATION VARIABLES IN INDONESIAN WOMEN ENTREPRENEURS COMMITMENT (IWAPI), SURABAYA CITY."

Formulation of the problem

- 1) Does social competence positively and significantly affect business success directly at the Indonesian Entrepreneurs Association (IWAPI) Surabaya City?
- 2) Does social competence positively and significantly affect the business success that is not directly mediated by the business network at the Indonesian Entrepreneurs Association (IWAPI) Surabaya City?

Research purposes

- 1) Analyze and prove whether social competence directly affects business success at the Indonesian Entrepreneurs Association (IWAPI) in Surabaya.
- 2) Analyze and prove whether social competence affects the business's success, which is indirectly mediated by the business network at the Indonesian Entrepreneurs Association (IWAPI) Surabaya City.

Literature Review

Social Competence

Social competence is an entrepreneur's ability to interact with its stakeholders based on social skills (Effelsberg & Solga, 2015). Individuals with social competence through their thoughts and feelings can choose and control which behaviors to display and must be emphasized in certain situations to get the desired goals themselves or others. Individuals with social competence are expected to communicate effectively and understand themselves and others. They need to get the right gender role, observe the group's moral task at hand, regulate their emotions, and adjust their behavior in responding to members according to age levels and existing norms.

Business Network

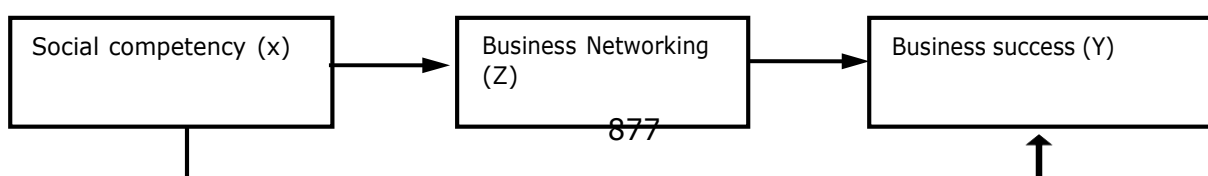
A business network is a network that can connect actors with various business actors such as business partners, friends, agents, and mentors to obtain the necessary resources, such as information, money, and moral support network actors (George, Driver, & Dolan, 2001). Expanding business networks by cooperating with small, medium, and large industries. In addition to providing various opportunities for small business units such as markets, capital, and more advanced technology, it also helps share different kinds of information related to a growing business. Large companies can help smaller companies by creating cooperative relationships. It can make a strategic link between large and small industries in the business network.

Business Success

The success of the business is essentially is the success of achieving its purposes. A company is said to be successful if you get a profit (Trisakti & Djajasinga, 2021). According to Leksono and Sungkawati (2018), business success is usually characterized by the business's enlargement scale. Become an entrepreneur success can be achieved if entrepreneurs have attitudes towards entrepreneurship, consisting of time value, innovation, hardworking, responsibility, and confidence (Ahmad et al.).

Conceptual Framework

The framework for the research can be seen in the following image:



Hypothesis

The hypothesis put forward in the research is as follows:

H1: Social competence is influential and significant towards immediate business success on the Association of Women Entrepreneurs Indonesia (IWAPI) Surabaya City.

H2: Social competence is influential positive, and significant towards business success in no way directly mediated by business network on the Women's Association Indonesian Entrepreneurs (IWAPI) City Surabaya.

Research Methods

Population

The population is the area of generalization, consisting of objects or subjects with qualities and characteristics specific set by researchers to learn and then withdraw the conclusion (Syamsuddin et al., 2021). In the study, the population is an active member of the Association of Women Entrepreneurs Indonesia (IWAPI) Surabaya City.

Samples

Samples are part of the sum and characteristics possessed by the population (Syamsuddin et al., 2021). The sample used is all the study population using saturated sampling. Sampling saturation is often done if the relatively small population or research wants to make generalizations with a tiny mistake. The number of samples used in the study is 154 people. The sampling technique of the analysis is a simple technique of random sampling. The sample is from random population members regardless of level or stratum populated. The population is considered homogeneous concerning criteria existing inclusions.

Research Variables

Variables used in the research can be classified into three, namely:

Independent variable (free)

It is a variable influenced by the cause of emergence or change of dependent variables (bound) (Williams, 2007). The independent variable (X) in the research is social competence.

Dependent variable (bound)

It is the variable affected or due to independent variables (free) (Williams, 2007). The dependent variable (Y) in the research is business success.

Mediating or intervening variables

They influence the dependent and independent variables. The relationship is a direct relationship and not directly observable and measured (Ghozali, 2008). Variable mediation or intervening (Z) in the research is a business network.

Processing Method And

Data Analysis

Test Instrument Data

Test Validity

The approach used in the test validity (item analysis) in the study is to compare the calculated value (corrected item-total correlation) with r-table so that it can be known which questions are valid or not. It can be seen that the values of r Product Moment, $85 = 0.213$. It is declared valid if $r_{count} > r_{table}$ and vice versa.

Reliability Test

A reliability test is used to show the instrument size or to measure the instrument's size of stability and consistency. The measured value does not change in a specific value. The concept of reliability, according to the approach, is consistent between items statement in an instrument. Reliability testing using the Cronbach alpha statistical test (α) is done with a range of scores between 1 - 5. Calculation results with criteria eligibility if the Cronbach alpha value > 0.60 . If the Cronbach alpha value < 0.60 , it is declared unreliable (Chen, Zhang, & Hron, 2020).

Data Analysis Method

Descriptive Analysis

Data analysis is carried out on the data that have been collected. Business Networks are divided into five categories to determine the influence of social competence and business success, namely Very Low (VL), Low (L), Medium (M), High (H), and Very High (VH). Furthermore, to determine the interval, the highest interval score minus the lowest interval score is divided by the number of interval classes determined.

Classical Assumption Test

Normality test

The normality test is done to find out the normality of data distribution. The research uses the normality test by testing Kolmogorov-Smirnov (K-S) and Probability Plot (P-Plot). Kolmogorov-Smirnov data is generally distributed if the value significant > 0.05 and vice versa. P-Plot testing data normally distributed when data follow the diagonal line and vice versa.

Multicollinearity Test

The multicollinearity test is conducted to determine the strength of the relationship between the regression model's independent variables (Chen et al., 2020).

If the calculation results obtained the tolerance value > 0.10 and the value of VIF < 10 , it could be concluded that there is no multicollinearity in the regression model. Conversely, if the calculation results obtained a tolerance value < 0.10 and a VIF value > 10 , it can be concluded that there is multicollinearity in the regression model.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is an inequality of variants from the regression model observation residuals. A good regression model is a homoscedasticity, where heteroscedasticity does not occur (Ghozali, 2008).

Path Analysis

Chen et al. (2020) says the intervening variable is an intermediate variable. Its function is mediating the relationship between independent variables with the dependent variable. According to Afthanorhan and Ahmad (2014), path analysis is a technique used to analyze patterns of relationships between variables. It is done to determine the direct or indirect role of a set of independent variables on the dependent variable.

Hypothesis Test

T-test (partial)

The T-test is used to test the effect of each independent variable on the dependent variable. The hypothesis is tested by comparing t-count with t-table with a level of significance of 0.05. The test criteria are:

1. If t arithmetic is greater than t-table ($t\text{-count} > t\text{-table}$), It shows that the independent variable significantly influences the dependent variable.
2. If t count is smaller than t table ($t\text{ arithmetic} < t\text{ table}$), it shows that the independent variable has no significant influence on the dependent variable.

Coefficient of Determination (R²)

Coefficient of Determination (R²) measures how far the model's ability to explain the dependent variable. The amount of the coefficient of determination is calculated by using the following formula:

$$Kd = (r^2) \times 100\%$$

where :

kd: Determination Coefficient

r²: Correlation Coefficient

Research Results And Discussion

Data Quality Test

Validity test

The data validity test was performed using Pearson's correlation as a testing instrument with a significance level of 5% from the r-table and seen at the r-value of Product Moment, using df 85 = 0.213 (r-table). Items are declared valid if r count > r-table. Conversely, if r count < r-table, then the item is declared invalid.

Reliability Test

The reliability test results show that the coefficient of Cronbach Alpha for the variables of Social Competence, Network Business, and Business Success is 0.625, 0.705, and 0.634, respectively.

Classical Assumption Test

Normality test

A normality test is carried out to find out whether the data distribution will be analyzed in the standard distribution or not. The normality test results are as follow:

Normality test result

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		87
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.86555304
	Most Extreme Differences	
	Absolute	.075
	Positive	.054
	Negative	-.075
Test Statistic		.075
Asymp. Sig. (2-tailed)		.200

a. Test distribution is Normal.

b. Calculated from data.

Normality test result.

		<u>Unstandardized Residual</u>
N		87
<u>Normal Parameters^{a,b}</u>	Mean	.0000000
	Std. Deviation	1.86555304
Most Extreme Differences	Absolute	.075
	Positive	.054
	Negative	-.075
Test Statistic		.075
<u>Asymp. Sig. (2-tailed)</u>		.200

a. Test distribution is Normal.

b. Calculated from data.

The calculation results indicate that the Asymp value. Sig. (2-tailed) of 0.200 using the One-Sample Kolmogorov-Smirnov Test where the value is more significant than $\alpha = 0.05$, meaning the data is declared normal. Based on the normality test results, the test of Probability Plot (P-Plot) indicates that the data follows the diagonal line so that the research variable data is normal.

Multicollinearity Test

The decision making from the multicollinearity test occurs when the VIF limit is ten and the tolerance value is .10. If the VIF value is more significant than ten and the tolerance value is less than 0.10, multicollinearity occurs.

Multicollinearity test result.

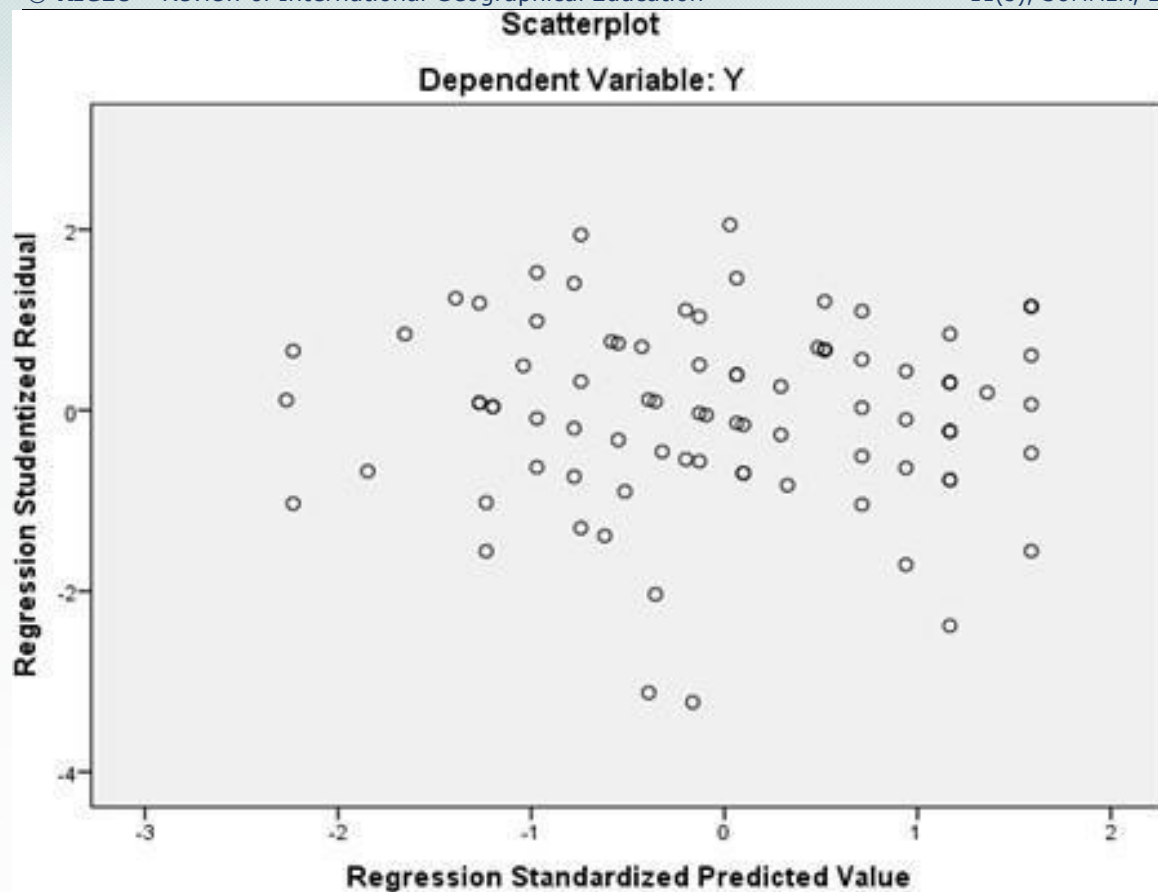
Model	Collinearity Statistic	
	Tolerance	VIF
(Constant)		
Social competence	.946	1.057
Business Network	.946	1.057

Dependent Variable: Business Success

Based on the table above, the independent variables have a tolerance value greater than 0.10 and a VIF value less than 10. So it can be concluded that there is no inter-multicollinearity of the independent variables in the regression model.

Heteroscedasticity Test

The test is carried out using the Scatter Plot. Variance can be called heteroscedasticity if it is different from the regression results. However, if variance from one observation, other observations remain, then the variance is homoscedasticity.



Test results on the above figure show the scattered pattern of the plot of the regression spreads. It indicates that there are no symptoms of heteroscedasticity.

Hypothesis Test

Regression Analysis Model I

The T-test (partial)

If it is known that the value of $t \text{ count} > t \text{ table}$, then the result is significant. It means that H_0 is rejected, and H_1 is accepted. Conversely, if $t \text{ count} < t \text{ table}$, then the results are not substantial, meaning that H_0 is accepted and H_1 is rejected. Following are the results of individual parameter tests (t-test):

t test result.

Coefficienta

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	16.063	3.058		5.253	.000
Social competence	.246	.111	.233	2.210	.030

Dependent Variable : Busniness network.

Based on table 4.9, the business network's social competence has a significant value of 0.030, std beta of 0.233, and a T-test (partial) of 2.210.

Coefficient of Determination (R²)

The coefficient of determination (R²) of model 1 aims to determine how much the social competence variable explains business network variables. The results of the analysis of the coefficient of determination can be seen as follows:

Coefficient determination result (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.233 ^a	.054	.043	1.944

Predictors: (Constant), Social competence.

The SPSS results indicate that the magnitude of R Square is 0.054, or 54%. Business network variables can be explained by social competence by 54%, and the remaining 46% is explained by other variables outside this model or research.

Regression Analysis of Model II t-Test (Partial)

A partial test is used to test the effect of social competence (X) and Business Network (Z) on business success (Y) partially. If the known value of t arithmetic > t-table, then the results are significant. It means that H0 is rejected and H1 is accepted. Conversely, if t arithmetic < t-table, then the results are not substantial. It means that H0 is accepted and H1 is rejected. Following are the results of the individual parameter test (t-test):

t test result.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
<i>(Constant)</i>	18.488	3.418		5.410	.000
Social competence	.445	.111	.391	4.007	.000
Business Network	.241	.105	.223	2.289	.025

Dependent Variable : Business Success

The T-test between the influence of social competence with business success shows t arithmetic (4,007) > t-table (1,988) and the significance value of social competence (0,000) < 0.05, the effect of social competence on business success is significant. It means that H1 is accepted so that the conclusion is that Social Competence has a positive and significant impact on Business Success directly.

Coefficient of Determination (R2)

The coefficient of determination (R2) of model II aims to determine how much social competence and business networking variables explain business success variables. The results of the analysis of the coefficient of determination can be seen as follows:

Coefficient determination result (R2)

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.494 ^a	.244	.226	1.888

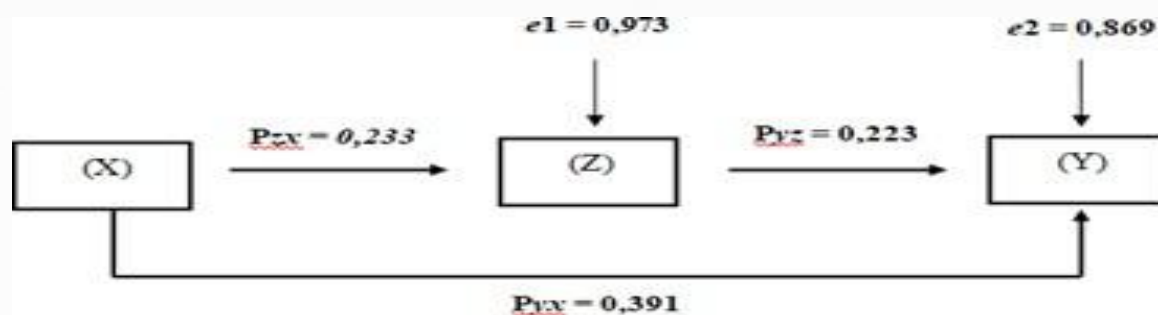
Predictors: (Constant), Business network, Social competence.

Based on the SPSS analysis results, the model summary shows that R Square's value is 0.244 or 24.4%. The variable of business success can be explained by social competence and business networks by 24.4%, and the remaining 75.6% is explained by other variables outside this model or research.

Path Analysis

Path Analysis Interpretation

The research test uses path analysis. Path analysis is an extension of multiple linear regression analysis. Regression analysis was performed twice. The first regression analysis determines the strength of the relationship between the independent variable and the mediating variable. The second regression analysis assesses the strength of the independent variable on the dependent variable.



Path Chart

The results of the image above are explained in the following table:

Model	Standardized Coefficients Beta	T	Sig.	R²
Structural Equation I (X to Z)				
X=Pzx	0,233	2,210	0,030	0,054
Structural Equation II (X, Z to Y)				
X=Pyx	0,391	4,007	0,000	0,244
Y=Pyz	0,223	2,289	0,025	

Direct Effects and Indirect Effects

The study will explain the direct and indirect effects of exogenous variables on endogenous variables in the path model.

Variable	Direct	Indirect	Total	Criteria	Conclusion
Social Competency	0,391	0,052	0,443	direct effect > indirect effect	The business network is not a mediating variable

Based on the description of the table above, the results of the direct influence of Social Competence on Business Success is 0.391. It is greater than the indirect effect of Social

Competence on Business Success through Business Networking, which is 0.052. It means that H2 is rejected. The conclusion is that social competence does not have a positive and insignificant effect on business success indirectly, mediated by the business network.

Conclusions And Recommendations

Conclusion

The conclusion of the results of the research are as follow:

1. Social Competence has a positive and significant effect on Business Success directly on the Indonesian Women's Entrepreneurs Association (IWAPI) in Surabaya.
2. Social competence does not positively and indirectly affect business success mediated by the Business Network at the Indonesian Women's Entrepreneurs Association (IWAPI) in Surabaya.

Suggestion

Based on the overall research results and conclusions obtained, the suggestions that can be delivered to the Indonesian Women's Entrepreneurs Association (IWAPI) in Surabaya are as follows:

Share the Research Object

- a. The Surabaya Women's Entrepreneurs Association (IWAPI) is expected to expand its reach so that both Surabaya's start-up and current business women can join the organization.
- b. The Surabaya Women's Entrepreneurs Association (IWAPI) is expected to be a place in which women entrepreneurs in Surabaya can be more skilled and innovative to see opportunities.
- c. Members of the Surabaya Indonesian Women Entrepreneurs Association (IWAPI) are expected to have high social competence and effectively utilize social media. It is essential to be well informed and collaborate with other entrepreneurs to make the business more successful.

For Further Research

- a. The variables used for the study are three variables. Therefore, subsequent studies can add other variables related to the entrepreneur's business success to provide a broader picture of what factors affect social competence, business networking, and business success.
- b. The variables of social competence, business networking, and business success with researchers' questionnaires are still limited. The questions are still inadequate so that subsequent studies can add and improve each indicator's study questions.
- c. The population used in the study is only the active members of the Surabaya Indonesian Employers Association (IWAPI). Future research is expected to expand the number of samples to approach the results' description closer to the actual conditions.

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