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THE VIABILITY OF SMALL/MICRO BUSINESSES IN INDONESIA: IMPLICATIONS OF THE ENTREPRENEURIAL MINDSET DEVELOPMENT MODEL?

Samuel PD Anantadjaya^{*}, B. Agus Finardi[†], and Irma M. Nawangwulan[‡]

Though the total accumulated revenues remains considerably less than corporation, a large portion of organizations in the world is in the form of small/micro businesses. Created by individual entrepreneurs, who once have dreams, small businesses have now dominated the world economy. The entrepreneurial world is full with creativity and intriguing ideas. These creativity and idea seem to be moving faster than their organizations can actually endure or follow. Risk-taking behavior of entrepreneurs, in comparison with the risk-adverse of organizational practices in trying to achieve those objectives, may serve as the basic reason for potential differences between the entrepreneurs and the organizations. Idea and creativity are deemed necessary as a way to continuously nurture innovation in organizations. Innovation is perceived necessary to preserve or otherwise improve the organizational competitive advantage. By doing so, organizations can ensure wealth creation into the viable future for the organizations' bottom-line, stockholders, and potential investors.

Referring to the entrepreneurial theory of the firm, the entrepreneurial mindset development model is used as a framework of thinking to build a case surrounding the small business organizations, and their objectives. As this model is growth-oriented, it is expected that entrepreneurs act rationally toward expanding their businesses into unforeseeable future by combining internal capabilities, which make up their competitive advantage.

Research is conducted by gathering data from primary and secondary sources in small/micro organizations in Bandung and Jakarta. It is expected that such studies would eventually reveal the application of the entrepreneurial mindset development

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¹ *model in organizations, in relation to the viability of small/micro businesses, and their growth strategies.*

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1. INTRODUCTION

Small businesses, including micro organizations, are considerably less powerful than large organizations, in terms of revenues generation. This is simply due to their limited resources. Despite their limitations, however, small and micro businesses dominate the marketplaces around the world. Starting with a simple idea, individual entrepreneurs shape the dreams into becoming revenue-generating business practices that employ significant numbers of employees. To maintain existence in the tight competition, entrepreneurs continue their dreams to be different among all countless choices in the marketplaces. As entrepreneurs constantly strive to be different, such a way of thinking is often times contradicted with the risk-adverse of organizational conservatism practices in trying to achieve those objectives. Though it is well understood that idea and creativity are deemed necessary, either to continuously preserve, or to improve the organizational competitive advantage, one may wonder that idea and creativity be actually able to support the viability of organizations into years to come.

²⁷ Using the entrepreneurial theory of the firm, as the foundation of this paper, ¹ the entrepreneurial mindset development model is used as a framework of thinking to build a case surrounding the small/micro business organizations, and their objectives. It is a common knowledge that this model is more toward growth-oriented. It is expected that entrepreneurs would act rationally toward expanding their businesses into unforeseeable future by combining internal capabilities, which make up their competitive advantage. Hence, it becomes an interesting topic to investigate to note whether small/micro business organizations are, indeed, follows the entrepreneurial mindset development model.

Though it is not regarded as relevant to the current state of the economy, the historical Coase' theory of the firm, including its later development, has been widely accepted as the groundwork of organizational theory across industries worldwide (Anantadjaya, 2008; Anantadjaya, et al, 2010). The Coasean theory of the firm provided the first foundation on how firms are viewed years ago. The perspective on entrepreneurial theory of the firm, or known as "entrepreneurial growth theory of the firm", is as the stepping-stone onto building up arguments toward the entrepreneurial mindset development model. It is undoubtedly expected that theory of the entrepreneurial-growth-firm is able to provide the foundation closer to the reality of the firm's operational and managerial activities rather than the original theory of the firm that accounted firms' production processes as mere black boxes.

⁵ In today's extremely dynamic environment, certain developmental processes are common in entrepreneurial firms (Anantadjaya, 2008; Anantadjaya, et al, 2010). The

superb ability in mobilizing resources has been noted as the key to form a competitive-based resource for small/micro businesses. This is to say that even though small/micro businesses do not manufacture their own products, they can still exist in the marketplaces, by simply “moving goods” between places. Small/micro businesses can purchase goods for later resale at different points. This is an area where entrepreneurs can seek productive opportunities to generate massive return. Although such concepts are formulated only in the entrepreneurs’ imaginations, those imaginations broaden the range of investment opportunities for firms, if further pursued. Entrepreneurs do not only perceived opportunities that have existed in the market as a result of various types of changes in prices or preferences, but also attempt to create many opportunities. To realize opportunities, entrepreneurs must organize business activities. Firm’s resource base needs to be presented and mobilized before entrepreneurs can attempt to organize business activities. Thus, entrepreneurs need to match up market opportunities to the available resources for the firms to start growing (Anantadjaya 2008; Anantadjaya, et al, 2010; Colombo and Grilli, 2005; Westaby, 2005; Whincop, 2000).

FIGURE 1: THEORETICAL REFERENCES



2. THEORETICAL REFERENCES

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2.1. Theory of the Firm

The theory of the firm was targeted merely to provide responses on some basic questions, such as; why there were firms, what would the boundaries of firms relative to their marketplaces be, and what would the firm’s internal organization be (Stam, et al, 2006). As indicated by Coase’s “The Nature of the Firm” article (Anantadjaya, 2008; 2009; Anantadjaya, et al, 2010), price mechanism provided a foundation toward the formation of firms. It was the underlying base on allocation of resources that directed the production activities in any given firm. It is in the best interest of entrepreneurs in trying to allocate those factors of production in relation to their relative prices toward the final attempt in achieving hefty returns.

As stated earlier, the allocation of factors of productions, or may also be referred to as “resources mobilization”, has become the source of sustainable competitive advantage in the management field. The prominent signals toward allocation of factors of productions in relation to firm’s sustainability have been emerging in recent years through the rise of strategic management. Questions on the sources of firm’s performance have certainly emerged from both the industrial effect, including from any other specific capabilities, as well as how firms can reach and potentially sustain their

competitive advantage (Anantadjaya, 2008; 2009; Jensen, 2001; Sampurno, 2006; Sangkala, 2006). Hence, it becomes interesting to note whether small/micro businesses can sustain themselves into years to come.

2.2. The Growth Theory of the Firm

Later development, the Penrosean theory of the firm, or known as “growth theory of the firm”, supported the notion that the industrial effect can potentially bring about successful achievement and sustainability of firm’s performance (Anantadjaya, 2008; 2009; Stam, et al, 2006). The Penrosean theory of the firm stated that growth represents the end-result of a mixture of creative and dynamic interaction between productive resources of the firm while matching them to the market opportunities.

Limited availability of firm’s various resources portrays hurdles toward firm’s growth and expansion. All this time, firms have been relatively concentrating themselves on managing installed and utilized resources. This is simply because firms supposedly play a double role as the administrative organization whose interests are mainly collecting and allocating the pool of various factors of production. Firms then must start planning the utilization rate on the available resources wisely. The so-called “inherited” resources provide the groundwork on internal management to start running the production activities. In order to maintain and/or to improve the production activities, there are additional resources to be taken from the market. It is important to absorb services from existing management as a way to set a limit to the amount of expansion that can be planned and executed although additional resources from marketplace become a necessity. This is true for both external[§] and internal^{**} growth (Anantadjaya, 2008; 2009; Anantadjaya, et al, 2010; Nawangwulan, et al, 2006; Noe, et al, 2008; Yogaswara, et al, 2005; Yogaswara, et al, 2006a). Firms are not necessarily confined with any given products and/or resources. The readily available resources have a tendency to draw the leading path to go on. This shows that there is a relatively close connection between various kinds of resources with which the firms work on, and development of ideas for future endeavors. Since the firm’s concentration is usually on the internal productive resources, it has a tendency to increase demands toward maximizing the use of the unproductive resources. Thus, management and entrepreneurs are faced with demands for expansion, innovation, and making a good use of all sources of competitive advantage. This competitiveness environment pressures firms to specialize in areas that they are doing comparatively good over period. Existing products are merely representing the current ways of any firm in using its various resources toward

[§] External growth refers to expansion of firms through maximizing the utilization rate of external resources, which includes mergers and acquisitions (Anantadjaya, 2008; 2009; Noe, et al, 2008).

^{**} Internal growth refers to expansion of firms through maximizing the utilization rate of internal resources, which includes the quality improvement on human capital. The term “human capital” refers to numerous aspects of human; from basic skills to the most advanced skills, competence, capabilities, intelligence, and many others. The term “skills” covers all types of human skills in managerial activities, such as the following, but not limited to; technical skills, conceptual skills, human relation skills, time management skills, and decision making skills (Nawangwulan, et al, 2006; Noe, et al, 2008; Yogaswara, et al, 2005; Yogaswara, et al, 2006a).

sustainability. It provides factual grounding on numerous product developments to obtain all firms' potentials. The success of the firm may certainly rest on that final product. However, today's firms are relying on new products, which are substantially different from their original products that they were once based their success on.

Aside from the various product manufacturing of a given firms, managerial styles and entrepreneurial activities represent productive factors of production as well. However, often times, such managerial styles and entrepreneurial competence may well be viewed as unproductive. Conservatism attitudes toward financial dealings, or general precautions toward various investment decisions, are often labeled as failure to maximize profits. Thus, it is said to be a major failure toward supporting growth of the firm (Stam, et al, 2006). The fact of the matter today is that managerial styles and entrepreneurial efforts often create substantial growth of the firm (Anantadjaya, et al, 2010; Anantadjaya and Nawangwulan, 2006; Cardy and Selvarajan, 2006; Carroll and Hunter, 2005; Noe, et al, 2006).

2.3. Entrepreneurial Theory of the Firm

As firms developed and evolved dramatically over the period, a more dynamic approach needed to be developed. It has been realized that the actual interactions on how firms evolve and co-evolve with other firms and marketplaces, how the boundaries of firms are affected by such evolvment, how to identify firm's internal development, how to identify paths to take on, and many other queries (Carson, 2006; Kim, et al, 2006; Stam, et al, 2006; Westaby, 2005; Whincop, 2000). Those inquiries seem to combine the traditional theory of the firm, theory of the growth of the firm, and the roles of management and entrepreneurs in the firms; to form a new theory of firm, or better known as the theory of the entrepreneurial-growth-firm (Charan, 2006; Forman, 2006a; Forman, 2006b; Stam, et al, 2006). There are people, who believe that firms' existence and roles of entrepreneurs cannot be separated from each other. The existence of firms and firms' abilities to evolve in the marketplace are mainly due to the roles of entrepreneurs and management members in creative thinking and managing the dynamic interaction among people of colors; not only inside the firms, but also with others outside the firms (Foss and Klein, 2004; Garnsey, et al, 2004).

The theory of the entrepreneurial-growth-firm represents the dynamic entity of a firm, and is closer to the reality of the firm's operational and managerial activities, than the original theory of the firm, which accounted for firms only as black boxes with many unknown substances. In the dynamic environment, certain developmental processes are common in entrepreneurial firms. Mobilizing resources are the key to form a resource base, which is capable of generating hefty returns. This way of thinking is certainly supported by Penrosean theory of the growth of the firm (Anantadjaya 2008; 2009; Stam, et al, 2006); that was, growth is a cumulative process whereby members build knowledge and competence together. Penrose indicated that firm's internal development process bring about growth for the firm, in such a way that "...interacting series of internal changes leads to increases in size accompanied by changes in the

characteristics of the growing object^{††} (Stam, et al, 2006). Growth for firms is perpetuated by “productive opportunity”, which occurs in cumulative processes of interaction between the firm’s productive base and market opportunities. This is the area where entrepreneurs seek to secure the productive opportunities, which may include of all the productive possibilities that entrepreneurs can take advantage of. Although all of these thinking are formulated only in the entrepreneurs’ imaginations, such imaginations broaden the range of investment opportunities for firms. Entrepreneurs do not just perceive opportunities that have existed in the market as a result of various types of changes in prices or preferences. Entrepreneurs attempt to create many opportunities. To realize these opportunities, entrepreneurs must organize business activities. Firm’s resource base needs to be presented and mobilized before entrepreneurs can attempt to organize business activities. Thus, entrepreneurs need match up market opportunities to the available resources for firms to start growing (Colombo and Grilli, 2005; Westaby, 2005; Whincop, 2000).

Due to the complexities and large amount of setting up internal productive bases, many young firms intent to set up their simple base, prior to advancing their bases toward the actual installations of plant, machinery and other equipment. Start-up firms, and young organizations, may have to rely on the entrepreneurs’ ability in mobilizing resources to start building the firms’ internal productive base. Stam, et al (2006) indicated that “*the continual change in the productive services and knowledge within a firm along with the continual change in external circumstances present the firm with a continually changing productive opportunity*”. As firm grows, its resources may strengthen and support the productive activities of the firm. As firm grows, dynamic processes occur internally as firms attempt to maintain the current level of production, while achieving sustainable growth into years to come. The main ingredient for sustainable growth is the ability to build solid resource base and adapt such a resource base to respond to new opportunities in the market. Since market and opportunities vary over time, firms may mobilize resources to generate maximum returns from any productive activities, which are chosen from all alternatives suitable to the firm’s abilities, of course, taking into account the financing abilities, production scopes, economics of scale, and the preferences of the entrepreneurs. Although preferences of entrepreneurs may be modest, the entrepreneurial firms will pursue expansion regardless. In the case of start-up firms, moderate expectations and limited access to various resource-bases may be the significant reasons for modest growth projection. This is true at least for short period ahead prior to the actual establishment on the solid productive base internally. As it becomes relatively logical for firms to continuously growing, failure to do so may put the firms into jeopardy as firms are challenged by demands of coordinating growth^{††} (Stam,

^{††} This refers to the Theory of Cognitive Leadership by Witt (1998b; 2000). Such a theory is a complement to this approach as it analyzes the effects of growth on the development of the firm. The term “growth” refers to “increasing in size”, which is not limited only to just sales and revenue of an organization, but also includes increasing numbers of employees, increasing numbers of land/building sizes, or increasing numbers of fleet. The term “development of the firm” is defined as “corporate governance and leadership”.

^{††} The term “coordinating growth” refers to the operational activities among various business units of a firm whose works are to be coordinated in such a way in order to realize the expected growth as planned.

et al, 2006; Yogaswara, et al, 2005).

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Borrowing one perspective from strategic human resources management in looking at the pool of human resources, practitioners usually realize that human resources function as creators toward high-performance work practices (Jensen, 2001; Kohlbeck and Mayhew, 2006; Noe, et al, 2008; Witt, 1998a; 1998b; 2000). This would likely push the attention to look for innovative ways of achieving such the condition of high-performance work practices (McKoy, 2006), such as; the formulation and implementation of feedback mechanism^{§§} (Carson, 2006), quality control for production units, application/monitoring of balanced scorecard (Anantadjaya, 2007), and sets of measurements on corporate governance (Bauer, et al, 2004; Florackis, 2005; Witt, 1998b; 2000). These represent some innovations that human resources have introduced in many workplaces in recent years. Some innovative ways to achieve the high-performance work practices tend to concentrate on staff capacity as a way to strengthen the strategic pillars of the organization (McKoy, 2006). In addition, McKoy (2006) also indicated that members of organization have now demanded value-added approach^{***} in managing the human resources as human resources are taken into account as essential to the organizational strategy. This is far more difficult to obtain than other capitals. This is, perhaps, to say

Each of the business units must formulate and develop their own growth projection to mirror the organizational-wide growth path. When coordinating activities are performed, human capital plays an important role in synchronizing the works of all individuals across business units. The climate in contemporary management, or as one may refer to as "strategic management", the agreed role and function of the human resource profession are changing (Florackis, 2005; Foss and Klein, 2004; Garnsey, et al, 2005; McKoy, 2006). The traditional view on roles and functions of human resources usually include; recruitment, selection, training, development, placements, performance reviews, compensation and benefits. However, the contemporary view on human resource roles these days include all of the traditional roles and functions, in addition to the roles and functions as strategic partners, change agents, administrative experts, and employee advocates (Nawangwulan, et al, 2006; Noe, et al, 2008). The new roles and functions of the human resource professionals should be are still highly debated, nevertheless (Forman, 2006a; Forman, 2006b; Yogaswara, et al, 2005).

^{§§} Some innovative ways in creating high-performance work practices tend to focus on staff capacity as an element to achieve the higher standards on work practices in any firm. The formulation, development, and implementation of performance appraisals are unquestionable included. Though there are numerous types of performance appraisals, the 360-degree feedback has gained an increasing popularity in many organizations, including educational institutions. In USA alone, at least, Carson (2006) indicated that the rate of usage has increased from a mere 40% in 1995 to a hefty 65% by 2000. With the increasing use of computer and internet in organizations, this 360-degree feedback becomes much easier to conduct. The 360-degree feedback serves organizations as a tool to provide management with a complete picture of the quality of human capital, and thus such a performance evaluation mechanism attempts to improve reliability on leaders' assessment (Carson, 2006; McKoy, 2006; Nawangwulan, et al, 2006; Noe, et al, 2008).

^{***} The term "value-added approach" refers to additional valuable perspective for human resources in any organization, which positions those human resources as human capital (instead of as "disposable capital"), who are able to play a strategic role in supporting and realizing organization-wide strategic view. The roles and functions of intangible assets have claimed a much larger portion from the overall organizational contributions, in particular, in the ability to create economic value added. Human capital is undoubtedly a part of intangible assets that can potentially bring about economic value added despite any related expenses to the organizations, which may attached to human resources (Noe, et al, 2008; Sampurno, 2006; Witt, 2000).

that the role of human resources in an organization have certainly been augmented into a new higher position. That is, as the real source of organizational competitive advantage. As organizations must constantly re-invent themselves to adapt to the changing environment, human resources becomes the critical factors to integrate various business operational activities from multi-departments (Colombo and Grilli, 2005; Fulghieri and Suominen, 2005; McKoy 2006).

3 As in the previous theories, the entrepreneurship growth theory of the firm maintains solid grasp that entrepreneurs and managers are rational. Thus, as mentioned, this states that entrepreneurs and managers will act and/or otherwise response rationally to achieve the organization's maximum profits (Stam, et al, 2006). In addition, rational human resources will attempt to create high-performance work practices (Anantadjaya, et al, 2010; Jensen, 2001; Kohlbeck and Mayhew, 2006; Noe, et al, 2008). It means that they will look for innovative ways of achieving high-performance work practices (Anantadjaya, et al, 2010; McKoy, 2006; Noe, et al, 2008): feedback mechanism (Carson, 2006), quality control, balanced scorecard (Anantadjaya, 2007), and measurements on corporate governance (Bauer, et al, 2004, Tabalujan, 2002). Also, as rational human resources, people tend to create and/or otherwise seek value-added approach in managing human resources. This becomes very important for firms as to establish the real source of organizational competitive advantage (Fulghieri and Suominen, 2005). Integrating various business operational activities from multi-departments is also critical as firms must adapt to changing environment (Colombo & Grilli, 2005; McKoy, 2006).

Hence, it becomes apparent that through these combinations of theories of the firm, the viability of small/micro businesses should follow the entrepreneurial mindset development model toward growth. This paper attempts to investigate this matter deeper.

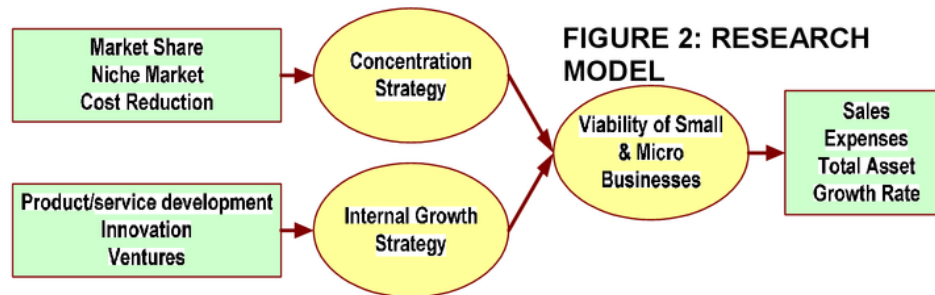
3. RESEARCH METHOD

3.1. Research Model

A non-probability cluster convenience sampling method was used in this study to note the characteristics of those small/micro businesses in certain locations and industries. The non-probability cluster convenience sampling method was used to segregate locations and industries in Jakarta and Bandung. Previous field studies were incorporated in this study (Anantadjaya, et al, 2010; Anantadjaya, et al, 2007; Yogaswara, et al, 2005; 2006).

1 Research was conducted by gathering data from primary and secondary sources in service industries in Jakarta and Bandung. As prescribed, firms strive for higher utilization rate on unproductive resources. Based on this notion, variables chosen to measure the entrepreneurial mindset development model follow the concepts on directional strategies from Noe, et al (2008), specifically on "concentration strategy", and "internal growth strategy". Concentration strategy focuses on increasing market share,

creating market niche, and cost efficiency. Internal growth strategy emphasizes on product/service development, including innovation and potential ventures with other businesses. Aside from the qualitative analyses, which are based on interviews and direct field observations, a combination of quantitative inferences will be gathered to present the statistical results pertinent to this study. As stated, it is expected that such studies would reveal the significance of entrepreneurial mindset development model in small/micro businesses in trying to safeguard their sustainability of operational activities.



Referring to the research model, the following hypotheses can be formulated;

- H₁ : Market share, niche market, and cost reduction influence the successful of concentration strategy.
- H₂ : Product/service development, innovation, and ventures influence the successful of internal growth strategy.
- H₃ : The implementation of concentration strategy and internal growth strategy influence the viability of small/micro businesses.
- H₄ : Sales, expenses, total asset, and growth rate influence the viability of small/micro businesses.

3.2. Research Variables and Measurements

As mentioned earlier, variables chosen to measure the entrepreneurial mindset development model follow the concepts on directional strategies from Noe, et al (2008), specifically on “concentration strategy”, and “internal growth strategy”.

The variable “concentration strategy” is used to show whether the small/micro businesses decide to use this perspective in maintaining the going-concern of the organizations. It is expected that as small/micro businesses pursue the concentration strategy, they can potentially show their attempts in expanding market share, creating niche market, and cost reduction.

The variable “internal growth strategy” is used to show whether the small/micro businesses decide to use this perspective in maintaining the going-concern of the organizations. It is expected that as small/micro businesses pursue the internal growth strategy, they can potentially show their attempts product/service development, innovation, and ventures with other organizations.

To evaluate the successfulness of the strategy chosen, some financial measurements are used, such as; sales, expenses, total asset, and overall growth rate. Since small/micro businesses are the focus in this study, financial measurements from such organizations are represented in daily average over a minimum of 6 (six) months period, up to July 2010. The main reason for this is simply due to the simplicity of organizations' financial records. Complete financial records to reflect the accurate accounting principles are rarely incorporated. Nevertheless, it is expected that those financial measurements are able to show the level of success for small and micro businesses in striving for sustainability.

2 4. RESULTS & DISCUSSIONS

4.1. Overview of Study

Based on the previous studies by Yogaswara, et al (2005; 2006), the original sample consists only 50 (fifty) respondents, whose businesses are still relatively young, and are operated in the service industries in Jakarta and Bandung. The products and services sold in those establishments range from bakery/cakes, hair-dressers/barbershops, laundry/dry cleaning, delivery/courier services, copy centers, computer/internet rentals, cellular phone vouchers, garment, textile, and tutorial centers for computer and language training. For the purpose of this study, total respondents are added to broaden the coverage.

In the previous study, it was stated that a total of 150 questionnaires were distributed. Though with only a mere 51.33% response rate, due to lack of financial information and misunderstanding on various questions, which result in incomplete responses, there were no significant differences in the demographic or responses regardless of the city. Thus, despite of the specificity of the business forms of those respondents, as mentioned above, their responses are combined (Anantadjaya, 2009).

**TABLE 1: CASE PROCESSING SUMMARY
SOURCE: SPSS STUDENT VERSION**

		N	%
Cases	Valid	141	100.0
	Excluded ^(a)	0	.0
15	Total	141	100.0

^(a) Listwise deletion based on all variables in the procedure.

In order to increase the total numbers of respondents, another field study was conducted. For this reason, a total of 100 questionnaires were distributed. Out of these 100 questionnaires, only 64 responses were cleared for used in this study. Therefore, this study has an accumulated total of 141 respondents. The summary of respondents' characteristics is as follows; (1) about 62% of respondents were male; (2) about 24% of respondents were less than 30 years old; (3) about 56% of respondents live in Jakarta; (4) about 45% of respondents opened-up hair-dresser/barbershop establishments; (5) about 29% of respondents are either owners or family members; (6) about 41% of respondents claimed that their individual monthly expenses are at least Rp. 4 million.

The following is the summary of respondents' financial measurements; (1) the

respondents' daily average sales is Rp. 315,519; (2) the respondents' daily average operating expenses is Rp. 90,390; (3) the respondents' average total assets is Rp. 27.5 million; and (4) the respondents' monthly average growth rate is about 54%.

4.2. Design & Procedure of Study

A total of 141 respondents' responses were used in this study, which contained personal information, and other financial measures. The case processing summary table indicates that all 141 data are considered valid. These variables are measured using the 5-Likert's scale. With only 56% response rate, the available data are verified using a reliability statistic measurement, which indicates a minimally convincing 67% reliable. These indicate that the data are sufficiently reliable for further processing. Referring to the value of unstandardized Cronbach's Alpha of 0.026, it indicates that there are large variations, with the minimum value is 0.07, and the maximum value is 18.5 million, in terms of the scaling on the original data, a standardization process on scaling is deemed necessary. Hence, standardized Z-scores are used in further analysis.

Based on the studies and the numbers of variables used, the communalities table indicates that the variations on each of the variables appear to be relatively significant. Nonetheless, these significant amounts of variations are not necessary supported by KMO and Barlett's Test that shows an adequacy measurement of 0.713. This numbers specifies a satisfactory amount of sampling adequacy. This implies that the sampling was adequate for further testing.

Referring to the adjacent communalities table, it appears that only "product/service development" has a rather low power to provide the explanation toward the formation of viability of small/micro business. Hence, it is an indication that product/service development may not be prioritized in small/micro businesses as a way to ensure viability. It is interesting to note that indicators used to measure concentration strategy appear relatively lower than all other indicators for internal

TABLE 2: RELIABILITY STATISTICS
SOURCE: SPSS STUDENT VERSION

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.026	.673	16

TABLE 3: KMO AND BARLETT'S TEST
SOURCE: SPSS STUDENT VERSION

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.713
Bartlett's Test of Sphericity	Approx. Chi-Square	1365.27
	df	7
	Sig.	.000

TABLE 4: COMMUNALITIES (MODIFIED)
SOURCE: SPSS STUDENT VERSION

Variable	Extraction
Sales	.981
Op Exp	.910
Total Assets	.941
Growth Rate	.961
Market Share	.767
Niche Market	.733
Cost Reduction	.708
Product/Service Development	.588
Innovation	.851
Ventures	.803

Extraction Method: Principal Component Analysis.

growth strategy. Though the difference is statistically insignificant, it is safe to conclude that small/micro businesses appear to incorporate internal growth strategy in trying to secure sustainability.

The rotated component matrix, however, suggests that the data can be reduced into 2 factors. However, a closer look into the component, the table shows that “growth rate” fails to be identified satisfactorily into either component. This may be an indication that “growth rate” may have to be dropped from the model. When “growth rate” is dropped from the model, the overall sampling adequacy increases to 0.783. Therefore, based on the rotated component matrix, the measurements used in this model conform to the preliminary expectation that measurements on strategy are different from measurements on organizations’ viability. This may be interpreted that statistically, there is connection and influence of “concentration and internal growth strategy”, toward “viability of small/micro businesses”, based on the variables used in this study.

TABLE 5: ROTATED COMPONENT MATRIX (MODIFIED)
SOURCE: SPSS STUDENT VERSION

	Component		Component	
	1	2	1	2
Sales	.066	.987	.038	.976
Operating Expense	.167	.793	.111	.848
Total Assets	.119	.959	.092	.949
Growth Rate	-.219	.269	-	-
Market Share	.876	-.006	.874	.028
Niche Market	.854	-.032	.857	-.005
Cost Reduction	.833	.119	.828	.149
Product/Svc Dev	.757	.110	.754	.135
Innovation	.920	.023	.922	.050
Ventures	.882	.080	.885	.100
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.713		.783	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Therefore, the following inferences can be drawn;

- Statistically, there is influence of “market share”, “niche market”, “cost reduction”, “product/service development”, “innovation”, and “ventures” toward “concentration and internal growth strategy”.
- Statistically, there is influence of “concentration and internal growth strategy” toward “viability of small/micro businesses”.
- Statistically, there is influence of “sales”, “operating expenses”, and “total assets” toward “viability of small/micro businesses”.
- Since statistically there is influence of “dimensions of concentration and internal growth strategy” toward “dimensions of viability of small/micro businesses”, the research model is said to be statistically appropriate.

Therefore, as the statistical results has successfully provide sufficient basis toward justifying the formation of the expected factors; strategy and viability. Overall, it can be

inferred to that measurements used in this study to provide approximation on implementation on strategy by small/micro businesses are appropriate. Similarly, it can be inferred to that measurements used in this study to provide approximation on viability of small/micro businesses are also appropriate. The table of component transformation matrix provides the evidence at the same loading factor for both components. Component 1 refers to the elements on concentration strategy and internal growth strategy. Component 2 refers to the elements on viability of small/micro businesses.

The following table on correlation provides additional supports towards the level of influence between dimensions of concentration strategy and internal growth strategy and the viability of small/micro businesses.

TABLE 6: COMPONENT TRANSFORMATION MATRIX
SOURCE: SPSS STUDENT VERSION

Component	1	2
1	.957	.292
2	-.292	.957

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

- Market share influences the amount of sales. Though the statistic shows only a mere 8% influence, such a correlation is logically accepted since the bigger the market share, the higher the amount of sales.
- Niche market influences the amount of sales. Though the statistic shows only a mere 5% influence, such a correlation is logically accepted since the possession of niche market provides unique source of revenue. Hence, sales are expected to increase.
- Cost reduction influences the amount of sales. Though such a correlation does not necessary logical, the statistic shows a 15% influence toward sales. If the practices on cost reduction were implemented, it would likely lower the overall cost of production. In turn, operating margin increases, as if the amount of sales increases. It is interesting to note that the significance level of this variable is marginal. At $\alpha = 5\%$, the hypothesis should not be rejected. This means that cost reduction influences sales, which influences the viability of small/micro businesses. However, at $\alpha = 10\%$, the hypothesis should be rejected. This means that cost reduction does not have any influence on sales.
- Product/service development influences the amount of sales. The statistic shows 12% influence on sales. It is logically accepted since the development of the organizational products and services are expected to bring about more sales.
- Innovation influences the amount of sales. The statistic shows a mere 9% influence on sales. It is logically accepted since the any efforts and realization on various innovative thinking are expected to bring about more sales.
- Ventures influence the amount of sales. The statistic shows 15% influence on sales. It is logically accepted since ventures are expected to bring about more sales via more extensive network in the venture deals. The practices on venturing and venture agreements were implemented, it would likely boost the marketability products and services. This is expected to push the amount of sales. It is interesting

to note that the significance level of this variable is marginal. At $\alpha = 5\%$, the hypothesis should not be rejected. This means that ventures influence sales. Ironically, at $\alpha = 10\%$, the hypothesis should be rejected. This means that venture do not have any influence on sales.

TABLE 7: CORRELATION (MODIFIED)
SOURCE: SPSS STUDENT VERSION

		Sales
Market Share	Pearson Correlation	0.0782
	Sig. (2-tailed)	0.3567
Niche Market	Pearson Correlation	0.0513
	Sig. (2-tailed)	0.5455
Cost Reduction	Pearson Correlation	0.1476
	Sig. (2-tailed)	0.0807
Product/Service Development	Pearson Correlation	0.1215
	Sig. (2-tailed)	0.1512
Innovation	Pearson Correlation	0.0928
	Sig. (2-tailed)	0.2740
Ventures	Pearson Correlation	0.1478
	Sig. (2-tailed)	0.0804

The following table appears to provide additional supports towards the level of influence between dimensions of concentration strategy and internal growth strategy and the viability of small/micro businesses. Since the significance levels are all above α of 5%, or even α of 10%, they signify to not reject the null hypotheses for all pertinent suppositions. Hence, in terms of the level of influence of the measurements of the concentration strategy, market share influences 58%, niche market influences 39%, and cost reduction influences 63% to the overall viability of small/micro businesses. Likewise, in terms of the level of influence of the measurements of the internal growth strategy, product/service development influences 21%, innovation influences 51%, and ventures 40% to the overall viability of small/micro businesses.

TABLE 8: ANOVA (MODIFIED)
SOURCE: SPSS STUDENT VERSION

		Sum of Squares	df	Mean Square	F	Sig.
Market Share	Between Groups	71.706	137	.523	1.047	.584
	Within Groups	1.500	3	.500		
	Total	73.206	140			
Niche Market	Between Groups	75.979	137	.555	1.664	.385
	Within Groups	1.000	3	.333		
	Total	76.979	140			
Cost Reduction	Between Groups	130.035	137	.949	.949	.629
	Within Groups	3.000	3	1.000		
	Total	133.035	140			
Product/Service Development	Between Groups	193.663	137	1.414	2.827	.213
	Within Groups	1.500	3	.500		

	Total	195.163	140			
Innovation	Between Groups	84.301	137	.615	1.231	.511
	Within Groups	1.500	3	.500		
	Total	85.801	140			
Ventures	Between Groups	108.472	137	.792	1.584	.404
	Within Groups	1.500	3	.500		
	Total	109.972	140			

5. CONCLUSION & RECOMMENDATION

5.1. Conclusion

The statistical results provide sufficient indications that measurements in this study conform to the initial expectation. Measurements on strategy are statistically different from measurements on organizations' viability. Statistically, this may be interpreted that there is connection and influence of "concentration and internal growth strategy", toward "viability of small/micro businesses", based on the variables used in this study. For this reason, it is safe to conclude that the entrepreneurial mindset development model is used in small/micro businesses toward their viability into years to come. Using the data gathered in this study, small/micro businesses appear to have implemented the elements of both concentration strategy and internal growth strategy.

It is interesting to note, however, that in order to increase sales, small/micro business should focus on performing "cost reduction", and "ventures". The correlation of these measurements are the larger than the other measurements. Hence, it is interesting to note that small/micro businesses attempt to utilize their resource abundance by reducing costs (utilizing their unproductive resources), and collaborate with other businesses (ensuring competitive advantage in the marketplaces, while constantly interact in the environment). These two alternatives appear to conform to the theory of the firm.

Hence, as small/micro businesses continue their interaction to improve themselves, this study confirms that the viability of small/micro businesses follows the entrepreneurial mindset development model. Small/micro businesses strive for higher sales, lower operating expense, higher total asset, and higher growth rate, as their development measurements.

5.2. Recommendation

Although this study is limited to small/micro businesses, this study appears to have provided the preliminary foundation on the formation of conceptual thinking in entrepreneurial mindset. Further studies can certainly include more variables and measurements to attempt a better formation on dimensions of entrepreneurial mindset development model. Also, future studies can include a much greater sample outside the service firms, and incorporate bigger firms.

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