



## Management Control System Package And Entrepreneurial Competency Influence On Business Performance With The Moderating Role Of Business Strategy

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| <b>E-ISSN</b><br>2961-9904          | <b>Abstract</b>  |
| <b>P-ISSN</b><br>2985-4873          | <b>Purpose</b> - This study aims to determine the influence of the Management Control System Package's elements on Entrepreneurial Competency; and Entrepreneurial Competency on SMEs Business Performance.  |
| <b>Volume 01 No 01 2022</b>         | <b>Design/methodology/approach</b> - This research uses quantitative research. Sampling methods in this research using purposive sampling technique, This research used Partial Least Square as data analysis technique.   |
| <b>DOI:</b>                         | <b>Finding</b> - The result showed that the elements of Cultural Control; Planning Control; Cybernetic Control; Rewards and Compensation Control has influence on Entrepreneurial Competency's improvement, meanwhile Administration Control has no influence on Entrepreneurial Competency's. Then, Entrepreneurial Competency has influence on Business Performance. However, Business Strategies has no influence to moderate the relationship between Entrepreneurial Competency on Business Performance of SMEs in Serang city. |
| <b>Received</b><br>21 November 2022 | <b>Originality</b> - This is the first study that discusses the implementation of the MCS Package in Serang City SMEs.   |
| <b>Revised</b><br>03 Desember 2022  | <b>Keyword</b> – Management Control System Package, Entrepreneurial Competency, SMEs, Business Strategy, Business Performance  |
| <b>Accepted</b><br>05 Desember 2022 | <b>Paper Type</b> – Research Paper   |

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## Introduction

The small and medium enterprise sector or UKM has an important role for the development of a country and the UKM sector is stated as the backbone of the Asian economy (Heinicke, 2018). In line with the previous statement, Elrahail et al., (2018) stated that the movement of the business environment is marked by lots of global competition and changes in supply and demand, then SMEs are present and make a significant contribution to national income (gross domestic product).

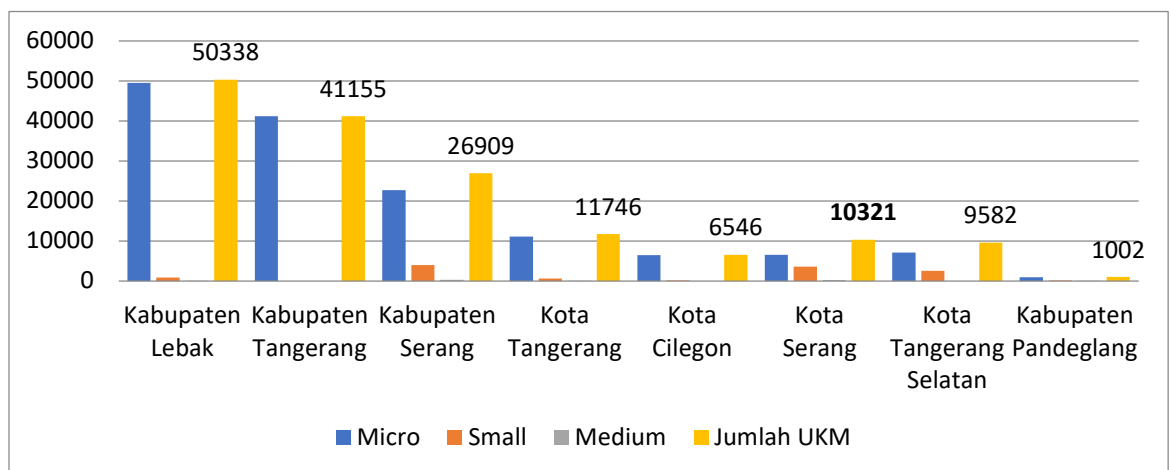
In Government Regulation No. 7 of 2021 Facilitation, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises (PP UMKM); explained that; (1) Micro enterprises have business capital of up to a maximum of IDR1,000,000,000 (one billion rupiah), excluding land and buildings for business premises, and have annual sales proceeds of up to a maximum of IDR2,000,000,000 (two billion rupiah). (2) Small businesses have a capital of more than IDR1,000,000,000 (one billion rupiah) up to a maximum of IDR5,000,000,000 (five billion rupiah) excluding land and buildings for business premises, and have annual sales of more than IDR 2.000,000,000 (two billion rupiah) up to a maximum of IDR15,000,000,000 (fifteen billion rupiah). (3) Medium enterprises have working capital of more than IDR 5,000,000,000 (five billion rupiah) up to a maximum of IDR10,000,000,000 (ten billion rupiah) excluding land and buildings for business premises, and have annual sales of more than IDR 15.000,000,000 (fifteen billion rupiah) up to a maximum of IDR50,000,000,000 (fifty billion rupiah).

SMEs are an important pillar in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs in March 2021 reached 64.2 million with a contribution to GDP of 61.07% or 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total existing workforce and collect up to 60.4% of the total investment. However, in the literature Chenhall and Langfield (2003) in Haseeb et al., (2019) states that SMEs have an important role, but many researchers in management accounting ignore this. The City of Serang in 2018 had a relatively small number of SMEs when compared to other cities/districts in Banten Province (Figure 1.1. ) Weak entrepreneurial competence is one of the factors influencing the development of SMEs which causes SMEs to be very vulnerable in facing competition (Hartono, 2014). This argument is supported by Sedyastuti (2018) which states that SMEs face problems, one of which is limited human resources.

Then, business organizations must be able to survive problems related to management control systems (SPM) where these problems have a significant influence on business performance (Rehman et al., 2019a). For example, problems related to Cultural Control, Planning Control, Cybernetic Control, Rewards and Compensation Control, Administrative Control and problems related to the ability to make strategies that affect business performance (Rehman et al., 2021). Goyal (2013) in Rehman et al., (2021) concludes that the findings of the research conducted do not provide the same business results in developing countries because system theory concludes that various countries have different business systems and results in developed countries cannot be applied in developing countries without further validation. As the Management Control System Package or hereinafter referred to as the MCS Package considers the most

important resource in facilitating management in decision making, in order to improve business performance (Rehman et al., 2019a). Business performance leads to the achievement of organizational goals that must be maintained, both consistency of financial performance and non-financial performance (Rehman et al., 2019a). As the Management Control System Package or hereinafter referred to as the MCS Package considers the most important resource in facilitating management in decision making, in order to improve business performance (Rehman et al., 2019a). Business performance leads to the achievement of organizational goals that must be maintained, both consistency of financial performance and non-financial performance (Rehman et al., 2019a). As the Management Control System Package or hereinafter referred to as the MCS Package considers the most important resource in facilitating management in decision making, in order to improve business performance (Rehman et al., 2019a). Business performance leads to the achievement of organizational goals that must be maintained, both consistency of financial performance and non-financial performance (Rehman et al., 2019a).

Figure 1.1.  
Number of Micro, Small and Medium Enterprises by Regency/City in Banten Province in 2018



Source: Office of Cooperatives and SME Banten Province

The form of implementing the MCS Package elements in SMEs is Cultural Control which can be shown by the existence of emotional attachment through vision and mission statements (Daromes et al., 2018); Planning Control refers to strategic planning used in making decisions and allocating resources (Puspitasari et al., 2018); Cybernetic Control is indicated by feedback loops through standards such as managerial reviews and management assessments (Daromes et al., 2018); Rewards and Compensation Control is income in the form of money, direct or indirect goods received by employees in return for services provided to the company (Hasibuan, 2010 in Herawaty and Yulisari, 2019); Administrative Control uses structure as an indicator in viewing employee behavior both individually and in groups (lin: 18-19). As the explanation above shows that there is an indirect application of the MCS Package to SMEs. Empirical research is needed to determine the implementation of the MCS Package for UKM and its effect on entrepreneur competency and business performance.

Entrepreneur competence as an important resource, therefore must be included in measuring business performance (Tehsen & Ramayah, 2015 in Rehman et al., 2021). The literature reveals that entrepreneurial competence is associated with organizational growth and sustainability (Sajilan & Tehseen, 2015 in Rehman et al., 2021). Entrepreneurial competence is an entrepreneur's skills and a combination of several managerial skills that improve organizational performance. Where, organizational performance suffers from a lack of entrepreneurial competency (Ahmad, 2007 in Rehman et al., 2021). This study focuses on two dimensions of entrepreneurship, namely ethical competence and strategy because these two dimensions are not given much attention by other researchers (Rehman et al., 2021).

In this study, the business strategy used is the differentiation strategy. Strategic differentiation refers to a group of activities where performance management, such as producing goods or services, differentiates itself from competitors but uses the same amount of costs, thereby enabling them to achieve long-term competitive advantage and higher performance (Rehman et al., 2021). The literature on MCS and business strategy is limited, so it is important to conduct research to fulfill the main evidence provision (Jabarullah et al., 2019 in Rehman et al.). Then, this is used as an opportunity to conduct research on the implementation of management control systems in Serang city SMEs, with this research it is hoped that it can provide an overview of MSC Package practices, entrepreneurial competencies, business strategies and business performance of SMEs in the city of Serang and can be used by managers or business owners to improve business performance. The research is also expected to be a form of introduction to the management control system package for SMEs in Serang City, so that the MCS Package can be adapted in carrying out business activities.

The focus of this research is financial and non-financial performance in measuring business performance through a Resource Based View perspective which consists of: Cultural Control, Planning Control, Cybernetic Control, Rewards and Compensation Control, Administrative Control, Entrepreneurial Competencies, Business Strategies and Business Performance.

## **Literature Review**

### *Resource Based View Theory*

Resource-Based View or RBV hereinafter is a field of study approach that presents a substantial change in thinking. A resource-based view is an interdisciplinary nature developed in the ways of thinking about economics, ethics, law, management, marketing, and general business. The Management Control System Package considers the most important resource in facilitating management of decision making, in order to increase business performance (Rehman et al., 2019a). In the resource-based view the strategist selects the best competitive strategy or position in the use of internal resources and capabilities relative to external opportunities. Given that strategic resources represent a complex web of interrelated assets and capabilities, organizations can adopt many possible competitive positions. In RBV theory, organization is a collection of physical, human and organizational resources (Barney, 1991). Organizational resources that are valuable, rare, cannot be perfectly imitated and cannot be replaced are primary sources and in practice the use of these resources can

help a company achieve a sustainable competitive advantage. Resources must meet 'VRIN' criteria to provide competitive advantage and sustainable performance. The 'VRIN' criteria are described below: Resources must meet 'VRIN' criteria to provide competitive advantage and sustainable performance. The 'VRIN' criteria are described below: Resources must meet 'VRIN' criteria to provide competitive advantage and sustainable performance. The 'VRIN' criteria are described as Valuable(V): A resource is said to be valuable when it can provide strategic value to the company; Rare(R): It is difficult for resources to be found by competitors and potential competitors of the company; Imperfect Imitability(I): There is difficulty copying or impersonating the resource; Non-Substitutability(N): Non-replaceable resources imply that there are no alternative resources.

#### *Management Control System Package*

Management Control System or Management Control System (MCS) is a mechanism, both formal and informal, designed to create conditions that can increase the chances of achieving the desired output by focusing on the objectives to be achieved by the company or business actor (Porporato, 2006 in Anggraini, 2019). Daromes et al., (2018) wrote that studies and the idea that Management Control Systems operate as a package have existed for more than three decades (Otley, 1980), although there is not much research that explicitly examines this topic (Simons, 1995).

The results of research conducted by Gschwantner and Hiebl show that a comparison between management control systems and management control systems as a package, the management control system package (Management Control System Package) is more necessary for achieving broader organizational goals, namely by maintaining viability and improving performance. (Iin 2020:16). There are five types of control seen from the context of the typology namely; cultural control, planning control, cybernetic control, rewards and compensation control, administrative control (Malmi and Brown, 2008).

#### *Cultural Control*

Cultural control(cultural control) is a form of management control carried out by a group to individuals so it is necessary to monitor in the form of the vision and mission of the company, values, and other components because cultural control will emotionally bind the unity of employees and the company (Daromes et al., 2018). The measurement used as an indicator of Cultural Control is an indicator quoted from Malmi and Brown (2008) in Rehman et al., (2021) where there are three indicators as :Value-based, is a formally shared set of definitions within the organization (motto, vision and mission statements); Clan, is a culture that is created between small groups in business organizations (sub-culture); Symbol-based, is culture that is displayed in visual forms such as building designs and work uniforms.

Rehman et al in 2021 who tested the influence of cultural control on entrepreneurial competence. In line with that, Sajilan and Tehseen (2015) showed a positive relationship between cultural control and entrepreneurial competence. A manager must be able to convey the values contained in the vision and mission statement, motto and slogan of the organization so as to create emotional attachment between employees so as to be able to lead the organization towards a state of

sustained competitive advantage. With these considerations, the following are the hypotheses proposed from this study:

H1. Cultural Control affects Entrepreneur Competency.

#### *Planning Control*

As one of the management functions, planning for company activities is carried out to achieve goals for a certain period. Coulter, (2002) in Abdullah (2019) writes that the definition of planning is a process characterized by setting organizational goals, determining overall strategies to achieve these goals, as well as formulating a planning system which in its entirety can coordinate and integrate work in order to achieve organizational goals. In POAC Theory (Planning, Organizing, Actuating, and Controlling). Planning includes setting goals and processes in how to achieve organizational goals. Planning also includes all the work done by managers in a company and is referred to as one of the main functions of management (quoted from Abdullah 2019). This study uses Jouke Lasut's (2014) measurement in Abdullah (2019) because this measurement has been tested on pottery SMEs in Yogyakarta. The measurement of the planning process is measured by three indicators: Clarity of purpose, direction and objectives of the form of decisions in planning; The relevance/appropriateness of the established policies with the plans to be made and with the problems faced in making the plans; Linkage (synchronization) of policies taken in planning.

Malmi and Brown (2008) stated that planning has a major role in directing employee behavior, so it is important to understand that planning can determine activities to be carried out in the future or processes related to building employee commitment to planning. In connection with the review above, research conducted by Rehman et al., (2021) shows that there is an effect of planning control on entrepreneur competence. An entrepreneur must have analytical and strategic skills in planning. Due to good planning control, managers can coordinate through aligning a series of goals and taking appropriate steps to improve performance. The following is the hypothesis proposed from this study:

H2. Planning Control affects Entrepreneur Competence.

#### *Cybernetic Control*

The definition of cybernetic control according to Lin (2020:23) is the provision of feedback through the use of standards in the context of implementing company activities as well as measuring the implementation system and evaluating the implementation of these standards. Cybernetic control also provides feedback related to the various undesirable possible variants in the system. Cybernetic control measurements adapt the results of research conducted by Daromes et al., (2018), namely as follows: Budgeting; Profit and loss reports; Managerial review; Management assessment.

In Rehman et al.'s research, (2021) shows that there is a positive influence between cybernetic control and entrepreneurial competence. In line with that, Rehman et al., (2018) stated that cybernetic control has a positive effect on organizational performance. Analytical abilities are not only used in planning control, internal control through cybernetic control is needed to achieve sustained competitive advantage.

Because analytical abilities are also used to evaluate an organization's standards, by using cybernetic control managers can reassess performance measurement standards to see errors or ineffectiveness so that modifications are made so that organizational standards in performance measurement get better. This research is the first study to examine the form of implementation of cybernetic control in SMEs. The following is the proposed research hypothesis:

H3. Cybernetic Control affects Entrepreneur Competency.

### **Rewards and Compensation Control**

Boner and Springkle (2002) in Malmi and Brown (2008) explain that this reward and compensation system focuses on motivation and improving the performance of individuals and organizational groups by creating compatibility between goals and activities in the organization. There are two types of awards given by organizations: namely financial and non-financial awards (Jupran, 2015 in Herawaty, 2019).

Reward and compensation control systems (also known as incentive systems) improve performance in an organization (Rehman et al., 2019a). Then Rehman et al., (2019a) wrote in the literature that reward and compensation controls must be considered in measuring performance related to all types of businesses, both on small scale businesses and on large scale businesses. Internal control through rewards and compensation control is a skill that must be owned by managers in a business organization to be able to maintain employee motivation. The following hypotheses are proposed in this study:

H4. Rewards and Compensation Control affect Entrepreneurial Competence.

### **Administrative Control**

Daromes et al., (2018) defines an administrative control system as directing employee behavior through organizing individuals and groups, monitoring behavior. The administrative control system is a component within the company that directly observes the components within the company which directly observe the behavior of individual employees (lin 2020:27). Administrative control measurements adapt the results of research conducted by Daromes et al., (2018), namely as follows: SOP (Standard Operating Procedure); Regulation; Job description.

Managers must be able to make an assessment of employee attitudes, so as to minimize any discrepancies in employee behavior that can affect performance. By paying attention to internal control through administrative control, managers can monitor employee behavior through rules, procedures, policies made by business organizations. This research is the first study to examine the implementation of administrative control in SMEs. The following hypotheses are proposed in this study:

H5. Administrative Control affects Entrepreneurial Competence.

### **Entrepreneurial Competence**

Rehman et al., (2021) explain that entrepreneurial competence is an entrepreneur's skills and a combination of several skills such as self-esteem, special knowledge about work, character and social, managerial competence and relationships that improve organizational performance. There are various dimensions of entrepreneurial competence in various fields, such as: ethical competence, opportunity

competence, learning competence, strategic competence, conceptual competence, leadership, management, personal competence, financial competence and relationships (Tahseen et al., 2019).

Literature Sajilan and Tehseen (2015) states that entrepreneurial competence is associated with the growth and sustainability of an organization. In this study, researchers will focus on two dimensions of entrepreneurship namely, ethical competence and strategic competence. Due to the lack of attention paid to these two dimensions (Rehman et al., 2021). Rahman and Ramli (2014) in Rehman et al., (2021) provide definitions of ethical competence and strategic competence. Ethical competence is a competency that refers to the ability of an entrepreneur to work with ambiguity or ambiguity and sincerity in admitting mistakes by speaking the truth. Meanwhile, strategic competence refers to the ability of an entrepreneur to determine, assess and implement strategies in order to achieve business success. The managerial competence of entrepreneurs has a significant role in the success of SMEs. In Rehman et al.'s research (2021) revealed a positive relationship between entrepreneurial competencies and business performance. This finding is also similar to the results obtained by Tehseen and Ramayah (2015). However, the results of research by Fahmi et al., (2020) state that entrepreneurial competence has a positive but not significant effect on performance. Entrepreneur competence is the most important resource which according to the Resource Based View theory can improve performance. So that increasing the competence of entrepreneurs can affect the improvement of business performance. Therefore, this study focuses on the relationship between entrepreneur competency and business performance. The following is the hypothesis proposed from this study: This finding is also similar to the results obtained by Tehseen and Ramayah (2015). However, the results of research by Fahmi et al., (2020) state that entrepreneurial competence has a positive but not significant effect on performance. Entrepreneur competence is the most important resource which according to the Resource Based View theory can improve performance. So that increasing the competence of entrepreneurs can affect the improvement of business performance. Therefore, this study focuses on the relationship between entrepreneur competency and business performance. The following is the hypothesis proposed from this study: Entrepreneur competence is the most important resource which according to the Resource Based View theory can improve performance. So that increasing the competence of entrepreneurs can affect the improvement of business performance. Therefore, this study focuses on the relationship between entrepreneur competency and business performance. The following is the hypothesis proposed from this study: Entrepreneur competence is the most important resource which according to the Resource Based



View theory can improve performance. So that increasing the competence of entrepreneurs can affect the improvement of business performance. Therefore, this study focuses on the relationship between entrepreneur competency and business performance. The following is the hypothesis proposed from this study:

H6. Entrepreneur Competence affects Business Performance.

#### *Business strategy*

Rehman et al., (2021) said that organizational strategy has an important role in explaining organizational variation and profitability and long-term performance. In line with that, Fajri et al., (2018) wrote that business strategy is a pattern of allocating resources that allows organizations to maintain their performance (Barney). Errors in choosing a strategy will have an impact on organizational performance, because business strategy plays an important role in the design of control systems. In this study, researchers used the business strategy model designed by Porter because it is well defined, simple, clear, and general and begins with two approaches for the purpose of aggregate level analysis (Ormanidhi and Stringa, 2008 in Rehman et al., 2021). The strategic model used is the differentiation strategy. This is because SMEs are synonymous with the development of innovation and creativity, then in the theory of Resource Based View (RBV) suggests that organizations must develop unique and specific core competencies so that they can outperform competitors by doing things differently. Measurement of business strategy uses Junilee indicators (2016) in Rainanti and Fathiah (2020), which are as : Products; Price; Place; Promotions.

Rehman et al., (2021) argues that a differentiation strategy refers to a group of activities carried out by management, such as producing goods or services, to differentiate organizational identity from competitors, but at the same cost, so as to achieve long-term competitive advantage and superior performance. . Research conducted by Rehman et al., (2021) revealed that there is a relationship between differentiation strategy and business performance, and it was found that the differentiation strategy was able to moderate the relationship between entrepreneur competency and business performance. Meanwhile, research by Teeratansirikool et al., (2013) in Fazri et al., (2018) states that business strategy has a positive but not significant effect on performance.

H7. Business Strategy moderates the relationship between Entrepreneur Competency and Business Performance.

#### **Research Methodology**

The type of research used by researchers in this study is associative research. This is because the research objective is to analyze the relationship between two or more variables. Then the method used is a quantitative method. The research population is SME businesses located in Serang City. The research sample was selected using the Non Probability Sampling technique with the Purposive Sampling technique. A total of 83 respondents participated in this study. The operational definitions of this research are: Cultural Control (X1), Planning Control (X2), Cybernetic Control (X3), Rewards and Compensation Control (X4), Administrative Control (X5), Entrepreneurial

Competence (X6), Business Strategy (Z) and Business Performance (Y). Data analysis techniques using SPSS 25 and SmartPLS 3.0.

## Findings

### Result

The research was conducted using a survey method by distributing questionnaires to Serang City SME business entrepreneurs who were registered with the UKM and Cooperative Service in 2022. Of the 97 questionnaires distributed, only 83 questionnaires returned and met the criteria of research respondents and could be processed. Then there were 9 questionnaires that did not return. This is due to the busyness of the respondents. Meanwhile, the returned questionnaires were 5 incomplete questionnaires, namely questionnaires that were not filled in completely or there were questions that were not answered by the respondents.

|                                     | CC    | PC    | CbC   | RCC   | AC    | KW    | SB    | KB    |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1. Cultural Control                 | 0.851 |       |       |       |       |       |       |       |
| 2. Planning Control                 | 0.719 | 0.864 |       |       |       |       |       |       |
| 3. Cybernetic Control               | 0.455 | 0.415 | 0.767 |       |       |       |       |       |
| 4. Rewards and Compensation Control | 0.632 | 0.579 | 0.529 | 0.819 |       |       |       |       |
| 5. Administrative Control           | 0.527 | 0.606 | 0.533 | 0.736 | 0.839 |       |       |       |
| 6. Entrepreneurial Competence       | 0.704 | 0.710 | 0.633 | 0.731 | 0.718 | 0.828 |       |       |
| 7. Business Strategy                | 0.567 | 0.558 | 0.373 | 0.596 | 0.52  | 0.588 | 0.792 |       |
| 8. Business Performance             | 0.628 | 0.651 | 0.432 | 0.659 | 0.682 | 0.672 | 0.662 | 0.827 |

### Output SmartPLS Discriminant Validity (2022)

Validity test uses Convergent Validity which is determined from the Outer Loading value in each variable. Based on the results of the validity test, the outer loading

value of each item is more than 0.5 so that the instrument can be said to be appropriate.

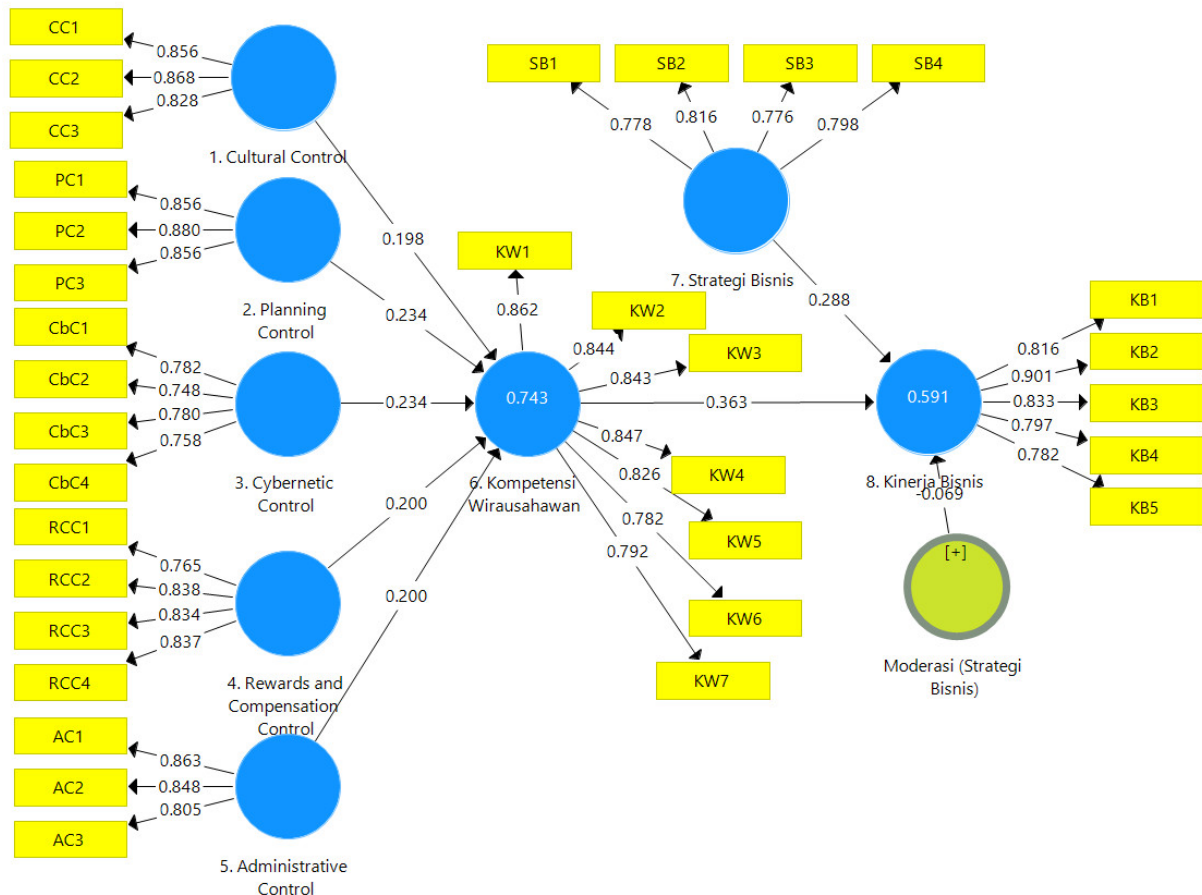


Figure 2. SmartPLS output (2022)

Then, the results of reliability testing in this study are as follows:

| Variable                               | AVE   | Cronbach' Alpha | Composite Reliability |
|--|-------|-----------------|-----------------------|
| Cultural Control (CC)                  | 0.724 | 0.811           | 0.887                 |
| Planning Control (PC)                  | 0.747 | 0.831           | 0.899                 |
| Cybernetic Control (CbC)               | 0.589 | 0.767           | 0.851                 |
| Rewards and Compensation Control (RCC) | 0.671 | 0.837           | 0.891                 |
| Administrative Control (AC)            | 0.704 | 0.790           | 0.877                 |
| Entrepreneurial Competency (KW)        | 0.686 | 0.924           | 0.939                 |
| Business Strategy (SB)                 | 0.627 | 0.802           | 0.871                 |
| Business Performance (KB)              | 0.684 | 0.885           | 0.915                 |

Source: SmartPLS 3 (2022)

Based on table 1, the AVE value of each variable is more than 0.5 and meets the requirements. Score Cronbach's Alpha each variable is greater than 0.7 so that it can be concluded reliably. Composite Reliability results for each variable also have a value greater than 0.7 so that it is declared reliable. The assessment of the PLS structural

model is based on the R-Square value for each dependent variable. The R2 value of the Entrepreneur Competency variable is 0.743, meaning that the variability of the Entrepreneur Competency construct can be explained by the variability of Cultural Control, Planning Control, Cybernetic Control, Rewards and Compensation Control, Administrative Control of 74.3%. Then the Business Performance variable has a value of R2 which means the variability of the construct of Business Performance which can be explained by the variability of the Entrepreneurial Competency construct of 59.1%.

The following are the results of hypothesis testing as follows:

|   | T-Statistics | P Values |
|---|--------------|----------|
| Cultural Control on Entrepreneurial Competence  | 1995         | 0.047    |
| Planning Control on Entrepreneurial Competence  | 1999         | 0.046    |
| Cybernetic Control on Entrepreneurial Competence                                      | 2,685        | 0.007    |
| Rewards and Compensation Control on Entrepreneurial Competence                        | 2,287        | 0.023    |
| Administrative Control on Entrepreneurial Competence                                  | 1934         | 0.054    |
| Entrepreneurial Competence on Business Performance                                    | 4,074        | 0.000    |
| Business Strategy on Business Performance   | 2,908        | 0.000    |
| Business Strategy as Moderation of Entrepreneurial Competence on Business Performance | 0.790        | 0.430    |

The results of testing the hypothesis show that Cultural Control affects Entrepreneurial Competence, so the research accepts H1 ( $t = 1.995$  and  $p = 0.047$ ). Planning Control influences Entrepreneurial Competence, so the research accepts H2 ( $t = 1.999$  and  $p = 0.046$ ). Cybernetic Control influences Entrepreneurial Competence, so the research accepts H3 ( $t = 2.685$  and  $p = 0.007$ ). Rewards and Compensation Control affect Entrepreneurial Competence, so the research accepts H4 ( $t = 2.287$  and  $p = 0.023$ ). Administrative Control does not affect Entrepreneurial Competence, so the research rejects H5 ( $t = 1.934$  and  $p = 0.054$ ). Entrepreneurial competence influences business performance, so the research accepts H6 ( $t = 4.074$  and  $p = 0.000$ ).

## *Discussion*

### **The Effect of Cultural Control on Entrepreneur Competence**

Cultural Control is control through planting vision and mission statements, cooperation between employees and the use of uniforms to create emotional attachment. The competencies that are the focus of this research are ethical competencies and strategic competencies. Research accepts H1 that Cultural Control affects Entrepreneurial Competence, meaning that the better an entrepreneur's ability to exercise cultural control will reflect the competence of a good entrepreneur as well. Based on the results of research on SMEs in Serang City, it can be concluded that entrepreneurs who manage business organizations have good control so that they unite members of business organizations in an effort to realize business goals. The results of the study support the Resource Based View (RBV) theory which says that attributes are related to experience, Organizational culture as well as competence is very important for the success of a company. Organizational culture in every UKM is unique and

becomes a solid foundation for engagement between employees, therefore organizational culture needs to be considered and maintained when carrying out business activities.

### **Effect of Planning Control on Entrepreneur Competence**

Planning Control is control through clear planning, alignment of policies and problems encountered, and implementation of plans in accordance with business organization policies. This is because entrepreneurial competence is the overall attitude that is able to lead an organization to success, so that an entrepreneur needs to have these qualities in carrying out his business activities. Research accepts H2 that Planning Control influences Entrepreneur Competence, meaning that the better an entrepreneur's ability to carry out planning control will reflect a good entrepreneur's competency as well. In Serang City SMEs, Planning Control is well implemented, which then reflects good entrepreneurial competence as well. The research results support the theory of Resource Based View (RBV) which discusses the application of RBV, one of which is planning, because planning can analyze opportunities and threats from the external environment. RBV focuses on entrepreneurs to be able to carry out analysis related to threats and opportunities in carrying out a business activity, because this is a competency quality that is very valuable for the organization.

### **Effect of Cybernetic Control on Entrepreneur Competence**

Cybernetic Control is control through the use of feedback using measurement standards such as budgeting, profit and loss statements, managerial reviews and management judgments. Because analytical skills are used when making assessments through feedback, entrepreneurs can predict and prevent mistakes when carrying out business activities. Research accepts H3 that Cybernetic Control affects Entrepreneur Competence, meaning that the better an entrepreneur's ability to carry out cybernetic control, the better the entrepreneur's competence will reflect. At Serang City UKM Cybernetic Control is implemented properly so that problems can be controlled. The research results support the Resource Based View (RBV) theory which says that a valuable resource is a resource that enables a company to understand or implement a strategy that increases its efficiency and effectiveness. Through RBV, an entrepreneur can assess strategy through analysis and evaluation of resources used as an effort to prevent losses or mistakes when carrying out business activities.

### **The Effect of Rewards and Compensation Control on Entrepreneurial Competence**

Rewards and Compensation Control is control through the provision of rewards both in cash and non-cash to employees. Competence is associated with optimal management of resources, so it is hoped that an entrepreneur can provide appropriate and appropriate rewards and facilities in order to improve business performance. Research accepts H4 that Rewards and Compensation Control influences Entrepreneur Competence, meaning that the better an entrepreneur's ability to carry out rewards and compensation control, the better the entrepreneur's competence will reflect. In Serang City SMEs, compensation is carried out properly and optimally so that entrepreneurial competence can be concluded that it is well established.

### **The Effect of Administrative Control on Entrepreneurial Competence**

Administrative Control is controlling, monitoring the behavior of individuals and groups through the existence of SOPs, regulations and job descriptions. This study rejects H5 that Administrative Control does not affect Entrepreneur Competence, which means that the better an entrepreneur's ability to carry out administrative control cannot reflect the competence of an entrepreneur. In Serang City SMEs, administrative control is implemented fundamentally and is not optimal, unlike large companies or organizations that have rigid and complex administrative controls. The research results support the Resource Based View (RBV) theory which suggests that many managerial efforts need to invest, identify, understand and classify competencies.

### **The Effect of Entrepreneur Competence on Business Performance**

Entrepreneurial competence in this study focuses on ethical competence and strategic competence. Ethical competence is a competency that refers to the ability of an entrepreneur to work with ambiguity as well as sincerity in admitting mistakes by speaking the truth. Meanwhile, strategic competence refers to the ability of an entrepreneur to strategically lead to the ability to achieve business goals. This study accepts H6 that entrepreneur competence influences business performance, which means that the better the competency of an entrepreneur, the better business performance. In Serang City SMEs, it can be concluded that entrepreneurs have good competence. This is known from the increase in profits, sales and capital, efficiency and sales growth.

### **The Moderation Role of Business Strategy on Entrepreneur Competency Relationships with Business Performance**

The business strategy used in this study is a differentiation business strategy. This is because the RBV theory suggests that organizations develop unique and specific core competencies so that they can outperform competitors by doing things differently. This study rejects H7 that Business Strategy cannot moderate the relationship between Entrepreneur Competency and Business Performance, which means that the better the business strategy that is implemented will not strengthen the relationship between Entrepreneur Competency and Business Performance. In Serang City SMEs, entrepreneurs do not use a differentiation strategy through a large variety of products and prices, choosing unique locations and attractive promotions that are not optimal so as to allow the emergence of new competitors to enter the market and hinder performance improvement.

### **Conclusion**

Based on the results of the analysis and discussion, the following conclusions can be drawn. Cultural Control affect the competence of an entrepreneur. This research accepts H1. Thus the better the control through clans, values, and symbols, it will increase the Competence of an SME Entrepreneur in the City of Serang. Planning Control influencing Entrepreneurial Competence. This research accepts H2. Thus the better the Planning Control through the types of problems to be faced, the types of policies owned

and the objectives of the business organization, it will increase the Competence of Entrepreneurs of UKM City of Serang. Cybernetic Control influencing Entrepreneurial Competence. This study received H3. Thus, the better Cybernetic Control through budgeting evaluations, profit and loss reports, managerial reviews and management assessments will increase the Entrepreneurial Competence of Serang City UKM. Rewards and Compensation Control influencing Entrepreneurial Competence. This research accepts H4. Thus the better the Rewards and Compensation Control through giving cash rewards and providing facilities that can support employee work, it will increase the Competence of an Entrepreneur of UKM City of Serang. Administrative Control does not affect Entrepreneur Competence. This research rejects H5. Thus increasing Administrative Control through the existence of SOPs, regulations and job descriptions will not increase the competence of an Entrepreneur. Entrepreneurial competence has a positive and significant effect on business performance. This research accepts H6. Thus the better the competence of an Entrepreneur which is reflected through strategic competence and ethical competence, it will improve the Performance of Serang City SME Business. The Moderation Role of Business Strategy does not affect the relationship between Entrepreneur Competence on Business Performance. This research rejects H7. Thus, the better the differentiation strategy used by SMEs in Serang City, it will not increase Entrepreneurial Competence and Business Performance.

For future researchers, it is expected to expand the scope of research objects. In addition, they can conduct research by adding other variables about entrepreneur competency, business strategy and business performance. Future research can measure the use of the MCS Package on business performance directly, or through entrepreneurial competency variables. Then the SMEs that are managed are expected to be able to improve the form of the Management Control System Package, especially in Administrative Control. Through SOPs, regulations and job descriptions that are expected to be able to reflect the competence of an entrepreneur, and SMEs are expected to be able to improve and improve the business strategy applied in carrying out business activities.

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