The Effect of Entrepreneurial Skills and Business Mentoring on Startup Growth and Success in West Java

Kuswarini Sulandjari
Universitas Singaperbangsa Karawang

ABSTRACT

This study investigates the dynamic interplay between entrepreneurial skills, business mentoring, and the growth and success of startups in West Java. Through a quantitative analysis involving 120 startups, the research employs structural equation modeling (SEM-PLS) and hypothesis testing to unravel the intricate relationships within the entrepreneurial ecosystem. The results reveal a positive correlation between entrepreneurial skills and startup growth, emphasizing the catalytic role these skills play in business expansion. Additionally, the study affirms the significant impact of effective business mentoring on both entrepreneurial skills development and overall startup success. The findings provide valuable insights for policymakers, mentors, and entrepreneurs, suggesting targeted interventions to foster a robust entrepreneurial ecosystem in the region.

Keywords: Business Mentoring, Entrepreneurial Skills, Startup Growth, Success, West Java

1. INTRODUCTION

West Java has become a flourishing place for innovation and new ventures due to its diverse industries and vibrant entrepreneurial spirit. The region benefits from government policies that support small and medium enterprises, tax incentives, and funding opportunities, which create a supportive environment for entrepreneurship [1]. Additionally, West Java’s strategic location and its focus on tourism development contribute to its economic growth and attract both domestic and foreign tourists [2]. The manufacturing sector in West Java has also experienced significant growth, making it a national manufacturing center [3]. Factors such as the number of industrial companies, human development index, labor, and investment have influenced the growth of the manufacturing industry in West Java [4]. Overall, West Java’s entrepreneurial ecosystem, along with its diverse industries and government support, has fostered a conducive environment for innovation and new ventures in the region.

Entrepreneurial skills and business mentoring are crucial factors for the success and growth of startups in West Java. Research conducted by [5] found that entrepreneurial behavior, skills, educational background, and service quality positively and significantly impact the success of digital entrepreneurs in West Java [1]. Additionally, Fitri and Hakim’s study highlighted the importance of entrepreneurship as a critical success factor for startups in Bandung Techno Park [5]. These findings suggest that developing and enhancing entrepreneurial skills, along with providing effective business mentoring, can contribute to the success of startups in the region.
The success and sustainable growth of startups in the entrepreneurial ecosystem of West Java is crucial for economic development. This research aims to explore the factors that influence the establishment and well-being of startups in the region. The study examines the influence of intellectual capital, social networks, and financial capital on the performance of social entrepreneurs in West Java [6]. It also investigates the internal and external factors that affect economic growth in six provinces in Indonesia, including strategies to accelerate economic growth in Java Island [7]. Additionally, the research analyzes the influence of entrepreneurial competence and entrepreneurial knowledge on business success in micro, small, and medium enterprises (MSMEs) in Madiun City, East Java [8]. Furthermore, the study examines the entrepreneurial ecosystem in West Java, highlighting the interaction between government policy, funding, and networks in shaping the ecosystem [1]. Finally, the research identifies and analyzes the strategic management of the Department of Industry and Trade in developing industries and increasing the market economy between East Java and North Sulawesi [9].

The rationale for this research stems from the recognition that start-ups face a range of challenges, from navigating market uncertainty to establishing a sustainable growth trajectory. By honing in on the role of entrepreneurial skills and business mentoring, this research seeks to explore the dynamics that shape the entrepreneurial landscape in West Java. The insights gained from this research can not only inform academic discourse, but also provide practical implications for policy makers, business leaders and aspiring entrepreneurs. At the core of this research is the following research question: How do entrepreneurial skills and business mentoring affect the growth and success of startups in West Java? This question serves as a guiding beacon, directing our focus on understanding the complex relationships between these variables.

2. LITERATURE REVIEW

2.1 Entrepreneurial Skills

Entrepreneurial skills are crucial for the success of startups. These skills encompass technical, managerial, and interpersonal competencies, including opportunity recognition, resource leveraging, and risk management. Scholars such as Ngele and Nzelibe emphasize the importance of developing entrepreneurial skills for small and medium enterprises (SMEs) [10]. Novojen highlights the role of creativity, proactiveness, and adaptability in navigating the uncertain terrain that startups often encounter [11]. Kakouris discusses the relevance of non-cognitive skills, such as somatic learning, in enhancing entrepreneurial learning and performance in stressful situations [12]. Inglis emphasizes the importance of innovation and knowledge of intellectual property rights for entrepreneurial success [13]. Putri underscores the need for entrepreneurs to think creatively and innovatively in order to thrive in dynamic business environments [14]. Overall, entrepreneurial skills are multifaceted and encompass a range of competencies that are essential for startups to succeed.

While numerous studies acknowledge the significance of these skills, a gap exists in understanding the specific nuances of entrepreneurial skills within the context of West Java. This research seeks to contribute by uncovering the unique skill sets that distinguish successful startups in the region.

2.2 Business Mentoring

Business mentoring plays a crucial role in the entrepreneurial journey by providing guidance, knowledge transfer, and emotional
support to startups. Mentoring relationships have a transformative impact on startup performance, contributing to the development of strategic thinking and problem-solving abilities in entrepreneurs [15]–[18]. Mentoring programs at universities have been effective in supporting student entrepreneurship, but there is a need for more information on the long-term success of student or graduate businesses [19]. Peer networking and support groups can help reduce the isolation experienced by entrepreneurs and create informal learning opportunities. A comprehensive and situational role taxonomy for entrepreneurial mentoring has been developed, which can be used in formal training programs for both mentors and mentees. Overall, business mentoring is a catalyst for enhancing startup performance and facilitating effective learning in the entrepreneurial context.

However, the landscape of business mentoring is diverse, with variations in mentorship styles, duration, and the industries involved. This study aims to fill a gap by examining the specific characteristics of business mentoring that prove most beneficial for startups in West Java.

2.3 Gaps in the Literature

While the literature provides a robust foundation, certain gaps warrant further exploration. Limited attention has been given to the intersectionality of entrepreneurial skills and business mentoring, particularly in the context of specific geographical regions such as West Java. Additionally, there is a scarcity of empirical studies that quantitatively analyze the combined impact of these factors on startup growth and success. This research seeks to address these gaps by offering a nuanced understanding of the relationships between entrepreneurial skills, business mentoring, and startup outcomes in the context of West Java.

2.4 Theoretical Framework

Entrepreneurial skills are considered valuable resources that contribute to competitive advantage for startups. These skills can be acquired through interactions with mentors, as suggested by Social Cognitive Theory. Observational learning and social influence play a significant role in shaping entrepreneurial behavior. The Resource-Based View (RBV) posits that a firm's success depends on its ability to leverage unique resources and capabilities. In the context of startups, entrepreneurial skills can be viewed as valuable resources that contribute to competitive advantage. The role of observational learning and social influence in shaping behavior [20]. The RBV as a framework for understanding the importance of leveraging unique resources and capabilities for firm success [21].

3. METHODS

This study adopts a quantitative research design to systematically collect and analyze numerical data. The aim is to provide empirical evidence regarding the relationship between entrepreneurial skills, business mentoring, and startup outcomes in West Java. The population under study consists of startups in West Java, covering a wide range of industries and growth stages. Given the breadth of the entrepreneurial landscape, a sample size of 120 startups was selected to ensure a representative share of the population, initially 150 questionnaires were distributed but only 120 samples provided complete responses. The selection will be stratified to account for industry diversity, size, and maturity level.
3.1 Variables

a. Independent Variables
1. Entrepreneurial Skills: Measured using a validated survey instrument adapted from previous research, including indicators of basic skills, specific skills and entrepreneurial skills such as opportunity recognition, resource utilization, risk management, and creativity.
2. Business Mentoring: Assessed through self-reported measures that capture the frequency and depth of mentoring relationships, mentor characteristics, and perceived impact of mentoring on entrepreneurial skills.

b. Dependent Variables
1. Startup Growth: Operationalized with indicators such as revenue growth, market expansion, and employee hiring rate.
2. Startup Success: Defined through a composite measure, taking into account factors such as profitability, customer satisfaction, and sustainable market presence.

3.2 Instrumentation
The survey instrument is pre-tested on a small sample of startups to ensure clarity, relevance, and reliability. Adjustments will be made based on pre-test feedback to improve the validity of the instrument.

3.3 Data Analysis
Structural Equation Modeling (PLS-SEM): The main analysis will utilize PLS-SEM to explore the relationships between entrepreneurial skills, business mentoring, and startup outcomes. PLS-SEM allows for the simultaneous examination of multiple dependent and independent variables, providing a holistic understanding of the interrelationships in the model.

4. RESULTS AND DISCUSSION
4.1 Results
a. Demographic Respondents
The demographic characteristics of 120 startups in West Java were analyzed in this study. The industry distribution of startups shows that 35% are in the technology sector, 28% in manufacturing, 22% in services, and 15% in other fields. In terms of size, 45% of startups are small, with 1-20 employees, 32% are medium-sized, with 21-100 employees, and 23% are large, with more than 100 employees. The growth stage distribution revealed that 38% of the startups are in the early stage, 42% are in the growth stage, and 20% are in the maturity stage. Geographically, 30% of startups are located in Bandung, 25% in Jakarta (in West Java), 18% in Bekasi, and 27% in other cities. In terms of funding sources, 55% of startups are self-funded, 18% receive funding from angel investors, 15% from venture
capital, and 12% from government grants.

b. Validity and Reliability

Table 1. Validity and Reliability Test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Code</th>
<th>Loading Factor</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Mentoring</td>
<td>BUSM.1</td>
<td>0.756</td>
<td>0.798</td>
<td>0.882</td>
<td>0.715</td>
</tr>
<tr>
<td></td>
<td>BUSM.2</td>
<td>0.887</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BUSM.3</td>
<td>0.886</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Skills</td>
<td>ENS.1</td>
<td>0.881</td>
<td>0.905</td>
<td>0.940</td>
<td>0.840</td>
</tr>
<tr>
<td></td>
<td>ENS.2</td>
<td>0.936</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENS.3</td>
<td>0.931</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>GRO.1</td>
<td>0.889</td>
<td>0.775</td>
<td>0.870</td>
<td>0.691</td>
</tr>
<tr>
<td></td>
<td>GRO.2</td>
<td>0.835</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GRO.3</td>
<td>0.766</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Startup Success</td>
<td>STAS.1</td>
<td>0.890</td>
<td>0.840</td>
<td>0.904</td>
<td>0.758</td>
</tr>
<tr>
<td></td>
<td>STAS.2</td>
<td>0.876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>STAS.3</td>
<td>0.845</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The loading factors for the indicators of the business mentoring construct (BUSM.1, BUSM.2, BUSM.3) range from 0.756 to 0.887, indicating a strong relationship with the latent construct. The Cronbach's Alpha for business mentoring is 0.798, indicating good internal consistency. The composite reliability is 0.882, further confirming the reliability of the construct. The average variance extracted (AVE) for business mentoring is 0.715, indicating convergent validity.

For the entrepreneurial skills construct (ENS.1, ENS.2, ENS.3), the loading factors range from 0.881 to 0.936, indicating a robust association. The Cronbach's Alpha is 0.905, indicating excellent internal consistency. The composite reliability is 0.940, demonstrating reliability. The AVE for entrepreneurial skills is 0.840, indicating convergent validity.

The loading factors for the indicators of the growth construct (GRO.1, GRO.2, GRO.3) range from 0.766 to 0.889, indicating a strong connection. The Cronbach's Alpha is 0.775, indicating good internal consistency. The composite reliability is 0.870, demonstrating reliability. The AVE for growth is 0.691, meeting the criteria for convergent validity.

For the startup success construct (STAS.1, STAS.2, STAS.3), the loading factors range from 0.845 to 0.890, indicating a robust association. The Cronbach's Alpha is 0.840, indicating excellent internal consistency. The composite reliability is 0.904, demonstrating reliability. The AVE for startup success is 0.758, meeting the criteria for convergent validity.

The high loading factors, Cronbach's Alpha values, composite reliabilities, and AVE scores across all constructs indicate the robustness, reliability, and validity of the measurement model. These measures provide confidence in the accuracy and consistency of the data, reinforcing the credibility of the study's findings. Researchers and practitioners can rely on these measures to draw meaningful conclusions and make informed decisions based on the data collected.
Table 2. The Acceptability of Discrimination

<table>
<thead>
<tr>
<th></th>
<th>Business Mentoring</th>
<th>Entrepreneurial Skills</th>
<th>Growth</th>
<th>Startup Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Mentoring</td>
<td>0.845</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Skills</td>
<td>0.716</td>
<td>0.917</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>0.829</td>
<td>0.683</td>
<td>0.832</td>
<td></td>
</tr>
<tr>
<td>Startup Success</td>
<td>0.638</td>
<td>0.654</td>
<td>0.719</td>
<td>0.870</td>
</tr>
</tbody>
</table>

The correlation matrix presented above showcases the relationships between the latent constructs: Business Mentoring, Entrepreneurial Skills, Growth, and Startup Success. The values represent the Pearson correlation coefficients, ranging from -1 to 1, indicating the strength and direction of the associations between the constructs. Business Mentoring has a moderate positive correlation with Entrepreneurial Skills (0.716), Growth (0.829), and Startup Success (0.638). Entrepreneurial Skills have a moderate positive correlation with Growth (0.683) and Startup Success (0.654). Growth has a moderate positive correlation with Startup Success (0.719) [3]. The correlation of 0.870 indicates a strong positive association between Growth and Startup Success. These findings highlight the importance of effective business mentoring in fostering entrepreneurial skills, driving growth, and ultimately contributing to startup success. The interconnected relationships between these constructs emphasize the need for a comprehensive and integrated approach to support startups. These findings provide actionable insights for practitioners, indicating that interventions targeting multiple aspects of the entrepreneurial journey may yield more substantial positive outcomes for startups. Figure 1 below shows how this internal validity and reliability is established.

Figure 1. Internal Research Model
c. Hypothesis

The PLS-SEM analysis provides insights into the relationships between variables in the Table 3:

| Hypothesis                                      | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|-------------------------------------------------|---------------------|-----------------|---------------------------|----------------------|----------|
| Business Mentoring → Growth                     | 0.699               | 0.699           | 0.064                     | 10.903               | 0.000    |
| Business Mentoring → Startup Success            | 0.349               | 0.351           | 0.111                     | 3.132                | 0.002    |
| Entrepreneurial Skills → Growth                 | 0.183               | 0.183           | 0.077                     | 2.366                | 0.018    |
| Entrepreneurial Skills → Startup Success        | 0.405               | 0.404           | 0.115                     | 3.523                | 0.000    |

Business mentoring has a significant positive impact on both startup growth and success. The relationship between business mentoring and growth is statistically significant, with a high T statistic of 10.903 and a p-value of 0.000. Similarly, the relationship between business mentoring and startup success is also statistically significant, with a T statistic of 3.132 and a p-value of 0.002. Entrepreneurial skills also have a significant positive impact on both startup growth and success. The relationship between entrepreneurial skills and growth is statistically significant, with a T statistic of 2.366 and a p-value of 0.018. Additionally, the relationship between entrepreneurial skills and startup success is also statistically significant, with a T statistic of 3.523 and a p-value of 0.000. These findings provide empirical support for the importance of business mentoring and entrepreneurial skills in driving startup success.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>0.704</td>
<td>0.699</td>
</tr>
<tr>
<td>Startup Success</td>
<td>0.487</td>
<td>0.478</td>
</tr>
</tbody>
</table>

The R-Square and Adjusted R-Square values provide insights into the goodness-of-fit of the regression models for Growth and Startup Success. These metrics help evaluate how well the independent variables (Business Mentoring and Entrepreneurial Skills) explain the variability in the dependent variables (Growth and Startup Success). The R-Square value of 0.704 indicates that approximately 70.4% of the variability in the Growth of startups can be explained by the combined influence of Business Mentoring and Entrepreneurial Skills in the regression model. This suggests a strong explanatory power, emphasizing that a substantial portion of the observed variation in startup growth can be attributed to the selected independent variables. The Adjusted R-Square, which considers the number of predictors and the sample size, is 0.699. This adjusted value is...
slightly lower than the R-Square, indicating that the model is still robust even after accounting for the complexity of the model. The R-Square value of 0.487 implies that approximately 48.7% of the variability in Startup Success can be explained by the combined influence of Business Mentoring and Entrepreneurial Skills in the regression model. While slightly lower than the R-Square for Growth, this is still a substantial proportion, indicating a moderate to strong explanatory power. The Adjusted R-Square, accounting for the model’s complexity, is 0.478. This adjusted value reflects a slightly lower but still significant explanatory power of the model for Startup Success.

Table 5. Model Fit

<table>
<thead>
<tr>
<th></th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.111</td>
<td>0.116</td>
</tr>
<tr>
<td>d_ULS</td>
<td>0.965</td>
<td>1.052</td>
</tr>
<tr>
<td>d_G</td>
<td>0.450</td>
<td>0.488</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>299.488</td>
<td>306.684</td>
</tr>
<tr>
<td>NFI</td>
<td>0.735</td>
<td>0.728</td>
</tr>
</tbody>
</table>

Both the Saturated Model and the Estimated Model show reasonably good fit to the data based on the fit indices. The SRMR values for both models are around 0.11 to 0.12, indicating a reasonably good fit. The d_ULS values are 0.965 for the Saturated Model and 1.052 for the Estimated Model, suggesting a comparable fit to the data. The d_G values are 0.450 for the Saturated Model and 0.488 for the Estimated Model, indicating a slightly less favorable fit for the Estimated Model. The Chi-Square values for both models are 299.488 (Saturated Model) and 306.684 (Estimated Model), but Chi-Square is sensitive to sample size and other fit indices should be considered. The NFI values are 0.735 for the Saturated Model and 0.728 for the Estimated Model, indicating a comparable fit for both models.

4.2 Discussion

The positive correlation between entrepreneurial skills and startup growth is in line with various studies highlighting the importance of skills such as creativity and risk-taking in driving business expansion and echoes the same sentiment, emphasizing the critical role of entrepreneurial skills in shaping the trajectory of startups. This research adds nuance by examining specific skills and their impact on growth, contributing to the growing discourse on the importance of skills in entrepreneurial success. Several studies have emphasized the importance of these skills in driving business expansion. The research conducted by Manickam and Abd Rozan adds nuance to this understanding by examining specialized skills and their impact on growth. This contributes to the growing discourse on the importance of skills in entrepreneurial success (Manafe et al., 2023). The study found that entrepreneurial competencies, including intention, entrepreneurial education, and learning, are strongly related to entrepreneurial skills (Manafe et al., 2023). In addition, the study by Pangaribuan, Putra, and Hidayat highlighted the influence of factors such as role models, self-efficacy, and subjective norms on entrepreneurial intentions, further emphasizing the role of skills in shaping startup trajectories (Baldo et al., 2023). Overall, these findings support the idea that entrepreneurial skills play an important role in the success and growth of startups.
The observed positive correlation between business mentoring and entrepreneurial skill development reinforces the symbiotic relationship between mentoring and skill enhancement. The influential role of mentors in nurturing entrepreneurial capabilities. This study further reinforces the importance of mentorship in fostering a skill-rich entrepreneurial environment, aligning with the broader literature on mentorship. The influential role of mentors in developing entrepreneurial capabilities is highlighted in several studies (Kim, 2023a; Newman et al., 2019; Welbourne Eleazar & Miller, 2022b). These studies further reinforce the importance of mentoring in fostering a skills-rich entrepreneurial environment, in line with the broader literature on mentoring (Damnjanovic et al., 2021; Nabi et al., 2021).

The strong relationship between the quality of business mentorship and overall startup success echoes the sentiments of various experts who emphasize the critical role that mentors play in shaping the fate of startups. The multifaceted impact of mentorship on startup success. The current findings contribute by determining the dimensions of mentorship that significantly influence success, providing a more nuanced understanding of the dynamics of mentorship. Mentoring plays a critical role in shaping startup success by providing quality business guidance. The dimensions of mentorship that significantly influence startup success have been determined, providing a more nuanced understanding of mentorship dynamics (Dost et al., 2022; Eesley & Wu, 2019; Kim, 2023b; Mokhtar et al., 2023; Welbourne Eleazar & Miller, 2022c). The impact of mentoring on startup success is multifaceted, with factors such as mentor characteristics, mentoring functionality, and support from operating institutions influencing mentoring effectiveness. The mentor's ability to implement information exchange and assist in the mentoring program greatly affects the mentee's self-efficacy, which in turn leads to higher leadership development. Selection of mentors with diverse social networks is important to benefit from adaptable strategies in digital ventures. Mentor expectations can hinder venture creation, but this relationship can be mediated by a sense of having nothing to lose and entrepreneurial resilience. The way mentors provide feedback influences an entrepreneur's decision to pivot, with factors such as the concreteness of the feedback, the experience of the entrepreneur, the time to implement the feedback and the distance of the mentor's expertise influencing the likelihood of pivoting.

Despite the valuable insights gained, the study has limitations. The sample size, while representative, may not capture the full diversity of West Java's startup ecosystem. Additionally, the reliance on self-reported data introduces the possibility of response bias. Future research endeavors could explore the longitudinal effects of entrepreneurial skills and business mentoring on startups to provide a more nuanced understanding of sustained impacts over time.

5. CONCLUSION

In conclusion, this research illuminates critical facets of the startup landscape in West Java, shedding light on the factors driving growth and success. The high mean scores for entrepreneurial skills, coupled with positive correlations, underscore the pivotal role of these skills in propelling startups forward. Moreover, the
study advocates for the strategic importance of business mentoring, revealing its substantial influence on both entrepreneurial skills enhancement and startup success. The comprehensive analysis of model fit indices further bolsters the credibility of the findings. This research contributes to the broader understanding of startup dynamics and offers practical implications for stakeholders aiming to nurture a flourishing entrepreneurial environment in West Java. As the region continues to evolve, these insights serve as a compass guiding future initiatives and policies to support and amplify the impact of startups in West Java’s vibrant entrepreneurial landscape.

REFERENCES


