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The Effects of Entrepreneurial Competency and Entrepreneurial Orientation on Micro and Small Enterprise Business Performance Through Behavioral Commitment in South Manokwari Regency, West Papua

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Abstract

This study aims to examine the effects of entrepreneurial competency and entrepreneurial orientation on business performance through behavioral commitment among Micro and Small Enterprises in South Manokwari Regency, West Papua Province. A quantitative research approach was employed using a survey method. The population consisted of 830 Micro and Small Enterprises, and 168 respondents were selected through purposive sampling. Data were collected using structured questionnaires and analyzed using Partial Least Squares Structural Equation Modeling. The findings indicate that entrepreneurial competency and entrepreneurial orientation have positive and significant effects on behavioral commitment and business performance. Behavioral commitment also has a positive and significant effect on business performance. Furthermore, behavioral commitment significantly mediates the relationship between entrepreneurial competency and business performance as well as the relationship between entrepreneurial orientation and business performance. The results suggest that entrepreneurs possessing higher levels of knowledge, managerial capability, innovativeness, proactiveness, and risk-taking behavior tend to demonstrate stronger commitment toward business activities, which subsequently contributes to improved business performance. The study concludes that entrepreneurial competency and entrepreneurial orientation represent important strategic resources that enhance business performance directly and indirectly through behavioral commitment. These findings provide empirical evidence regarding the importance of strengthening entrepreneurial capabilities and commitment to improve the competitiveness and sustainability of Micro and Small Enterprises in regional economic contexts.

Introduction

Micro and Small Enterprises (MSEs) have become one of the most important pillars of economic development in both developed and developing countries. Their contribution extends beyond employment creation and income generation to include poverty reduction, regional economic development, and economic resilience. In Indonesia, MSEs dominate the national business structure and continue to play a strategic role in supporting economic growth. According to the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, MSEs account for more than 99 percent of all business units and absorb approximately 97 percent of the national workforce, making them a vital component of the Indonesian economy. The sustainability and competitiveness of MSEs therefore remain important concerns for policymakers, academics, and practitioners. The strategic role of MSEs is particularly significant in eastern Indonesia, including West Papua Province, where economic activities are largely driven by small-scale business operations (Micro, 2024; Salle et al., 2025; Maghfiroh, 2025; Awirya et al., 2025). MSEs in this region serve as important instruments for local economic development and employment generation. Despite their strategic contribution, many MSEs continue to experience difficulties in improving business performance due to various structural and managerial constraints. Limited access to financial resources, inadequate entrepreneurial capabilities, low innovation intensity, restricted market access, and weak managerial practices remain persistent challenges that hinder business growth and sustainability. These conditions are more evident in South Manokwari Regency, where geographical limitations and relatively underdeveloped business ecosystems create additional barriers to enterprise development. Such circumstances highlight the importance of identifying organizational factors that can enhance business performance and strengthen the competitiveness of MSEs.

Business performance is widely regarded as a critical indicator of organizational success because it reflects a firm's ability to achieve strategic objectives, sustain growth, improve profitability, and maintain competitiveness in dynamic business environments. Superior business performance enables enterprises to expand market opportunities, increase customer satisfaction, strengthen operational efficiency, and achieve long-term sustainability. Differences in business performance among MSEs often indicate differences in the quality of entrepreneurial resources, managerial capabilities, and strategic behaviors possessed by business owners. Consequently, understanding the determinants of business performance has become one of the central themes in entrepreneurship and small business research (Arabeche et al., 2022; Yahaya & Nadarajah, 2023; Suriyankietkaew, 2023; Mhlongo & Daya, 2023).

The Resource-Based View (RBV) provides an important theoretical foundation for explaining variations in organizational performance. RBV argues that firms achieve superior performance through the possession and effective utilization of valuable, rare, inimitable, and non-substitutable resources (Zvarimwa & Zimuto, 2022; Kero & Bogale, 2023; Varadarajan, 2023; Lubis et al., 2026). Organizational resources are not limited to physical and financial assets but also include intangible resources such as knowledge, skills, competencies, attitudes, and behavioral characteristics. Within this perspective, entrepreneurial competency and entrepreneurial orientation can be viewed as strategic resources capable of generating sustainable competitive advantages and improving organizational outcomes.

Entrepreneurial competency represents one of the most important intangible resources possessed by entrepreneurs. Entrepreneurial competency refers to the knowledge, skills, abilities, and personal characteristics that enable entrepreneurs to identify opportunities, solve business problems, allocate resources efficiently, and manage organizational activities effectively. Entrepreneurs with higher competency levels are generally better equipped to adapt to environmental changes, recognize emerging market opportunities, and implement strategic decisions that support business growth. Previous studies have consistently highlighted the importance of entrepreneurial competency in enhancing organizational effectiveness and business performance. Recent research indicates that entrepreneurial competency contributes significantly to innovation capability, organizational adaptability, and business sustainability, ultimately improving firm performance (Hidayati et al., 2025; Nuryakin, 2024). Entrepreneurs possessing strong competencies are more capable of transforming available resources into productive outcomes and creating value for customers and stakeholders.

Entrepreneurial orientation has also received substantial attention in entrepreneurship literature as an important determinant of organizational performance. Entrepreneurial orientation reflects a firm's strategic posture characterized by innovativeness, proactiveness, and risk-taking behavior (Lumpkin & Dess, 1996). Firms with strong entrepreneurial orientation actively seek new opportunities, introduce innovative products and services, anticipate market changes, and demonstrate willingness to undertake calculated risks in pursuit of competitive advantages. Contemporary entrepreneurship research recognizes entrepreneurial orientation as a critical capability that enables firms to respond effectively to environmental uncertainty and market competition. Recent empirical studies have demonstrated that entrepreneurial orientation positively influences firm growth, innovation outcomes, market competitiveness, and business performance (Ngo et al., 2023; Pusparini et al., 2024; Jang, 2025). Although entrepreneurial competency and entrepreneurial orientation have been widely recognized as important determinants of organizational success, empirical findings concerning their effects on business performance remain inconsistent (Gomes et al., 2022; Arabeche et al., 2022; Aftab et al., 2024). Numerous studies have reported significant positive relationships between entrepreneurial characteristics and performance outcomes. However, other studies have found weaker effects, context-dependent relationships, or indirect influences that operate through intervening organizational mechanisms. Such inconsistencies suggest that entrepreneurial resources may not automatically generate superior performance unless they are supported by behavioral and organizational processes that facilitate their effective utilization. Consequently, understanding the mechanisms through which entrepreneurial competency and entrepreneurial orientation influence business performance remains an important issue requiring further investigation.

One potential mechanism that may explain this relationship is behavioral commitment. Behavioral commitment refers to an individual's dedication, persistence, responsibility, and willingness to exert effort toward achieving organizational goals. Entrepreneurs with strong behavioral commitment are more likely to remain focused on business objectives, persist in overcoming challenges, maintain strategic consistency, and demonstrate resilience in uncertain environments. Commitment influences not only individual behavior but also organizational outcomes because committed entrepreneurs tend to allocate resources more effectively, sustain innovation initiatives, and pursue long-term business development strategies. From an organizational behavior perspective, entrepreneurial competency and entrepreneurial orientation may produce superior performance only when entrepreneurs are committed to implementing and maintaining entrepreneurial actions. Therefore, behavioral commitment can be viewed as an important psychological mechanism linking entrepreneurial resources to organizational outcomes (Aryee et al., 2025; Soonsan et al., 2025; Afaishat et al., 2025).

Recent studies have increasingly emphasized the role of commitment-related constructs in explaining entrepreneurial success and organizational performance. Evidence suggests that commitment strengthens strategic implementation, enhances organizational resilience, and improves the effectiveness of entrepreneurial initiatives (Adam, 2024; Mahmoud et al., 2023). Entrepreneurs who exhibit stronger commitment are generally more capable of translating entrepreneurial knowledge and strategic orientation into concrete business actions. These findings indicate that behavioral commitment may serve as a critical pathway through which entrepreneurial competency and entrepreneurial orientation contribute to improved business performance.

Despite the growing body of entrepreneurship literature, several important research gaps remain. First, most previous studies have examined entrepreneurial competency and entrepreneurial orientation as direct predictors of business performance, while relatively limited attention has been given to the mediating role of behavioral commitment. Second, empirical findings regarding the influence of entrepreneurial characteristics on business performance remain inconsistent across different contexts, suggesting the need for additional explanatory mechanisms. Third, studies integrating entrepreneurial competency, entrepreneurial orientation, behavioral commitment, and business performance within a single research framework remain scarce (Ahmad et al., 2022; Sakib et al., 2022). Fourth, empirical evidence from peripheral economic regions such as South Manokwari Regency is still limited despite the unique challenges faced by enterprises operating in geographically constrained environments. This study addresses these gaps by examining the effects of entrepreneurial competency and entrepreneurial orientation on business performance through the mediating role of behavioral commitment among MSEs in South Manokwari Regency, West Papua

Province. The study extends the Resource-Based View by positioning behavioral commitment as a strategic behavioral mechanism that facilitates the transformation of entrepreneurial resources into superior business outcomes. The proposed model integrates entrepreneurial competency, entrepreneurial orientation, behavioral commitment, and business performance within a single framework, thereby providing a more comprehensive explanation of entrepreneurial success.

The contribution of this study is threefold. Theoretically, the study enriches entrepreneurship literature by extending the Resource-Based View through the incorporation of behavioral commitment as a mediating construct. Empirically, the study provides evidence from an underexplored regional context characterized by limited resources and unique economic conditions. Practically, the findings are expected to provide valuable insights for entrepreneurs, business development institutions, and policymakers in designing strategies to strengthen entrepreneurial capabilities, enhance commitment, and improve business performance. Therefore, this study aims to analyze the effects of entrepreneurial competency and entrepreneurial orientation on business performance and to examine the mediating role of behavioral commitment among micro and small enterprises in South Manokwari Regency, West Papua Province.

Method

Research Design

This study employed a quantitative research design using an explanatory survey approach to investigate the relationships among entrepreneurial competency, entrepreneurial orientation, behavioral commitment, and business performance among Micro and Small Enterprises (MSEs) in South Manokwari Regency, West Papua Province. A quantitative design was selected because the primary objective of the study was to examine causal relationships among latent constructs and to empirically test the proposed theoretical model using statistical techniques. Unlike qualitative approaches that emphasize understanding individual experiences, quantitative research enables the measurement of relationships among variables using standardized instruments and statistical inference.

The explanatory survey method was considered appropriate because the study sought not only to describe the characteristics of entrepreneurs but also to explain how entrepreneurial competency and entrepreneurial orientation influence business performance, both directly and indirectly through behavioral commitment. The research adopted a cross-sectional design, in which data were collected from respondents at a single point in time. This design was considered suitable because all research variables represent relatively stable organizational characteristics that can be adequately measured through a one-time survey.

The theoretical model underlying this study is based on the Resource-Based View (RBV), which posits that intangible organizational resources, such as entrepreneurial competency and entrepreneurial orientation, constitute strategic capabilities that enhance organizational performance. Behavioral commitment is positioned as a mediating mechanism through which these strategic resources are transformed into superior business performance. Accordingly, the proposed research model includes entrepreneurial competency and entrepreneurial orientation as exogenous variables, behavioral commitment as the mediating variable, and business performance as the endogenous variable.

Research Location and Population

The research was conducted in South Manokwari Regency, West Papua Province, Indonesia. This region was selected because Micro and Small Enterprises (MSEs) play an important role in supporting regional economic development despite operating under conditions characterized by geographical constraints, limited infrastructure, restricted market access, and relatively low levels of entrepreneurial development. These characteristics provide an appropriate context for investigating entrepreneurial behavior and business performance. The target population consisted of all registered Micro and Small Enterprises operating within South Manokwari Regency. According to data obtained from the local government and the Office of Cooperatives and Small Enterprises, the total number of active MSEs was 830 business units. The unit of analysis was the owner or manager of each enterprise because they possess comprehensive knowledge regarding entrepreneurial competency, entrepreneurial orientation, commitment toward business activities, and organizational performance. These individuals are directly involved in strategic decision-making and therefore represent the most appropriate respondents for this study.

Sampling Technique and Sample Size

This study employed purposive sampling, a non-probability sampling technique in which respondents were selected based on specific criteria relevant to the objectives of the research. Purposive sampling was considered appropriate because not all business owners possess sufficient experience to evaluate entrepreneurial competency, entrepreneurial orientation, behavioral commitment, and business performance accurately. To ensure the quality and relevance of the collected data, respondents were required to satisfy the following criteria: The respondent must own or manage a Micro or Small Enterprise operating in South Manokwari Regency. The respondent must actively participate in managerial and strategic business decision-making. The business must have been operating continuously for at least two years to ensure that the owner has accumulated adequate entrepreneurial experience and that business performance can be meaningfully evaluated.

The determination of sample size followed the recommendation proposed by Hair et al. (2010), who suggested that the minimum sample size for multivariate analysis should range between five and ten times the total number of measurement indicators. Since this study utilized fifteen observed indicators representing four latent constructs, the minimum required sample ranged from 75 to 150 respondents. A total of 168 questionnaires were distributed to respondents meeting the sampling criteria. All questionnaires were returned and deemed complete after data screening. Consequently, 168 valid responses were included in the final analysis. This sample size exceeds the recommended minimum requirement and is considered adequate for Partial Least Squares Structural Equation Modeling (PLS-SEM), which performs well with moderate sample sizes and complex structural models.

Variables and Operational Definitions

The study investigates four latent variables consisting of two independent variables, one mediating variable, and one dependent variable. Entrepreneurial competency represents the entrepreneur's knowledge, managerial capabilities, opportunity recognition skills, and problem-solving abilities that enable effective business management. Entrepreneurial orientation reflects the entrepreneur's strategic posture characterized by innovativeness, proactiveness, and willingness to undertake calculated risks. Behavioral commitment refers to the entrepreneur's dedication, persistence, responsibility, and willingness to devote effort toward achieving business objectives. Business performance represents the extent to which business objectives are achieved through improvements in sales growth, profitability, market expansion, and overall organizational performance. The operationalization of each construct was developed from well-established theories and empirical studies to ensure content validity. Entrepreneurial competency was adapted from Mitchelmore & Rowley (2010). Entrepreneurial orientation was adapted from Lumpkin & Dess (1996) and Rauch et al. (2009). Behavioral commitment was measured using indicators adapted from Meyer & Allen (1997). Business performance was measured using indicators adapted from Wiklund & Shepherd (2005) and Rauch et al. (2009).

Research Instrument

Primary data were collected using a structured questionnaire designed to measure each latent construct included in the conceptual framework. The questionnaire consisted of two sections. The first section collected respondents' demographic information, including gender, age, educational background, type of business, and business experience. The second section contained statements measuring entrepreneurial competency, entrepreneurial orientation, behavioral commitment, and business performance. Each statement was measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale was selected because it enables respondents to express varying degrees of agreement while facilitating statistical analysis of latent constructs. Prior to the main survey, the questionnaire was reviewed to ensure clarity, relevance, and consistency with the theoretical definitions of each construct.

Data Collection Procedure

Data collection was conducted through direct distribution of questionnaires to eligible respondents between the designated research period. Before distributing the questionnaires, permission was obtained from the relevant local authorities and business associations operating within South Manokwari Regency.Respondents were informed about the purpose of the research, the voluntary nature of participation, and the confidentiality of their responses. Only respondents who agreed to participate completed the questionnaire. The researcher remained available during data collection to clarify any questions concerning questionnaire items without influencing respondents' answers. After collection, all questionnaires were screened to identify incomplete responses, inconsistent answers, or missing values. Only fully completed questionnaires satisfying the research criteria were retained for further statistical analysis.

Measurement of Variables

All latent variables were measured reflectively using multiple indicators. Entrepreneurial competency was measured through four indicators representing entrepreneurial knowledge, managerial skills, opportunity recognition capability, and problem-solving ability. Entrepreneurial orientation was measured through innovativeness, proactiveness, and risk-taking behavior. Behavioral commitment was measured through dedication, persistence, responsibility, and willingness to exert effort toward organizational objectives. Business performance was measured through sales growth, profitability, market growth, and overall business achievement. Each indicator was adapted from validated instruments reported in previous entrepreneurship literature. Minor wording modifications were introduced to improve contextual suitability for Micro and Small Enterprises operating in South Manokwari Regency while preserving the conceptual meaning of the original scales.

Data Analysis Technique

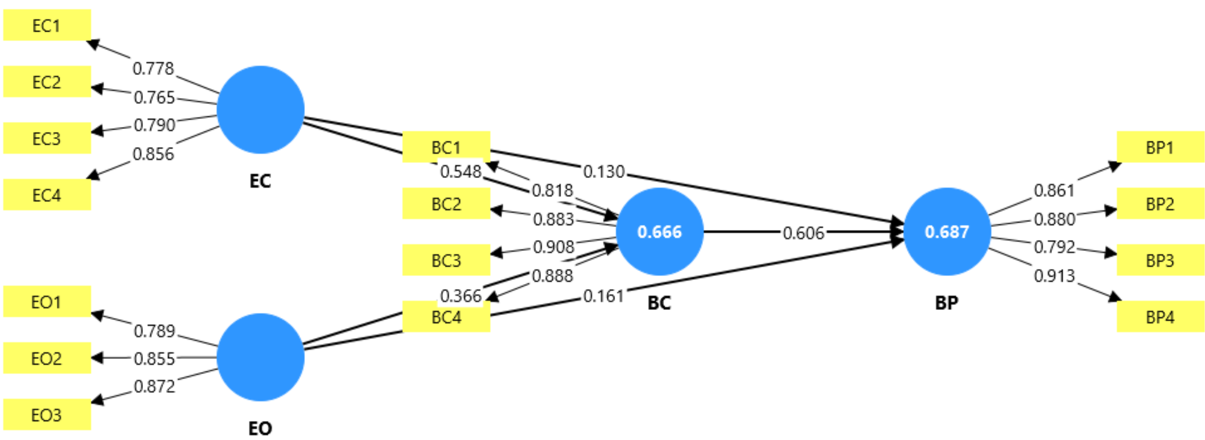
The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. PLS-SEM was selected because it is particularly suitable for predictive research, accommodates complex structural relationships involving mediation effects, does not require multivariate normality, and performs effectively with relatively moderate sample sizes. Furthermore, PLS-SEM is appropriate when the primary objective is theory development and prediction rather than covariance reproduction. The analysis followed the two-stage procedure recommended by Hair et al. (2022), consisting of measurement model evaluation followed by structural model evaluation. The measurement model assessment examined indicator reliability, convergent validity, discriminant validity, internal consistency reliability, and collinearity. Indicator reliability was assessed using outer loading values with a minimum threshold of 0.70. Convergent validity was evaluated using Average Variance Extracted (AVE), where values exceeding 0.50 indicate satisfactory convergent validity. Internal consistency reliability was examined through Cronbach's Alpha and Composite Reliability, both requiring minimum values of 0.70. Discriminant validity was evaluated using the Heterotrait-Monotrait Ratio (HTMT), where values below 0.90 indicate adequate construct distinctiveness. Multicollinearity among indicators was assessed using Variance Inflation Factor (VIF), with values below 5.00 indicating no collinearity problems.

Following confirmation of measurement model adequacy, the structural model was evaluated by examining the coefficient of determination (R^2), effect size (f^2), predictive relevance where applicable, and overall model fit using the Standardized Root Mean Square Residual (SRMR). Direct effects and indirect effects among constructs were estimated using the bootstrapping procedure with 5,000 resamples. Hypotheses were considered statistically supported when the bootstrapping results produced a t-statistic greater than 1.96 and a p-value below 0.05 at the 95% confidence level. The mediating role of behavioral commitment was assessed through indirect effect analysis. Mediation was determined by evaluating the significance of both direct and indirect effects in accordance with current PLS-SEM guidelines.

Result and Discussion

Measurement Model Evaluation

The measurement model was evaluated to assess indicator reliability, convergent validity, discriminant validity, and collinearity before testing the structural relationships among entrepreneurial competency, entrepreneurial orientation, behavioral commitment, and business performance. The assessment of the measurement model is essential to ensure that the constructs adequately measure the intended latent variables and satisfy the requirements of Partial Least Squares Structural Equation Modeling (PLS-SEM)



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Indicator Reliability

Indicator reliability was assessed using outer loading values. According to Hair et al. (2022), indicators with loading values greater than 0.70 are considered reliable and capable of adequately representing their corresponding latent constructs. The results of the outer loading assessment are presented in Table 1.

Table 1. Outer Loading Values

Construct	Indicator	Loading
Behavioral Commitment	BC1	0.818
	BC2	0.883
	BC3	0.908
	BC4	0.888
Business Performance	BP1	0.861
	BP2	0.880
	BP3	0.792
	BP4	0.913
Entrepreneurial Competency	EC1	0.778
	EC2	0.765
	EC3	0.790
	EC4	0.856
Entrepreneurial Orientation	EO1	0.789
	EO2	0.855
	EO3	0.872

Source: Primary data processed using SmartPLS 4 (2026).

The results indicate that all indicators achieved loading values above the recommended threshold of 0.70, ranging from 0.765 to 0.913. The highest loading value was observed for BP4 (0.913), while the lowest loading value was recorded for EC2 (0.765). These findings confirm that all indicators demonstrate satisfactory reliability and adequately represent their respective latent constructs. Therefore, all indicators were retained for further analysis.

Reliability and Convergent Validity

Convergent validity and internal consistency reliability were assessed using Average Variance Extracted (AVE), Cronbach's Alpha, and Composite Reliability. According to Hair et al. (2022), AVE values should exceed 0.50, while Cronbach's Alpha and Composite Reliability values should be greater than 0.70. The results are presented in Table 2.

Table 2. Reliability and Convergent Validity Assessment

Construct	Cronbach's Alpha	Composite Reliability	AVE
Behavioral Commitment	0.897	0.929	0.765
Business Performance	0.885	0.921	0.744
Entrepreneurial Competency	0.812	0.875	0.636
Entrepreneurial Orientation	0.791	0.877	0.705

Source: Primary data processed using SmartPLS 4 (2026).

The results demonstrate that all constructs achieved Cronbach's Alpha values ranging from 0.791 to 0.897 and Composite Reliability values ranging from 0.875 to 0.929, exceeding the recommended threshold of 0.70. Furthermore, all AVE values ranged from 0.636 to 0.765, surpassing the minimum criterion of 0.50. These findings confirm that the measurement model possesses satisfactory internal consistency reliability and convergent validity.

Discriminant Validity

Discriminant validity was evaluated using the Heterotrait-Monotrait Ratio (HTMT). The HTMT criterion is commonly used in PLS-SEM to determine whether latent constructs are empirically distinct from one another. The results are presented in Table 3.

Table 3. HTMT Ratio

Construct	BC	BP	EC	EO
Behavioral Commitment	-			
Business Performance	0.903	-		
Entrepreneurial Competency	0.854	0.798	-	
Entrepreneurial Orientation	0.799	0.759	0.699	-

Source: Primary data processed using SmartPLS 4 (2026).

The HTMT values ranged from 0.699 to 0.903. Most values remained below the recommended threshold of 0.90, indicating adequate discriminant validity among the constructs. Although the HTMT value between Behavioral Commitment and Business Performance slightly exceeded 0.90, the value remained close to the acceptable threshold and can be theoretically justified given the conceptual relationship between commitment and performance. Overall, the results indicate that the constructs possess acceptable discriminant validity.

Collinearity Assessment

Multicollinearity was assessed using Variance Inflation Factor (VIF) values. A VIF value below 5.00 indicates the absence of multicollinearity problems. The results are presented in Table 4.

Table 4. Collinearity Statistics (VIF)

Indicator	VIF
BC1	1.996
BC2	2.912
BC3	3.570
BC4	2.850
BP1	2.337
BP2	2.742
BP3	1.865
BP4	3.136
EC1	1.746
EC2	1.394
EC3	1.924
EC4	2.283
EO1	1.539
EO2	1.815
EO3	1.734

Source: Primary data processed using SmartPLS 4 (2026).

The VIF values ranged from 1.394 to 3.570, all of which were below the critical threshold of 5.00. These findings indicate that multicollinearity is not a concern in the measurement model and that each indicator contributes independently to its respective construct.

Structural Model Evaluation

The coefficient of determination (R^2) was used to assess the explanatory power of the structural model. The results are presented in Table 5.

Table 5. Coefficient of Determination (R^2)

Endogenous Construct	R^2	Adjusted R^2
Behavioral Commitment	0.666	0.662
Business Performance	0.687	0.681

Source: Primary data processed using SmartPLS 4 (2026).

The results indicate that entrepreneurial competency and entrepreneurial orientation jointly explain 66.6% of the variance in behavioral commitment. Furthermore, entrepreneurial competency, entrepreneurial orientation, and behavioral commitment collectively explain 68.7% of the variance in business performance. According to Hair et al. (2022), these values indicate substantial explanatory power and demonstrate that the proposed model effectively explains the endogenous constructs.

Effect Size (f^2)

The effect size (f^2) analysis was conducted to evaluate the relative contribution of each predictor variable to the endogenous constructs. The results are presented in Table 6.

Table 6. Effect Size (f^2)

Relationship	f^2	Interpretation
Entrepreneurial Competency → Behavioral Commitment	0.601	Large
Entrepreneurial Orientation → Behavioral Commitment	0.268	Medium
Behavioral Commitment → Business Performance	0.392	Large
Entrepreneurial Competency → Business Performance	0.023	Small
Entrepreneurial Orientation → Business Performance	0.044	Small

Source: Primary data processed using SmartPLS 4 (2026).

The findings reveal that entrepreneurial competency exerts a large effect on behavioral commitment, while entrepreneurial orientation demonstrates a moderate effect. Behavioral commitment also has a large effect on business performance. The direct effects of entrepreneurial competency and entrepreneurial orientation on business performance are relatively small, suggesting that behavioral commitment plays an important role in transmitting the effects of entrepreneurial characteristics to business performance.

Model Fit Assessment

Model fit was assessed using the Standardized Root Mean Square Residual (SRMR) and Normed Fit Index (NFI). The results are presented in Table 7.

Table 7. Model Fit Assessment

Fit Index	Value
SRMR	0.094
NFI	0.590

Source: Primary data processed using SmartPLS 4 (2026).

The SRMR value of 0.094 is below the recommended threshold of 0.10, indicating an acceptable model fit. The results suggest that the proposed structural model demonstrates an adequate level of fit and is suitable for hypothesis testing.

Hypothesis Testing

The structural relationships among the constructs were examined using the bootstrapping procedure with 5,000 resamples. A hypothesis was considered supported when the t-statistic exceeded 1.96 and the p-value was below 0.05. The results are presented in Table 8.

Table 8. Direct Effects and Hypothesis Testing

Hypothesis	Relationship	β	t-value	p-value	Decision
H1	Entrepreneurial Competency → Behavioral Commitment	0.548	12.543	0.000	Supported
H2	Entrepreneurial Orientation → Behavioral Commitment	0.366	6.043	0.000	Supported
H3	Entrepreneurial Competency → Business Performance	0.130	2.275	0.023	Supported
H4	Entrepreneurial Orientation → Business Performance	0.161	2.068	0.039	Supported
H5	Behavioral Commitment → Business Performance	0.606	8.155	0.000	Supported

Source: Primary data processed using SmartPLS 4 (2026).

The results demonstrate that entrepreneurial competency has a positive and significant effect on behavioral commitment ($\beta = 0.548$; $t = 12.543$; $p < 0.001$), supporting H1. Entrepreneurial orientation also positively and significantly influences behavioral commitment ($\beta = 0.366$; $t = 6.043$; $p < 0.001$), supporting H2. Entrepreneurial competency positively affects business performance ($\beta = 0.130$; $t = 2.275$; $p = 0.023$), supporting H3. Entrepreneurial orientation positively influences business performance ($\beta = 0.161$; $t = 2.068$; $p = 0.039$), supporting H4. Behavioral commitment positively and significantly affects business performance ($\beta = 0.606$; $t = 8.155$; $p < 0.001$), supporting H5.

Mediation Analysis

The mediating role of behavioral commitment was examined through indirect effect analysis using the bootstrapping procedure. The results are presented in Table 9.

Table 9. Indirect Effects and Mediation Analysis

Hypothesis	Indirect Relationship	β	t-value	p-value	Decision
H6	Entrepreneurial Competency → Behavioral Commitment → Business Performance	0.332	6.044	0.000	Supported
H7	Entrepreneurial Orientation → Behavioral Commitment → Business Performance	0.222	5.120	0.000	Supported

Source: Primary data processed using SmartPLS 4 (2026).

The results reveal that behavioral commitment significantly mediates the relationship between entrepreneurial competency and business performance ($\beta = 0.332$; $t = 6.044$; $p < 0.001$), thereby supporting H6. Behavioral commitment also significantly mediates the relationship between entrepreneurial orientation and business performance ($\beta = 0.222$; $t = 5.120$; $p < 0.001$), supporting H7.

The significance of both direct and indirect effects indicates that behavioral commitment functions as a partial mediator in the proposed model. These findings suggest that entrepreneurial competency and entrepreneurial orientation contribute to business performance both directly and indirectly through behavioral commitment. Therefore, behavioral commitment serves as an important behavioral mechanism through which entrepreneurial resources are transformed into superior business performance among Micro and Small Enterprises in South Manokwari Regency, West Papua Province.

The Effect of Entrepreneurial Competency on Behavioral Commitment

The findings demonstrate that entrepreneurial competency has a positive and significant effect on behavioral commitment. This result indicates that entrepreneurs possessing higher levels of knowledge, managerial skills, opportunity recognition capability, and problem-solving ability tend to exhibit stronger commitment toward achieving business objectives. Entrepreneurial competency enables business owners to understand market dynamics, manage organizational resources effectively, and respond to business challenges with greater confidence. As a result, competent entrepreneurs are more likely to demonstrate persistence, responsibility, and dedication in managing their businesses. The finding supports the Resource-Based View (RBV), which argues that intangible resources such as knowledge, skills, and competencies constitute strategic assets capable of enhancing organizational effectiveness (Barney, 1991). Entrepreneurial competency serves as a valuable internal resource that strengthens entrepreneurs' confidence and willingness to invest effort in pursuing business goals. The stronger the entrepreneurial competency possessed by business owners, the greater their commitment to sustaining and developing their enterprises (Ismail et al., 2022; Mokbel et al., 2024).

This finding is consistent with previous studies reporting that entrepreneurial competency contributes positively to entrepreneurial commitment and business sustainability. Hidayati et al. (2025) found that entrepreneurial competency enhances organizational adaptability and commitment by improving entrepreneurs' ability to recognize opportunities and manage uncertainty. Similarly, Nuryakin (2024) reported that entrepreneurs with higher competency levels tend to demonstrate stronger commitment toward business development and long-term organizational success. The result suggests that entrepreneurial competency not only influences operational effectiveness but also strengthens entrepreneurs' behavioral attachment to their business activities. In the context of Micro and Small Enterprises in South Manokwari Regency, competency becomes an important foundation for developing commitment because business owners often face resource constraints and environmental uncertainty.

The Effect of Entrepreneurial Orientation on Behavioral Commitment

The findings reveal that entrepreneurial orientation positively and significantly affects behavioral commitment. This result suggests that entrepreneurs who exhibit greater innovativeness, proactiveness, and willingness to take calculated risks are more likely to demonstrate stronger commitment to their business objectives. Entrepreneurial orientation reflects a strategic posture that encourages entrepreneurs to pursue opportunities, initiate innovative actions, and proactively respond to environmental changes. Entrepreneurs possessing a strong entrepreneurial orientation generally have a clearer vision regarding business development and future growth. Such strategic orientation encourages greater persistence and dedication in pursuing organizational goals, thereby strengthening behavioral commitment (Boikanyo, 2024; Dan, 2024; Afaishat et al., 2025).

This finding supports the argument proposed by Lumpkin & Dess (1996), who emphasized that entrepreneurial orientation represents an important organizational capability that drives entrepreneurial behavior and strategic actions. The result is also consistent with recent studies indicating that entrepreneurial orientation strengthens entrepreneurs' engagement and commitment toward organizational success (Jang, 2025; Pusparini et al., 2024). Entrepreneurs who continuously seek opportunities and pursue innovation tend to remain committed to achieving long-term business objectives despite facing various operational challenges. For Micro and Small Enterprises in South Manokwari Regency, entrepreneurial orientation serves as an important mechanism for fostering commitment because it encourages entrepreneurs to remain proactive and optimistic in managing their businesses within a dynamic and uncertain environment.

The Effect of Entrepreneurial Competency on Business Performance

The results indicate that entrepreneurial competency has a positive and significant effect on business performance. This finding confirms that entrepreneurs possessing stronger competencies tend to achieve better business outcomes compared with those having lower competency levels. Entrepreneurial competency enables business owners to identify market opportunities, allocate resources effectively, solve operational problems, and make strategic decisions that contribute to business growth. Competent entrepreneurs are more capable of adapting to changing market conditions and implementing business strategies that improve organizational performance. These capabilities are particularly important for Micro and Small Enterprises because business success often depends heavily on the knowledge and skills of the owner.

The finding supports the Resource-Based View, which emphasizes that organizational performance is influenced by the effective utilization of strategic resources. Entrepreneurial competency represents a critical intangible resource that contributes directly to competitive advantage and organizational success. Previous studies have similarly reported a positive relationship between entrepreneurial competency and business performance. Hidayati et al. (2025) found that entrepreneurial competency significantly improves organizational adaptability and performance, while Nuryakin (2024) identified entrepreneurial competency as an important predictor of small business growth and sustainability. The significance of this relationship indicates that competency development programs may play an important role in improving the competitiveness and sustainability of Micro and Small Enterprises in South Manokwari Regency.

The Effect of Entrepreneurial Orientation on Business Performance

The findings demonstrate that entrepreneurial orientation positively and significantly influences business performance. This result indicates that entrepreneurs characterized by innovativeness, proactiveness, and risk-taking behavior tend to achieve superior business outcomes. Entrepreneurial orientation facilitates opportunity recognition, innovation development, and strategic responsiveness. Firms with stronger entrepreneurial orientation are generally more capable of adapting to market changes and exploiting emerging opportunities. Such capabilities contribute to increased competitiveness and organizational performance.

This finding supports previous research reporting a positive association between entrepreneurial orientation and business performance. Ngo et al. (2023) found that entrepreneurial orientation enhances organizational adaptability and innovation, leading to improved performance outcomes. Similarly, Jang (2025) reported that entrepreneurial orientation constitutes one of the most influential determinants of SME performance in emerging economies. The result confirms that entrepreneurial orientation remains a crucial strategic capability for Micro and Small Enterprises. Entrepreneurs who continuously seek innovative opportunities and proactively respond to market changes are more likely to achieve sustainable growth and improved business performance.

The Effect of Behavioral Commitment on Business Performance

The findings reveal that behavioral commitment has a positive and significant effect on business performance. This result indicates that entrepreneurs who demonstrate greater dedication, persistence, and responsibility toward their businesses tend to achieve higher levels of organizational performance. Behavioral commitment encourages entrepreneurs to invest time, effort, and resources in achieving business objectives. Committed entrepreneurs are more likely to persevere during challenging circumstances, maintain strategic consistency, and pursue continuous improvement. Such behaviors contribute directly to business growth and organizational effectiveness.

The finding aligns with organizational behavior theory, which suggests that commitment enhances individual performance and organizational outcomes. Previous studies have reported similar findings, indicating that commitment strengthens organizational resilience and contributes to long-term business success (Adam, 2024; Mahmoud et al., 2023). For Micro and Small Enterprises in South Manokwari Regency, behavioral commitment appears to be a critical factor because business sustainability often depends on the persistence and determination of the entrepreneur. Strong commitment enables business owners to overcome limitations and maintain business continuity despite environmental uncertainties.

The Mediating Role of Behavioral Commitment in the Relationship Between Entrepreneurial Competency and Business Performance

One of the most important findings of this study is the significant mediating role of behavioral commitment in the relationship between entrepreneurial competency and business performance. The result indicates that entrepreneurial competency contributes to business performance not only directly but also indirectly through behavioral commitment. This finding suggests that competency alone may not be sufficient to maximize business performance. Entrepreneurs must translate their knowledge, skills, and capabilities into consistent actions and behaviors that support organizational objectives. Behavioral commitment serves as the mechanism through which entrepreneurial competency is transformed into superior business outcomes.

The finding extends the Resource-Based View by demonstrating that strategic resources require behavioral mechanisms to generate performance advantages. Entrepreneurs possessing high competency levels are more likely to develop stronger commitment, which subsequently enhances business performance. The significance of both direct and indirect effects indicates that behavioral commitment functions as a partial mediator. The result provides empirical evidence that entrepreneurial competency should not be viewed solely as a technical capability. Its effectiveness depends largely on the entrepreneur’s commitment to applying those competencies in daily business operations.

The Mediating Role of Behavioral Commitment in the Relationship Between Entrepreneurial Orientation and Business Performance

The findings also reveal that behavioral commitment significantly mediates the relationship between entrepreneurial orientation and business performance. This result suggests that entrepreneurial orientation enhances business performance partly because it strengthens entrepreneurs’ commitment toward achieving organizational goals. Entrepreneurs exhibiting high levels of innovativeness, proactiveness, and risk-taking behavior are more likely to develop stronger behavioral commitment. Such commitment encourages them to persist in implementing entrepreneurial initiatives and pursuing long-term business objectives. Consequently, entrepreneurial orientation generates superior business performance both directly and indirectly through behavioral commitment.

The finding contributes to entrepreneurship literature by highlighting the importance of behavioral mechanisms in explaining how entrepreneurial orientation influences organizational outcomes. Previous studies have generally focused on the direct relationship between entrepreneurial orientation and performance. The present study demonstrates that behavioral commitment serves as an important pathway through which entrepreneurial orientation is translated into improved business performance. The significance of both direct and indirect effects indicates partial mediation, suggesting that entrepreneurial orientation remains an important determinant of business performance while simultaneously exerting an indirect influence through behavioral commitment. This finding emphasizes that entrepreneurial behavior and commitment should be developed simultaneously to maximize business performance among Micro and Small Enterprises in South Manokwari Regency.

Conclusion

This study examined the effects of entrepreneurial competency and entrepreneurial orientation on business performance through the mediating role of behavioral commitment among Micro and Small Enterprises (MSEs) in South Manokwari Regency, West Papua Province. The findings demonstrate that entrepreneurial competency and entrepreneurial orientation significantly influence behavioral commitment and business performance. Behavioral commitment was also found to have a positive and significant effect on business performance. Furthermore, behavioral commitment significantly mediates the relationships between entrepreneurial competency and business performance as well as between entrepreneurial orientation and business performance. These findings indicate that entrepreneurs possessing stronger competencies, innovative thinking, proactive behavior, and risk-taking capabilities tend to exhibit higher levels of commitment toward their business activities, which subsequently contributes to improved business performance. The study confirms that entrepreneurial competency and entrepreneurial orientation represent important strategic resources that directly enhance business performance while simultaneously strengthening behavioral commitment as a mechanism for translating entrepreneurial capabilities into superior business outcomes.

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