

Research Horizon

Vol. 3, no. 3, (2023), 339-347

Website: <https://journal.lifescifi.com/index.php/RH/index>

The Antecedents of Student Entrepreneurial Performance: Examining Human Resource Empowerment and Dynamic Capabilities

Indah Wahyu Utami^{1*}, Sharina Osman², Berliana Rahma Dhini³, Muhamad Ramdan Gimnastiar⁴

^{1,3,4} Faculty of Science and Technology, Universitas Duta Bangsa, Surakarta, Central Java 57154, Indonesia

² UniKL Business School, Universiti Kuala Lumpur, Kuala Lumpur 50250, Malaysia

* Corresponding author:

Email: indah_wahyu@udb.ac.id

Received : 28 Juni 2023

Revised : 2 Juli 2023

Accepted : 14 Agustus 2023

Abstract

Performance is the set of results achieved and refers to the act of accomplishing and carrying out a job or task as requested. The purpose of this study is to examine how the study of human resource (HR) empowerment and dynamic capabilities can enhance entrepreneurial performance. The research plan encompasses collecting relevant national and international journals, constructing a conceptual framework and research title, and subsequently preparing proposals in accordance with the specified provisions. The implementation stage includes the preparation of instruments, data collection, questionnaires, and data analysis. Finally, the reporting stage results in the publication of scientific articles. The research method employed tested the validity and reliability of the direct and indirect influence of independent variables, belief systems, and human resource empowerment on the performance of student entrepreneurs. The analysis tool utilized was a statistical test employing SPSS version 18.0, complemented by SMART PLS version 4.0. Sampling was conducted through random sampling from the population of all student entrepreneurs in Kuala Lumpur, Malaysia, with a sample size of 100 respondents. The study's findings indicate that dynamic capabilities and human resource empowerment have a positive influence on increasing student entrepreneurship in Chow Kit, Kuala Lumpur.

Keywords

Dynamic Capability, Human Resources Empowerment, Entrepreneurship, Student, Performance

1. Introduction

In the era of a global economy, openness to innovation is essential. Creative management practices require continuous improvement in order to maintain more effective and efficient business operations (Setyorini et al., 2019). This shows the importance of growth in the global market which has implications for performance. In order for sustainable performance, strategies are needed for optimizing belief systems, empowering human resources and dynamic capabilities in developing product innovations (Wijethilake & Lama, 2019). Belief system as a management control system that has a positive and significant influence on innovation (Westman et al., 2019). If innovation is achieved, it will also affect organizational performance.

Human resource management in a business is essential for creating a synergy effect on performance. Research on innovation openness can be viewed from various perspectives, encompassing innovation management related to different types of innovation, diffusion characteristics, and adoption mechanisms (Eller et al., 2020). In a business or organization, human resources play a pivotal role in planning, processing, managing, and enhancing business performance. Human resource management holds a central position within an organization, especially in business organizations (Stahl et al., 2022). With proper human resource management, it can be instrumental in creating sustainable competitive advantages for the company. Innovation management is crucial because it acknowledges that fresh ideas must continually flow swiftly and consistently to anticipate the development of an increasingly fast-paced, diverse, and dynamic world.

Innovations generated by employees in the workplace are greatly influenced by the concept of empowerment (Sulistyo, 2016). Research findings have indicated that human resource empowerment is associated with factors such as company information, training, rewards, authority, management style, and organizational culture. Employee participation in decision-making processes is often a complex undertaking (Lemon & Boman, 2022). Other studies have demonstrated that empowerment positively impacts employees' personal achievements, leading to increased creativity and improved work performance (Meng et al., 2016). Human resource empowerment represents a crucial endeavor aimed at nurturing high-quality human resources and fostering proficiency in science and technology. The results of research highlight that human resource management is an essential activity within business organizations, aimed at effectively harnessing human resources to attain organizational performance and objectives.

Dynamic capability can be described as the ability of an enterprise to integrate, construct, and reorganize its internal and external resources continually in response to rapid changes in the environment (Williams et al., 2013). Research by Gao and Zhu (2015) suggests that dynamic capability represents an organization's integrated ability to make various choices in the corporate environment using both internal and external resources. Dynamic capability is an organization's capacity to integrate, build, and reorganize its internal and external competencies to cope with rapid environmental changes (Teece, 2014). Furthermore, the results of a study by Purnamasari and Wijaya (2020) indicate that successful student entrepreneurs effectively optimize the

integration of all their internal and external resources through proficient dynamic capability management.

Enhancing a company's capacity and competence in sustainable innovation production is essential to boost overall entrepreneurial performance (Hardilawati, 2019). Entrepreneurs who prioritize their customers tend to develop their organization's capabilities by innovating their products and services to align with the preferences and experiences of their business customers (DiVito & Bohnsack, 2017). Key aspects of dynamic capabilities that influence innovation performance include Knowledge Acquisition Capability, Knowledge Creation Capability, and Knowledge Integration Capability (Shepherd & Patzelt, 2011). Additionally, effective information technology management is crucial as it can significantly impact the performance of business organizations, including small and medium-sized enterprises (SMEs).

Information technology, which originally involved manual processes, has been replaced with programs that significantly shorten processing and execution times (Muda et al., 2017). Management's control over belief systems provides influence aimed at enhancing business performance (He & Zeng, 2013). Empowerment, in relation to organizational performance, comprises elements that support the achievement of better organizational outcomes, driven by factors such as speed and accuracy (Efdison et al., 2023). Small and medium enterprises (SMEs) must enhance their information technology by upgrading and maintaining IT systems. This allows SMEs to operate more efficiently, access information, and use it as a promotional tool for wider community outreach to develop their businesses (Husnah et al., 2023). Performance serves as a key indicator of a company's success, including MSMEs. This performance improvement indicates that MSMEs can sustain and expand their market share while meeting the evolving needs, desires, and expectations of increasingly dynamic consumers (Revell et al., 2010).

Students have a theory of science in entrepreneurship but have not been able to improve dynamic capabilities in the performance of innovation on a product (Ulwan, 2021). In this case, the role of Digital Marketing strategy is needed in entrepreneurial development. With digital marketing entrepreneurship in the younger generation, it is expected to increase the spirit and spirit of entrepreneurship, especially the younger generation (students) who are independent, reliable and competitive. Students are expected to become independent young entrepreneurs able to interact through exchanging information and increasing cooperation in various fields. In addition, another problem faced by student entrepreneurs in the Chow Kit area, Kuala Lumpur, Malaysia is that there has been no optimization of the ability to adopt the use of social media used by students to encourage the growth of entrepreneurial interest. Therefore, an in-depth analysis is needed, whether the knowledge and mastery of social media in students fosters interest in becoming entrepreneurs.

The research problem addressed in this study is how the examination of human resource empowerment (HR) and dynamic capabilities (knowledge acquisition, knowledge creation, and knowledge integration capabilities), indirectly influenced by belief system studies, can enhance the performance of student entrepreneurs in the Chow Kit Area of Kuala Lumpur, Malaysia. The primary objective of this study is to investigate the impact of human resource empowerment (HR) and dynamic capabilities (knowledge acquisition, knowledge creation, and knowledge integration capabilities) on the performance of student entrepreneurs in the Chow Kit Area of Kuala Lumpur, Malaysia. This research aims to provide insights into strategies for maintaining competitiveness

and sustainability, underscoring the importance of various studies related to innovation performance.

2. Literature Review

Human resources play a pivotal role in every company's activities (Yusoff et al., 2020). Even with ample facilities, infrastructure, and financial resources, the absence of reliable human resources can hinder the proper completion of the company's activities. This underscores the crucial importance of addressing the needs of human resources, which serve as the primary determinant of the success of company operations. Effective human resources are reflected in their performance. Employee performance is a critical factor in achieving company success, as it represents the outcomes of their work and behavior aligned with their organizational roles. In this context, Human Resources play a profoundly significant role.

Employee empowerment is a crucial factor in organizational success. Managers play a decisive role in coaching and leading employees, who are vital resources. Managers recognize the need to empower employees to achieve organizational goals. Organizational empowerment is an effective approach to address various challenges. Key factors impacting performance improvement through empowerment include organizational characteristics, leadership, employee involvement, and job design (Setiawan, 2018).

Dynamic capability is defined as a company's inherent potential to systematically execute problem-solving steps, enabling the identification of opportunities and threats, timely decision-making, and the effective implementation of strategic changes. In alignment with this definition, our study further delineates dynamic capabilities across three dimensions from a process-oriented standpoint. These dimensions encompass the capacity to recognize and formulate strategic decisions, the ability to make timely decisions, and the capability to efficiently implement change (Li & Liu, 2014).

3. Research Methods

This study employs a quantitative descriptive research design with the objective of elucidating both the direct and indirect influences among belief system studies, human resource empowerment, and dynamic capabilities on the performance of student entrepreneurs. The subjects or objects of this study comprise student entrepreneurs residing in the Chow Kit area of Kuala Lumpur, Malaysia. The research sample, consisting of 100 active entrepreneurial students, was randomly selected using a random sampling method. The research process involved the creation of a questionnaire encompassing various question items corresponding to the study variables. All respondents completed the questionnaires distributed by the research team.

Subsequently, the 100 student entrepreneurs actively participated in optimizing HR empowerment and dynamic capabilities to enhance student entrepreneurial performance. Data analysis was conducted using SMART PLS version 4.0, including testing the model and assessing the impact of the independent variables on the dependent variable. The findings from the data analysis are presented and analyzed. The final step in the research report preparation process involves the interpretation of the analysis results in version 4. This research aims to shed light on

the interplay between human resource empowerment, dynamic capabilities, and student entrepreneurial performance, offering valuable insights into the factors influencing entrepreneurial success among students in the Chow Kit area of Kuala Lumpur, Malaysia.

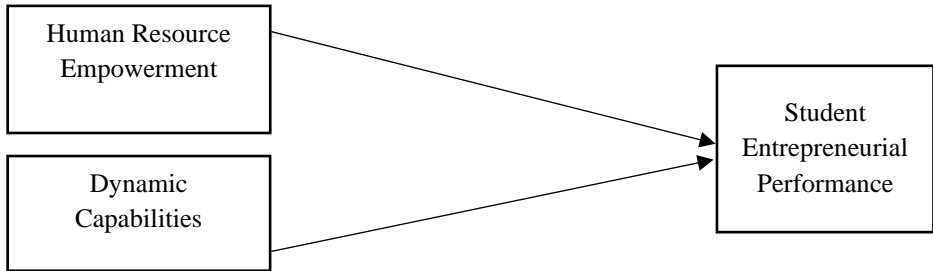


Figure 1. Research Framework

4. Results and Discussion

In this study, every variable is represented by a set of five question items, which serve as indicators. These variables include human resource empowerment (X1), dynamic capability (X2), and student entrepreneurial performance (Y). To determine the outer loading values, data processing and analysis were conducted using SMART PLS version 4.0. The results of this analysis are presented in Table 1.

Table 1. Outer Loading Values Test Results

	Dynamic Capabilities	Student Entrepreneurial Performance	Human Resource Empowerment
X1.1			0.754
X1.2			0.731
X1.3			0.761
X1.4			0.826
X1.5			0.767
X2.1	0.765		
X2.2	0.735		
X2.3	0.775		
X2.4	0.757		
X2.5	0.746		
Y.1		0.775	
Y.2		0.785	
Y.3		0.768	
Y.4		0.722	
Y.5		0.739	

In data analysis using SMART PLS Version 4.0, an indicator is considered valid if its outer loading value is > 0.7 . Based on the results presented in Table 1, all indicators are valid because they have an outer loading value of > 0.7 .

Table 2. Fornell-Larcker Test Results

	Dynamic Capabilities	Student Entrepreneurial Performance	Human Resource Empowerment
Dynamic Capabilities	0.756		
Student Entrepreneurial Performance	0.552	0.758	
Human Resource Empowerment	0.519	0.529	0.768

If the relationship between the construct and its measurements within a variable is stronger than with measurements of another construct, it indicates that the latent construct better predicts the magnitude within that specific block compared to the other constructs. The results presented in Table 2 demonstrate that the construct was indeed a better predictor, as the correlations with each variable were consistently larger than those with the other construct.

Table 3. Reliability and Validity Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Dynamic Capabilities	0.814	0.826	0.869	0.571
Student Entrepreneurial Performance	0.815	0.817	0.871	0.575
Human Resource Empowerment	0.831	0.844	0.878	0.591

Reliability is considered achieved when Cronbach's Alpha > 0.6 , the composite reliability of all variables exceeds the threshold of 0.7, and the Average Variance Extract (AVE) value surpasses the recommended limit of > 0.5 . The results indicate that all constructs or variables in this research model exhibit good reliability. Based on the data processing and analysis using SMART PLS version 4.0, it is evident that independent variables, dynamic capabilities, and human resource empowerment influence the enhancement of student entrepreneurial performance. The outer loading factor results also confirm their validity. The reliability test results affirm the strong reliability of these two variables.

The Cronbach Alpha test model demonstrates reliability, with higher values in the Cronbach Alpha column indicating better data reliability. A Cronbach Alpha value > 0.60 indicates that the questionnaire items are reliable. All data analyzed in this study yielded Cronbach Alpha values > 0.60 . In terms of convergent validity, an AVE of at least 0.50 is highly recommended. An AVE below 0.50 suggests that the items explain more errors than the variance in your constructs. In this study, all AVE results exceeded 0.50. Discriminant validity assesses the extent to which the latent construct differs from other constructs.

5. Conclusion

In this study, various variables, including human resource empowerment (X1), dynamic capability (X2), and student entrepreneurial performance (Y), were assessed. Data analysis with SMART PLS Version 4.0 revealed that all indicators had outer loading values exceeding 0.7, indicating their validity. The strong correlations within variables suggested that the latent constructs effectively predicted their respective dimensions compared to other constructs. Furthermore, the research model demonstrated good reliability, with Cronbach Alpha values consistently exceeding 0.60 and AVE values surpassing 0.50 for convergent validity. These findings affirm the significance of independent variables, dynamic capabilities, and human resource empowerment in enhancing student entrepreneurial performance.

Limitations

This research focuses exclusively on two independent variables, which are anticipated to yield optimal outcomes in enhancing student entrepreneurial performance. The study's respondents were confined to entrepreneurial students randomly selected from the Chow Kit area of Kuala Lumpur, Malaysia. Given the random sampling method employed, the research sample may not provide a comprehensive representation of the entrepreneurial landscape in Kuala Lumpur, as it comprises students from diverse countries. Exploring mediating variables is essential to unveil indirect influences between the independent and dependent variables. While the study encompasses three variables, further research could consider additional variables. Despite the reliability and validity of all variable items, the questionnaire items do not cover indicators for each variable under investigation.

Acknowledgment

We would like to express our sincere gratitude for the completion of this research article. Our heartfelt thanks go out to our families, the research and community service institutions of Universitas Duta Bangsa Surakarta, our fellow lecturers, the dedicated research team, and the gracious research respondents. We extend our appreciation to all parties who contributed to the research and the finalization of this article.

References

- DiVito, L., & Bohnsack, R. (2017). Entrepreneurial orientation and its effect on sustainability decision tradeoffs: The case of sustainable fashion firms. *Journal of Business Venturing*, 32(5), 569-587.
- Efdison, Z., Lova, A., Yelnim, Y., Sudirman, S., & Pramurza, D. (2023). Fostering Economic Empowerment and Child Protection in Sungai Penuh City: The Role of Dharma Wanita Association's Socialization and Entrepreneurship Training. *Research Horizon*, 3(3), 198–203.
- Eller, F. J., Gielnik, M. M., Wimmer, H., Thölke, C., Holzapfel, S., Tegtmeier, S., & Halberstadt, J. (2020). Identifying business opportunities for sustainable development: Longitudinal and experimental evidence contributing to the field of sustainable entrepreneurship. *Business Strategy and the Environment*, 29(3), 1387–1403.

- Gao, Y., & Zhu, Y. (2015). Research on dynamic capabilities and innovation performance in the Chinese context: A theory model-knowledge based view. *Open Journal of Business and Management*, 3(04), 364.
- Hardilawati, W. L. (2019). Customer Relationship Marketing Model, Innovation and E-Commerce in Improving SME Marketing Performance in Pekanbaru. *Journal of Accounting and Economics*, 9(2), 213–222
- He, Y., & Zeng, Y. (2013). How open & indigenous innovation affects industries international competitiveness: an empirical study on Chinese manufacturing industries based on the panel data from the year 2000 to 2010. *Sci Sci Manag S. &*, 34(3), 13-20.
- Husnah, H., W. Adda, H., & Munawarah, M. (2023). Model for Developing Student Entrepreneurial Intentions to Anticipate Educated Unemployment. *Research Horizon*, 3(2), 108–119.
- Lemon, L. L., & Boman, C. D. (2022). Ethics of care in action: Overview of holistic framework with application to employee engagement. *Public Relations Review*, 48(4), 102232.
- Lemon, L. L., & Boman, C. D. (2022). Ethics of care in action: Overview of holistic framework with application to employee engagement. *Public Relations Review*, 48(4), 102232.
- Li, D.-Y., & Liu, J. (2014). Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from China. *Journal of Business Research*, 67(1), 2793–2799.
- Meng, L., Jin, Y., & Guo, J. (2016). Mediating and/or moderating roles of psychological empowerment. *Applied Nursing Research*, 30, 104-110.
- Muda, I., Wardani, D. Y., Maksum, A., Lubis, A. F., Bukit, R., & Abubakar, E. (2017). The influence of human resources competency and the use of information technology on the quality of local government financial report with regional accounting system as an intervening. *Journal of Theoretical & Applied Information Technology*, 95(20), 5552- 5561
- Purnamasari, S., & Wijaya, A. (2020). The influence of market orientation, entrepreneurial orientation and marketing ability, on the business performance of MSME clothing line. *Business Management Journal*, 16(1), 12-30.
- Revell, A., Stokes, D., & Chen, H. (2010). Small businesses and the environment: Turning over a new leaf? *Business Strategy and the Environment*, commitment and stakeholder pressure. *Business Strategy and the Environment*, 28(1), 143–154.
- Setiawan, T. (2018). Human resource empowerment as an instrument of improving organizational performance. *Media Mahardhika*, 16(3), 430-442.
- Setyorini, D., Nurhayati, E., & Rosmita. (2019). The Effect of Online Transactions (e-Commerce) on Increasing MSME Profits (Case Study of MSMEs in Ciampea Iron Processing, Bogor, West Java). *Jurnal Mitra Manajemen*, 3(5), 501–509.
- Shepherd, D. A., & Patzelt, H. (2011). The new field of sustainable entrepreneurship: Studying entrepreneurial action linking “what is to be sustained” with “what is to be developed”. *Entrepreneurship theory and practice*, 35(1), 137-163.
- Stahl, G. K., Brewster, C. J., Collings, D. G., & Hajro, A. (2020). Enhancing the role of human resource management in corporate sustainability and social responsibility: A multi-stakeholder, multidimensional approach to HRM. *Human Resource Management Review*, 30(3), 100708.

- Sulistyo, H. (2016). Innovation capability of SMEs through entrepreneurship, marketing capability, relational capital and empowerment. *Asia Pacific Management Review*, 21(4), 196-203.
- Teece, D. J. (2014). The foundations of enterprise performance: Dynamic and ordinary capabilities in an (economic) theory of firms. *Academy of management perspectives*, 28(4), 328-352.
- Ulwan, A. (2021). The Role of Young Entrepreneurs in Labor Absorptions and its Implications to Family Economic Resilience. *Research Horizon*, 1(1), 16–27.
- Westman, L., Luederitz, C., Kundurpi, A., Mercado, A. J., Weber, O., & Burch, S. L. (2019). Conceptualizing businesses as social actors: A framework for understanding sustainability actions in small-and medium-sized enterprises. *Business Strategy and the Environment*, 28(2), 388-402.
- Wijethilake, C., & Lama, T. (2019). Sustainability core values and sustainability risk management: Moderating effects of top management commitment and stakeholder pressure. *Business Strategy and the Environment*, 28(1), 143-154.
- Williams, S., & Schaefer, A. (2013). Small and medium-sized enterprises and sustainability: Managers' values and engagement with environmental and climate change issues. *Business Strategy and the Environment*, 22(3), 173-186.
- Yusoff, Y. M., Nejati, M., Kee, D. M. H., & Amran, A. (2020). Linking green human resource management practices to environmental performance in hotel industry. *Global Business Review*, 21(3), 663-680.