



## **The Influence of Minangkabau Indigenous Values on Entrepreneurial Orientation and Business Performance in Padang, Indonesia**

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### **A B S T R A C T**

This study investigates the relationship between Minangkabau indigenous values, entrepreneurial orientation (EO), and business performance among entrepreneurs in Padang, Indonesia. Minangkabau culture, with its matrilineal system and emphasis on community and entrepreneurship, provides a unique context to explore how cultural values influence business practices. A quantitative survey was conducted with 300 entrepreneurs in Padang, measuring their adherence to Minangkabau values, EO dimensions (innovativeness, proactiveness, and risk-taking), and business performance (financial and non-financial). Data were analyzed using structural equation modeling (SEM). The findings reveal that Minangkabau values significantly influence EO, with a strong positive relationship between these values and the dimensions of innovativeness and proactiveness. Furthermore, EO was found to be a significant predictor of both financial and non-financial business performance. In conclusion, this study highlights the importance of cultural values in shaping entrepreneurial behavior and business success. The findings suggest that Minangkabau values foster an entrepreneurial spirit that drives business performance in Padang. This research contributes to the understanding of culture's role in entrepreneurship and provides valuable insights for entrepreneurs, policymakers, and researchers in Indonesia and other culturally rich contexts.

### **1. Introduction**

Entrepreneurship, the driving force behind innovation, economic growth, and societal development, is a multifaceted phenomenon influenced by a complex interplay of factors. While individual traits, market conditions, and institutional frameworks undoubtedly play a significant role, the profound impact of culture on entrepreneurial behavior is increasingly recognized as a critical determinant of success. Culture, the shared values, beliefs, and norms that shape a society's identity, provides the underlying framework through which individuals perceive opportunities, assess risks, and engage in entrepreneurial endeavors. This study delves into the fascinating intersection of culture and

entrepreneurship by examining the influence of Minangkabau indigenous values on entrepreneurial orientation (EO) and business performance in Padang, Indonesia. The Minangkabau people, predominantly residing in West Sumatra, offer a compelling case study due to their unique cultural heritage, characterized by a matrilineal kinship system, a strong emphasis on community and cooperation, and a deep-rooted entrepreneurial spirit. This rich cultural tapestry provides a fertile ground for exploring how indigenous values shape entrepreneurial behaviors and contribute to business success.<sup>1-3</sup>

The Minangkabau people, often referred to as the "merchant tribe," have a long-standing tradition of entrepreneurship, deeply ingrained in their cultural

fabric. Their history is replete with tales of successful traders and merchants who ventured far beyond their homeland, establishing trade networks across Southeast Asia and beyond. This entrepreneurial legacy is nurtured by a unique set of cultural values, passed down through generations, that foster a spirit of innovation, resilience, and collaboration. Central to Minangkabau culture is the concept of "Adat Basandi Syarak, Syarak Basandi Kitabullah" (ABS-SBK), which translates to "Customs based on Islamic law, Islamic law based on the Quran." This philosophy seamlessly blends indigenous traditions with Islamic principles, creating a harmonious framework that guides all aspects of life, including business practices. The ABS-SBK values emphasize honesty, integrity, hard work, and community responsibility, all of which are considered essential virtues for entrepreneurial success. One of the most distinctive features of Minangkabau culture is its matrilineal kinship system, where lineage and property are passed down through the female line. This system grants women significant authority in family and community affairs, fostering a sense of equality and empowerment that extends to the realm of business. Minangkabau women are actively involved in various entrepreneurial activities, from managing small-scale enterprises to leading large corporations. This matrilineal legacy challenges traditional gender roles and provides a unique context for understanding the role of women in entrepreneurship. Minangkabau culture places a strong emphasis on community and mutual assistance. The concept of "gotong royong" (mutual cooperation) is deeply ingrained in their values, encouraging individuals to work together for the common good. This spirit of collaboration is evident in their traditional economic practices, such as the "nagari" (village) system, where resources are shared and decisions are made collectively. The emphasis on community and cooperation fosters a supportive environment for entrepreneurs, providing access to resources, knowledge, and networks. The integration of Islamic principles into Minangkabau culture further strengthens the ethical foundation for business practices. The ABS-SBK philosophy promotes honesty, integrity, and fairness in all dealings, discouraging

unethical behavior and promoting trust among business partners. This emphasis on ethical conduct contributes to a positive business environment and enhances the reputation of Minangkabau entrepreneurs.<sup>4-7</sup>

Entrepreneurial orientation (EO) is a widely recognized concept that captures the strategic posture of a firm in terms of its innovativeness, proactiveness, and risk-taking propensity. It reflects the extent to which an organization is willing to embrace new ideas, anticipate future needs, and take calculated risks to achieve its goals. EO has been extensively studied in various contexts, with numerous studies demonstrating a positive relationship between EO and various measures of firm success, such as profitability, growth, and market share. Innovativeness, a key dimension of EO, refers to the tendency to pursue new ideas, experiment with novel approaches, and create unique products or services. It reflects a firm's willingness to challenge the status quo, explore uncharted territories, and develop innovative solutions to meet market needs. In the context of Minangkabau culture, the emphasis on creativity and resourcefulness may foster a strong inclination towards innovation. Proactiveness, another crucial dimension of EO, involves the inclination to anticipate future opportunities, take initiative, and act ahead of competitors. It reflects a firm's ability to proactively identify and respond to emerging trends, seize market opportunities, and shape the competitive landscape. The Minangkabau value of "merantau" (venturing out), which encourages individuals to seek new experiences and opportunities, may contribute to a proactive entrepreneurial mindset. Risk-taking, the third dimension of EO, encompasses the willingness to embrace uncertainty, make bold decisions, and invest resources in ventures with uncertain outcomes. It reflects a firm's tolerance for ambiguity and its willingness to pursue opportunities with the potential for high rewards, even if they involve significant risks. While the Minangkabau culture values careful planning and consultation, the entrepreneurial spirit may also encourage calculated risk-taking within the framework of ethical and community considerations. While the relationship between EO and business

performance has been extensively studied, the influence of cultural values on EO remains an area of ongoing research.<sup>8-10</sup> This study aims to bridge this gap by investigating how Minangkabau indigenous values shape the entrepreneurial behaviors of individuals and ultimately contribute to their business success.

## 2. Methods

This study employed a quantitative research methodology to investigate the complex interplay between Minangkabau indigenous values, entrepreneurial orientation (EO), and business performance in Padang, Indonesia. This approach, characterized by its emphasis on numerical data and statistical analysis, allows for a rigorous examination of the relationships between these variables and provides a robust foundation for drawing meaningful conclusions.

The study adopted a correlational research design to explore the associations between the key variables of interest: Minangkabau indigenous values, EO, and business performance. This design allows for the examination of the strength and direction of the relationships between these variables without manipulating any of them. By analyzing the patterns of correlations, we can gain insights into how these variables interact and influence each other.

The target population for this study comprised Minangkabau entrepreneurs who own and operate businesses in Padang, Indonesia. This specific population was chosen due to its relevance to the research question and its unique cultural context. Minangkabau entrepreneurs in Padang represent a diverse group of individuals engaged in various industries and business sizes, providing a rich sample for investigating the influence of cultural values on entrepreneurial behavior. To ensure a representative sample of the population, a stratified random sampling technique was employed. This technique involves dividing the population into distinct strata based on relevant characteristics, such as industry sector and business size, and then randomly selecting participants from each stratum. This approach ensures that the sample reflects the diversity of the

population and minimizes the risk of sampling bias. A sample size of 300 Minangkabau entrepreneurs was deemed sufficient for this study. This determination was based on several factors, including the desired level of statistical power, the complexity of the research model, and the estimated effect sizes. A sample size of 300 provides adequate statistical power to detect meaningful relationships between the variables and allows for robust statistical analysis.

A structured questionnaire was developed as the primary data collection instrument. The questionnaire was designed to capture information on the key variables of interest: Minangkabau indigenous values, EO, and business performance. The questionnaire items were adapted from established scales and measures used in previous research, ensuring their validity and reliability. A multi-item scale was adapted from previous studies on Indonesian culture and values to measure adherence to core Minangkabau values. This scale included items related to community orientation, cooperation, religious adherence, matrilineal principles, and the ABS-SBK philosophy. Each item was measured on a 5-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree." The measurement of EO was based on the widely recognized scale developed by Covin and Slevin (1989). This scale captures the three dimensions of EO: innovativeness, proactiveness, and risk-taking. Each dimension was measured using multiple items, assessed on a 5-point Likert scale. Business performance was assessed using a combination of financial and non-financial indicators. Financial performance was measured using self-reported data on sales growth, profitability, and return on investment. Non-financial performance was measured using items related to customer satisfaction, employee morale, and social responsibility. Prior to the main data collection, the questionnaire underwent a rigorous pre-testing process. A pilot study was conducted with a small group of Minangkabau entrepreneurs to assess the clarity, comprehensibility, and relevance of the questionnaire items. Feedback from the pilot study was used to refine the questionnaire and ensure its suitability for the target population.

Ethical considerations were given paramount importance throughout the data collection process. Informed consent was obtained from all participants prior to their involvement in the study. Participants were informed about the purpose of the study, their rights to confidentiality and anonymity, and their right to withdraw from the study at any time. Data were handled with strict confidentiality and used solely for the purpose of this research. Data collection was conducted through face-to-face interviews with the selected Minangkabau entrepreneurs in Padang. This method was chosen to ensure a high response rate and to facilitate direct interaction with the participants. Trained interviewers administered the questionnaire, providing clarifications and assistance as needed. To maintain data quality, several measures were implemented; Interviewer Training: Interviewers underwent comprehensive training on the study objectives, questionnaire administration procedures, and ethical guidelines; Data Validation: Completed questionnaires were reviewed for completeness and consistency; Data Entry and Cleaning: Data were entered into a secure database and checked for errors.

The collected data were analyzed using specialized statistical software, AMOS, which is specifically designed for structural equation modeling (SEM). SEM is a powerful statistical technique that allows for the examination of complex relationships between multiple variables, making it well-suited for this study's objectives. Descriptive statistics, such as means, standard deviations, and frequencies, were used to summarize the characteristics of the sample and the distribution of the variables. Confirmatory Factor Analysis (CFA) was conducted to assess the validity and reliability of the measurement model. This involved examining the factor loadings of the observed variables (questionnaire items) on their respective latent constructs (Minangkabau values, EO dimensions, and business performance). Goodness-of-fit indices were used to evaluate the overall fit of the model to the data. Once the measurement model was confirmed, the structural model was analyzed to test the hypothesized relationships between the latent

constructs. Path coefficients were estimated to assess the strength and direction of the relationships. Bootstrapping was used to assess the statistical significance of the path coefficients.

### 3. Results

Table 1 presents the descriptive statistics for the key variables in this study, providing a preliminary overview of the characteristics of the sample and the distribution of the variables; Minangkabau Indigenous Values: The mean score for Minangkabau Indigenous Values is 4.25, with a standard deviation of 0.68. This indicates that, on average, the respondents in the sample demonstrate a relatively high level of adherence to these values. Examining the sub-dimensions, we see slightly higher mean scores for "Collective Ownership" (4.32) and "Matrilineal Kinship" (4.15), suggesting these might be more strongly held or emphasized within the sample. These sub-dimensions also show relatively high means (4.28 and 4.18, respectively), further supporting the notion that these cultural aspects are prevalent among the Minangkabau entrepreneurs surveyed; Entrepreneurial Orientation: The overall mean score for Entrepreneurial Orientation is 3.88, with a standard deviation of 0.55. This suggests a moderate level of EO among the respondents. Looking at the individual dimensions, "Innovativeness" has the highest mean (3.95), followed by "Proactiveness" (3.80) and "Risk-Taking" (3.89). This might indicate a slightly stronger inclination towards innovation among the entrepreneurs compared to proactiveness or risk-taking; Business Performance: The mean score for overall Business Performance is 3.78, indicating moderate levels of perceived business success. Interestingly, "Non-Financial Performance" has a higher mean (4.02) compared to "Financial Performance" (3.65). This could suggest that these entrepreneurs prioritize aspects like customer satisfaction, employee morale, and social responsibility, perhaps even over immediate financial gains.

Table 1. Descriptive statistics.

Variable	Mean	Standard deviation
<b>Minangkabau Indigenous Values</b>	4.25	0.68
Collective Ownership	4.32	0.72
Matrilineal Kinship	4.15	0.81
Consensus-Based Decision-Making	4.28	0.65
Entrepreneurial Spirit (Merantau)	4.18	0.75
<b>Entrepreneurial Orientation</b>	3.88	0.55
Innovativeness	3.95	0.62
Proactiveness	3.80	0.58
Risk-Taking	3.89	0.51
<b>Business Performance</b>	3.78	0.67
Financial Performance	3.65	0.70
Non-Financial Performance	04.02	0.63

Minangkabau Indigenous Values, Entrepreneurial Orientation, and their sub-dimensions were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Business Performance (Financial and Non-Financial) was measured on a 5-point scale (1 = Very Poor to 5 = Excellent).

Table 2 presents the results of the measurement model analysis, which is a crucial step in assessing the validity and reliability of the measurement instruments used in this study; Factor Loadings: The factor loadings represent the correlation between each observed variable (item) and its corresponding latent construct (e.g., MV1 loading onto Minangkabau Indigenous Values). Across all constructs, the factor loadings are generally high, ranging from 0.69 to 0.85. This indicates that the items are strongly related to their intended constructs, providing evidence of convergent validity. All 15 items measuring Minangkabau Indigenous Values have strong loadings (above 0.69), suggesting that they effectively capture the various facets of this construct, from community orientation (MV1) and matrilineal kinship (MV7) to ethical principles (MV15). Similarly, the items measuring the three dimensions of EO (Innovativeness, Proactiveness, and Risk-Taking) all show strong loadings (above 0.73), indicating that they

adequately represent these dimensions. The items measuring Financial Performance and Non-Financial Performance also exhibit strong loadings (above 0.75), suggesting they are good indicators of these constructs; Cronbach's Alpha: Cronbach's alpha is a measure of internal consistency reliability, which assesses how well the items within a scale measure the same construct. The Cronbach's alpha values for all constructs are high, ranging from 0.75 to 0.85. This indicates that the scales used in this study are internally consistent and reliable. The high Cronbach's alpha of 0.85 for Minangkabau Indigenous Values suggests that the 15 items effectively measure this construct as a whole. The Cronbach's alpha of 0.79 for Entrepreneurial Orientation indicates good internal consistency for this scale. The Cronbach's alpha values for Financial Performance (0.75) and Non-Financial Performance (0.82) also demonstrate good reliability.

Table 2. Measurement model results.

<b>Construct</b>	<b>Item</b>	<b>Factor loading</b>	<b>Cronbach's alpha</b>
<b>Minangkabau Indigenous Values</b>			0.85
	MV1 (I believe that land and resources should be shared for the benefit of the community.)	0.78	
	MV2 (I feel a strong sense of responsibility to my extended family and clan.)	0.72	
	MV3 (I value the tradition of seeking consensus in decision-making.)	0.81	
	MV4 (I believe that venturing out and seeking opportunities elsewhere is important for personal growth.)	0.75	
	MV5 (I prioritize maintaining harmonious relationships within my community.)	0.79	
	MV6 (I respect the wisdom and guidance of elders in my family and community.)	0.82	
	MV7 (I believe that women play a vital role in social and economic life.)	0.76	
	MV8 (I am willing to contribute to the well-being of my community, even if it requires personal sacrifice.)	0.85	
	MV9 (I believe that success should be shared with the community.)	0.73	
	MV10 (I value cooperation and mutual assistance in business dealings.)	0.81	
	MV11 (I believe that preserving our cultural heritage is essential for future generations.)	0.84	
	MV12 (I am proud of my Minangkabau heritage and identity.)	0.78	
	MV13 (I believe in the importance of hard work and perseverance.)	0.80	
	MV14 (I am open to learning from other cultures while maintaining my own traditions.)	0.71	
	MV15 (I believe that honesty and integrity are crucial in business.)	0.69	
<b>Entrepreneurial Orientation</b>			0.79
	EO1 (Innovativeness)	0.82	
	EO2 (Innovativeness)	0.76	
	EO3 (Innovativeness)	0.85	
	EO4 (Proactiveness)	0.79	
	EO5 (Proactiveness)	0.73	
	EO6 (Proactiveness)	0.81	
	EO7 (Risk-Taking)	0.84	
	EO8 (Risk-Taking)	0.78	
	EO9 (Risk-Taking)	0.80	
<b>Financial Performance</b>			0.75
	FP1 (Sales Growth)	0.80	
	FP2 (Profitability)	0.75	
	FP3 (Return on Investment)	0.82	
<b>Non-Financial Performance</b>			0.82
	NFP1 (Customer Satisfaction)	0.85	
	NFP2 (Employee Morale)	0.78	
	NFP3 (Community Engagement)	0.76	

Table 3 presents the results of the structural model analysis, which tests the hypothesized relationships between the key constructs in this study: Minangkabau Indigenous Values, Entrepreneurial Orientation (EO), and Business Performance (both Financial and Non-Financial); H1: Minangkabau values -> EO: The standardized path coefficient ( $\beta$ ) of 0.65 indicates a strong positive relationship between Minangkabau values and EO. This means that higher adherence to Minangkabau values is associated with higher levels of EO among the entrepreneurs. The  $R^2$  value of 0.42 shows that Minangkabau values explain 42% of the variance in EO, indicating a substantial influence of these values on entrepreneurial behavior. The p-value of  $<0.001$  confirms that this relationship is statistically significant, providing strong support for H1. This suggests that Minangkabau values, with their emphasis on community, cooperation, and ethical conduct, foster an entrepreneurial spirit among the entrepreneurs; H2: EO -> Financial Performance: The standardized path coefficient ( $\beta$ ) of 0.52 indicates a positive relationship between EO and Financial Performance. This suggests that higher levels of EO

are associated with better financial performance. The  $R^2$  value of 0.27 shows that EO explains 27% of the variance in Financial Performance. The p-value of  $<0.01$  confirms that this relationship is statistically significant, supporting H2. This indicates that an entrepreneurial orientation, with its focus on innovation, proactiveness, and risk-taking, contributes to financial success; H3: EO -> Non-Financial Performance: The standardized path coefficient ( $\beta$ ) of 0.60 indicates a strong positive relationship between EO and Non-Financial Performance. This suggests that higher levels of EO are associated with better non-financial performance, such as customer satisfaction, employee morale, and community engagement. The  $R^2$  value of 0.36 shows that EO explains 36% of the variance in Non-Financial Performance. The p-value of  $<0.001$  confirms that this relationship is statistically significant, supporting H3. This suggests that an entrepreneurial orientation not only contributes to financial success but also to achieving non-financial goals that are valued by Minangkabau entrepreneurs.

Table 3. Structural model and hypothesis testing.

Hypothesis	Standardized path coefficient ( $\beta$ )	Standard error	p-value	$R^2$ (Explained Variance)	Result
H1: Minangkabau values -> EO	0.65	0.08	$< 0.001$	0.42	Supported
H2: EO -> Financial Performance	0.52	0.10	$< 0.01$	0.27	Supported
H3: EO -> Non-Financial Performance	0.60	0.09	$< 0.001$	0.36	Supported

#### 4. Discussion

The findings of this study unequivocally demonstrate the profound impact of Minangkabau indigenous values on the entrepreneurial orientation (EO) of entrepreneurs in Padang, Indonesia. This resonates with the rich cultural heritage of the Minangkabau people, renowned for their long-standing tradition of entrepreneurship, which is

deeply intertwined with their values and practices. The emphasis on community, cooperation, and ethical conduct, enshrined in the Adat Basandi Syarak, Syarak Basandi Kitabullah (ABS-SBK) philosophy, appears to cultivate a fertile ground for an entrepreneurial spirit that flourishes through innovation, proactiveness, and an unwavering drive for success. The strong emphasis on community and

mutual assistance, exemplified by the concept of "gotong royong," plays a pivotal role in fostering a supportive ecosystem for entrepreneurship. This collaborative spirit transcends mere cooperation, it's a deeply ingrained cultural value that permeates all aspects of life, including business. "Gotong royong" fosters a sense of collective responsibility and shared success, encouraging individuals to work together for the betterment of the community as a whole. This collaborative ethos translates into tangible benefits for entrepreneurs. It facilitates access to a network of support, where individuals can readily tap into the collective wisdom, experience, and resources of their community. Aspiring entrepreneurs can seek guidance from established business owners, access funding through informal lending circles, and benefit from shared knowledge and skills. This sense of collective support reduces the perceived risks associated with starting a business and provides a safety net for those who may encounter challenges along the way. Moreover, the emphasis on community fosters a culture of trust and reciprocity, which is essential for business transactions. In a society where relationships are valued and reputation is paramount, entrepreneurs are more likely to engage in fair and ethical practices, knowing that their actions will have repercussions within their community. This fosters a conducive environment for business dealings, reducing transaction costs and promoting long-term partnerships. The Minangkabau culture also places a strong emphasis on "merantau," the practice of venturing out from one's home community to seek new experiences and opportunities. This tradition, deeply rooted in the Minangkabau worldview, encourages individuals to explore the world beyond their immediate surroundings, gain new perspectives, and acquire knowledge and skills that can benefit their community upon their return. "Merantau" fosters a proactive and outward-looking mindset, essential qualities for successful entrepreneurs. It encourages individuals to embrace challenges, adapt to new environments, and seek out opportunities beyond their comfort zones. This spirit of exploration and risk-taking is a key driver of innovation and entrepreneurial activity. Furthermore, "merantau"

facilitates the development of extensive networks and connections beyond the local community. These networks can provide access to new markets, resources, and ideas, further enhancing entrepreneurial opportunities. The experience of navigating different cultures and environments also fosters adaptability and resilience, valuable traits for entrepreneurs facing a dynamic and uncertain business landscape. The matrilineal kinship system, a defining feature of Minangkabau culture, sets it apart from most other societies and contributes significantly to its entrepreneurial dynamism. In this system, lineage and property are passed down through the female line, granting women significant authority in family and community affairs. This fosters a sense of equality and empowerment that permeates all aspects of society, including the business realm. Minangkabau women are actively involved in various entrepreneurial activities, from managing small-scale enterprises to leading large corporations. They are not merely participants in the economy but often play a central role in driving economic activity. This challenges traditional gender roles and creates a more inclusive and egalitarian entrepreneurial landscape. The empowerment of women in Minangkabau society has several implications for entrepreneurship. It expands the pool of potential entrepreneurs, bringing diverse perspectives and skills to the business arena. It also fosters a more collaborative and supportive environment, as women are often at the forefront of community initiatives and social networks. This contributes to a richer and more dynamic entrepreneurial ecosystem. Moreover, the matrilineal system may promote a long-term perspective in business decision-making. As women are responsible for managing and preserving family assets for future generations, they may be more inclined to prioritize sustainability and long-term growth over short-term gains. This approach can contribute to the resilience and longevity of businesses in the Minangkabau context. In essence, Minangkabau indigenous values act as a powerful catalyst for entrepreneurship. The emphasis on community, cooperation, and ethical conduct creates a supportive environment for entrepreneurial activity. The tradition of "merantau"



fosters a proactive and outward-looking mindset, encouraging individuals to seek new opportunities and expand their horizons. And the matrilineal kinship system empowers women, creating a more inclusive and dynamic entrepreneurial landscape. These cultural values, deeply ingrained in the Minangkabau worldview, provide a fertile ground for the development and flourishing of entrepreneurial spirit. They shape the attitudes, behaviors, and aspirations of individuals, encouraging them to embrace innovation, take calculated risks, and contribute to the economic and social well-being of their community. This intricate interplay of cultural values and entrepreneurial spirit is a testament to the enduring legacy of the Minangkabau people. It demonstrates how culture can act as a powerful force for economic development and social progress, shaping the trajectory of individuals and communities alike. By understanding and appreciating the unique cultural context of Minangkabau entrepreneurship, we can gain valuable insights into the diverse ways in which culture can shape entrepreneurial behavior and drive business success.<sup>11-13</sup>

This study substantiates the well-established link between entrepreneurial orientation (EO) and business performance. The findings unequivocally demonstrate that EO is a significant predictor of both financial and non-financial performance among Minangkabau entrepreneurs. This underscores the critical importance of cultivating an entrepreneurial mindset for achieving holistic business success within this culturally rich context. The positive relationship between EO and financial performance highlights the pivotal role of innovation, proactiveness, and calculated risk-taking in driving profitability and growth. These three dimensions of EO act as interconnected pillars that support and reinforce each other, creating a dynamic engine for business success. In today's rapidly evolving marketplace, innovation is no longer a luxury but a necessity for survival and growth. Entrepreneurs who embrace innovation are constantly seeking new and improved ways to deliver value to their customers. This could involve developing new products or services, implementing novel processes, or adopting cutting-edge technologies. By

constantly pushing the boundaries of what's possible, innovative entrepreneurs can differentiate themselves from the competition, capture new markets, and achieve sustainable growth. Proactive entrepreneurs are not merely reactive to market trends, they actively anticipate and shape them. They possess a keen sense of foresight, constantly scanning the horizon for emerging opportunities and challenges. They are willing to take initiative, experiment with new approaches, and invest in future possibilities. This proactive stance allows them to stay ahead of the curve, capitalize on emerging trends, and adapt swiftly to changing market conditions. While risk-taking is often associated with entrepreneurship, it's not about reckless gambles. Successful entrepreneurs understand the importance of calculated risk-taking. They carefully assess potential risks and rewards, weighing the potential downsides against the potential gains. They are willing to step outside their comfort zones, but they do so with a clear understanding of the potential consequences. This calculated approach to risk allows them to seize opportunities while mitigating potential losses. By embracing these three pillars of EO, Minangkabau entrepreneurs can enhance their competitive advantage, adapt to dynamic market conditions, and achieve sustainable financial success. Interestingly, this study also reveals a strong positive relationship between EO and non-financial performance. This suggests that Minangkabau entrepreneurs prioritize not only financial gains but also aspects such as customer satisfaction, employee morale, and community engagement. This finding aligns with the cultural emphasis on social responsibility and community well-being, suggesting that entrepreneurs strive to create value for their stakeholders and contribute to the betterment of their community. This holistic approach to business performance reflects a deeper understanding of success that goes beyond mere financial metrics. It recognizes that businesses are not isolated entities but integral parts of a larger social fabric. By prioritizing non-financial goals, entrepreneurs demonstrate their commitment to ethical conduct, social responsibility, and community well-being. Entrepreneurs who prioritize customer

satisfaction understand that building long-term relationships with their customers is essential for sustainable success. They strive to exceed customer expectations, providing high-quality products and services, excellent customer service, and personalized attention. This focus on customer satisfaction fosters trust and loyalty, leading to repeat business and positive word-of-mouth referrals. Recognizing the value of their employees, entrepreneurs who prioritize employee morale cultivate a positive and supportive work environment. They invest in their employees' development, provide opportunities for growth, and foster a sense of belonging and shared purpose. This results in a motivated and engaged workforce, which in turn contributes to increased productivity, innovation, and customer satisfaction. Minangkabau entrepreneurs often view their businesses as vehicles for contributing to the well-being of their community. They actively engage in community initiatives, support local causes, and promote social responsibility. This commitment to community engagement not only enhances their reputation and builds goodwill but also fosters a sense of shared purpose and collective responsibility. By prioritizing these non-financial aspects of business performance, Minangkabau entrepreneurs demonstrate their commitment to a broader definition of success that encompasses not only financial gains but also social responsibility and community well-being. This holistic approach to business aligns with the core values of Minangkabau culture and contributes to a more sustainable and equitable business environment. In essence, entrepreneurial orientation acts as a powerful bridge between Minangkabau indigenous values and business performance. It translates the cultural emphasis on community, cooperation, and ethical conduct into concrete actions that drive both financial and non-financial success. By embracing innovation, proactiveness, and calculated risk-taking, entrepreneurs can leverage their cultural values to achieve sustainable growth, create value for their stakeholders, and contribute to the betterment of their community. This holistic approach to business performance reflects a deeper understanding of success that aligns with the core values of

Minangkabau culture. The findings of this study underscore the importance of cultivating an entrepreneurial mindset that is not only driven by financial goals but also guided by ethical principles and a commitment to social responsibility. This approach to entrepreneurship can lead to a more sustainable and equitable business environment, where success is measured not only by profits but also by the positive impact on the community and society as a whole.<sup>14,15</sup>

This study delves into the intricate relationship between Minangkabau values and entrepreneurial risk-taking, revealing a nuanced dynamic that reflects the cultural emphasis on balance, community well-being, and ethical considerations. While the study confirms the overall positive influence of Minangkabau values on entrepreneurial orientation (EO), it also highlights a more cautious and calculated approach to risk-taking among Minangkabau entrepreneurs. Risk-taking is an inherent and indispensable aspect of entrepreneurship. It involves venturing into the unknown, embracing uncertainty, and making decisions with potentially significant consequences. Entrepreneurs who shy away from risk often miss out on opportunities for growth and innovation. However, excessive or reckless risk-taking can lead to disastrous outcomes, jeopardizing not only the individual entrepreneur but also the wider community. In the context of Minangkabau culture, risk-taking is viewed through a lens that emphasizes balance and community well-being. While entrepreneurship is encouraged and celebrated, it is also expected to be conducted in a manner that aligns with cultural values and prioritizes the collective good. This nuanced perspective on risk-taking shapes the entrepreneurial landscape in profound ways. The strong emphasis on community and mutual assistance fosters a sense of collective responsibility. Entrepreneurs are mindful of the potential impact of their decisions on the wider community and are less likely to engage in risky ventures that could jeopardize the well-being of others. This sense of responsibility encourages a more cautious and calculated approach to risk-taking. The Minangkabau tradition of consultation and consensus-building ("musyawarah") further

moderates risk-taking behavior. Entrepreneurs often seek advice and guidance from family members, community elders, and business associates before making major decisions. This process of collective deliberation helps to identify potential risks, explore alternative options, and ensure that decisions are aligned with community values and expectations. The Adat Basandi Syarak, Syarak Basandi Kitabullah (ABS-SBK) philosophy, which guides all aspects of life in Minangkabau culture, emphasizes ethical conduct and integrity. Entrepreneurs are expected to conduct their business affairs in a fair and honest manner, avoiding actions that could harm others or damage their reputation. This ethical framework discourages excessive risk-taking that could lead to unethical behavior or compromise the integrity of the business. The matrilineal kinship system, with its emphasis on preserving family assets for future generations, may also contribute to a more cautious approach to risk-taking. Entrepreneurs may be more inclined to prioritize long-term sustainability and stability over short-term gains, leading them to avoid risky ventures that could jeopardize the future of their businesses and families. The nuanced approach to risk-taking in Minangkabau culture does not imply a complete aversion to risk. Rather, it encourages a calculated and strategic approach that balances ambition with prudence. Entrepreneurs are willing to take risks, but they do so in a manner that is carefully considered, aligned with community values, and informed by collective wisdom. Entrepreneurs invest significant time and effort in planning and preparing for new ventures. They conduct thorough market research, assess potential risks and rewards, and develop comprehensive business plans. This meticulous preparation helps to minimize uncertainty and increase the likelihood of success. Entrepreneurs actively seek advice and guidance from trusted sources, such as family members, community elders, and experienced business professionals. This process of consultation helps to identify potential pitfalls, explore alternative strategies, and gain valuable insights from those with relevant experience. Entrepreneurs cultivate strong networks and relationships with business partners, suppliers, and

customers. These networks provide support, access to resources, and valuable information that can help to mitigate risks and enhance the chances of success. Entrepreneurs prioritize ethical considerations in all their business dealings. They adhere to the principles of fairness, honesty, and integrity, even when faced with challenging situations or tempting opportunities. This ethical compass guides their decision-making and helps to ensure that their actions are aligned with community values and expectations. By carefully considering potential risks and taking steps to mitigate them, entrepreneurs can reduce the likelihood of business failure. This contributes to the stability and sustainability of the entrepreneurial ecosystem. The emphasis on ethical conduct and community well-being builds trust among entrepreneurs, investors, and consumers. This trust fosters a more conducive environment for business transactions and promotes long-term partnerships. The focus on long-term sustainability and community well-being encourages entrepreneurs to adopt a more responsible and sustainable approach to business growth. This contributes to the long-term economic and social development of the community. The nuanced approach to risk-taking helps to preserve the core values of Minangkabau culture, ensuring that entrepreneurship remains aligned with the principles of community, cooperation, and ethical conduct. While the cautious approach to risk-taking fostered by Minangkabau culture offers many benefits, it is also important to recognize the challenges it may pose in a rapidly changing and increasingly globalized world. Entrepreneurs may need to adapt their strategies to compete in dynamic markets and seize opportunities that require a greater degree of risk-taking. Finding the right balance between cultural values and the demands of a dynamic business environment is a key challenge for Minangkabau entrepreneurs. It requires a nuanced understanding of both the cultural context and the global marketplace, as well as the ability to adapt and innovate while staying true to core values.<sup>16-</sup>

<sup>18</sup>

The findings of this study have important implications for both entrepreneurs and policymakers in the Minangkabau context. The study highlights the

importance of leveraging their cultural values to foster an entrepreneurial spirit. By embracing the values of community, cooperation, and ethical conduct, entrepreneurs can enhance their innovativeness and proactiveness, which are crucial for business success. Furthermore, entrepreneurs should strive to balance their cultural values with the need for calculated risk-taking. While excessive risk-taking may be discouraged by cultural norms, entrepreneurs need to be willing to take calculated risks to seize opportunities and achieve growth. The study underscores the importance of recognizing and supporting the role of culture in promoting entrepreneurship. Policymakers should consider incorporating cultural values into entrepreneurship development programs and initiatives. This could involve promoting awareness of the positive influence of Minangkabau values on EO and providing training programs that help entrepreneurs leverage their cultural strengths. Furthermore, policies that support community-based initiatives and social enterprises may be particularly effective in this cultural context.<sup>19,20</sup>

## 5. Conclusion

This study investigated the influence of Minangkabau indigenous values on entrepreneurial orientation (EO) and business performance in Padang, Indonesia. The findings reveal a strong positive relationship between Minangkabau values and EO, particularly the dimensions of innovativeness and proactiveness. Furthermore, EO was found to be a significant predictor of both financial and non-financial business performance. This highlights the vital role of Minangkabau values in fostering an entrepreneurial spirit that drives business success. The emphasis on community, cooperation, and ethical conduct, coupled with a proactive mindset, creates a fertile ground for innovation and sustainable growth. This study contributes valuable insights into the interplay between culture, EO, and business performance, with implications for entrepreneurs, policymakers, and researchers seeking to promote entrepreneurship in culturally rich contexts.

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