

## Religiosity as a moderator on business success: A campaign for open innovation

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### Abstract

The study investigates how managerial competency (MC) and entrepreneurial orientation (EO) impact the business success (BS) of micro and small enterprises (MSEs) in the food sector, with an examination of religiosity as a moderating factor. Purposive sampling was employed to select a sample of 122 owners and workers from culinary businesses on Lombok Island, Indonesia. Data analysis was conducted using Structural Equation Modeling (SEM) with AMOS 22. The findings underscore MC's critical role in enhancing BS, alongside EO's significant influence on overall company performance. Moreover, the study reveals that religiosity plays a moderating role in shaping the relationships between MC, EO, and BS. Additionally, our research connects these insights to the concept of open innovation. By integrating aspects of religiosity into the implementation of open innovation in SMEs, not only can the quality of innovation be enhanced, but it can also cultivate a positive reputation that contributes to increased business success.

**Keywords:** Managerial competency; entrepreneurial orientation; business success; open innovation

### Introduction

The relationship between managerial competence (MC) and entrepreneurial orientation (EO) and their impact on business success (BS) has been extensively researched (Laguna et al., 2012; Jia et al., 2014; Velu & Manxhari, 2017; Khan et al., 2021). Transformational leadership, as discussed by Bass & Riggio (2006), emphasizes the importance of inspiring and motivating employees for organizational success and performance. Similarly, Finkelstein & Hambrick (1996) highlight the role of top executives' strategic leadership in shaping firm performance and strategic outcomes. Moreover, entrepreneurial orientation's relationship with company performance is influenced by environmental factors and the industry life cycle (Lumpkin & Dess, 2001). Entrepreneurial orientation also impacts business performance, emphasizing the need to consider managerial competence (Rauch et al., 2009). Empirical evidence shows how entrepreneurial orientation combined with effective management practices contributes to the performance of small and medium enterprises (SMEs) in the Netherlands (Kraus et al., 2012).

Research on the linkage between MC, EO, and BS reveals contradictory findings. Some studies suggest a positive relationship between EO and MC (Lumpkin and Dess, 2001; Wiklund and Shepherd, 2005; Rauch and Frese, 2007). However, Li and Atuahene-Gima (2001) argue that the relationship is more complex, indicating that while EO may enhance certain managerial competencies, it might negatively affect others, such as administrative skills. Additionally, religion's impact on business is well-documented (Al-

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Husan, 2015; Wibowo, 2017; Hariadi & Adawiyah, 2018), yet Parlyna et al. (2023) found that religiosity negatively and significantly influences the relationship between EO and SME performance in DKI Jakarta.

This study aims to fill a gap in the literature by providing new insights into how these factors shape BS, proposing to treat religiosity as a moderating variable rather than a mediating one. This approach aligns with the theoretical framework outlined by Lu & Wu (2018) and Hariadi & Adawiyah (2018), which argue against positioning religiosity as a mediating variable. Religiosity, teaching social responsibility and ethics, can motivate business owners and managers to adopt a responsible business orientation, providing extra motivation and stronger commitment to achieving business goals. Thus, this research positions religiosity as a moderating variable.

The focus of this paper is on culinary SMEs in Lombok, a region known for its strong religious culture and its burgeoning culinary tourism sector, especially after the operation of the Mandalika Circuit in 2022. Lombok's culinary SMEs are crucial to the local economy, providing employment, contributing to GDP, and reducing unemployment rates. Despite the national growth of the culinary industry (Hamdani & Maulani, 2018), research on Lombok's culinary SMEs remains limited, even as the island gains popularity as a tourist destination.

Furthermore, unlike existing research that focuses solely on theoretical understanding, our study links findings to the concept of open innovation. Open innovation in business emphasizes collaboration with external partners, customers, suppliers, and even competitors to foster creativity, share knowledge, and drive growth (Radziwon & Bogers, 2019). Studies on Turkish SMEs and Chinese SMEs have demonstrated the positive impact of open innovation on marketing and organizational innovation (Hinteregger et al., 2019; Lu et al., 2021). Albats et al. (2023) recommend that SMEs adapt their business models to stay competitive by collaborating with external partners and embracing open innovation. By integrating these insights, we contribute practical guidance on optimizing MC and EO through open innovation, arguing that stronger integration among SMEs enhances business scale and efficiency, ultimately leading to greater business success.

## Literature review

Entrepreneurial orientation (EO) is a key concept in strategic management, pivotal when executives aim to innovate and exploit unique opportunities. EO encompasses the processes, practices, and decision-making styles that characterize entrepreneurial organizations (citation needed).

Rauch and Frese (2007) provide evidence of a positive relationship between EO and managerial competence (MC). They argue that EO fosters the development of MC by offering a platform for learning, experimentation, and innovation. Similarly, Wiklund and Shepherd (2005) found that EO enhances managerial cognition, promoting entrepreneurial thinking and strategic orientation. Lumpkin and Dess (2001) demonstrated that EO positively impacts the strategic, administrative, and technical competencies of top management teams (TMTs). Additionally, Rauch et al. (2009) reviewed the literature on EO and MC, concluding that EO consistently supports the development of MC through opportunities for learning and innovation.

### **H1: There is a significant impact of entrepreneurial orientation on managerial competency.**

EO is crucial for business success, reflecting a firm's readiness to take risks, innovate, and proactively respond to market changes. Vaitoobkiat and Charoensukmongkol (2020) affirmed the positive contribution of EO to firm performance. Oyeku et al. (2020) highlighted that increased EO, coupled with entrepreneurial self-efficacy and environmental uncertainty, drives both financial and non-financial success metrics, such as profitability, market share, asset growth, sales growth, and responsiveness to government policies. Rauch et al. (2009) also found that EO positively affects the survival and growth of new ventures, particularly in dynamic and uncertain environments. Ludiya (2020) demonstrated the impact of EO and entrepreneurial competence on the performance of SMEs in the fashion sector in Cimahi, while Bustan

(2016) confirmed the effect of EO, entrepreneurial characteristics, and learning orientation on the success of food processing businesses in Palembang.

**H2: There is a significant effect of entrepreneurial orientation on business success.**

Effective management is crucial for business success. Veliu and Manxhari (2017) emphasized the positive impact of MC on business performance in Kosovo's SMEs. Kusku and Kusku (2019) found that MC significantly influences the financial performance of Turkish firms, highlighting interpersonal and leadership skills as critical dimensions. Gupta, Kumar, and Singh (2016) also reported a positive relationship between MC and organizational performance. Lee, Kim, and Kim (2016) argued that competent managers create a supportive environment that fosters innovation. The literature consistently shows that MC positively impacts various aspects of business success, including financial performance, organizational performance, and innovation.

**H3: There is a significant influence of managerial competency on business success.**

Religiosity, defined as the degree of adherence to religious beliefs, practices, and values, significantly shapes individuals' attitudes towards work and business success. Previous research indicates that religiosity influences work ethic, morality, and values (Li, 2017). Ahlstrom and Bruton (2009) found that the religious beliefs and values of Chinese entrepreneurs were positively associated with business performance. Al-Rafee and Al-Rujaib (2012) similarly reported a positive relationship between religiosity and the financial performance of SMEs in Saudi Arabia. Al-Husan (2015) discovered that Islamic religiosity significantly moderated the relationship between MC and organizational performance in Jordan.

**H4: Religiosity moderates the relationship between managerial competency and business success.**

Religiosity can also moderate the relationship between EO and business success, either by strengthening or weakening EO's impact on performance. Lerner and Almor (2002) found that in Israel, EO's positive effects on firm performance were stronger among religious entrepreneurs compared to secular ones. Adegbite et al. (2020) observed that religiosity positively moderated the relationship between EO and financial performance among Nigerian SMEs, with the effect being stronger for more religious entrepreneurs. Dissanayake and Gibb (2022) argued that religious values shape the entrepreneurial orientation phases of entrepreneurs from various religious backgrounds, such as Spiritual, Catholic, and Buddhist, influencing their business practices throughout the enterprise's life.

**H5: Religiosity moderates the relationship between entrepreneurial orientation and business success.**

## Research Method

This quantitative research employed Structural Equation Modeling (SEM) to analyze collected data. SEM is a data analysis that combines Confirmatory Factor analysis (CFA) and path analysis. CFA aimed to explore the contribution of each latent variable indicator. At the same time, the path analysis seeks to analyze the direct or indirect relationship to the variables of this study. This research attempted to determine the structural and measurement models on the relationship between managerial competency and entrepreneurial orientation and business success in culinary enterprises in Lombok and religiosity as moderating variables. The research design used is Structural Equation Modeling (SEM) to analyze the relationship between exogenous and endogenous latent variables. SEM can also explore the contribution of each latent variable indicator through confirmatory factor analysis.

This quantitative study gathered data through surveys involving culinary entrepreneurs in Lombok, Indonesia as the population. The research subjects focused on culinary business actors with a monthly turnover of over 10 million. Yet, the total of culinary businesses is still undetermined. According to Fitriyah & Husni (2020), the Lemeshow formula is utilized to determine the number of samples for an unspecified

population with a minimum of 97 respondents. Nevertheless, this probe involved 122 respondents. The research instrument includes indicator variables to be investigated, such as managerial competency (MC), entrepreneur organization (EO), business success (BS), and religiosity as moderating variables. The MC variable is measured based on indicators developed by Kupczyk & Stor (2017), including nine indicators: talent management, succession planning, design and manage compensation system, career management, employee performance appraisal, assigning task to people, selection of university student/young graduate for job placement, personnel recruitment and selection process, and design tailored training and developmental program. In addition, the entrepreneur organization variable is also employed. Adomako et al. (2016) state that entrepreneurial orientation could be measured through four indicators: proactive, competitive, risk-taking propensity, and innovative. Moreover, the BS variable is based on research conducted by Bakar et al. (2013) and Saridan et al. (2007), which contains three aspects: financial profitability, enterprise growth, and satisfaction. The religiosity variable is utilized as a moderating variable. while the instruments follow the theory developed by Himmelfarb (1975) and Peterson et. al. (2010). Religiosity variables include supernatural, communal, cultural, and interpersonal objects.

### Data Analysis

After the data is obtained, then data analysis is carried out. Data analysis in this research refers to Structural Equation Modeling (SEM). According to Civelek et. Al (2016), SEM is considered effective for testing relationships between complex variables, even those involving moderating variables. The data were analyzed using mediation and moderation test analysis to determine the relationship between managerial competency and entrepreneur orientation variables on business success and religiosity as a moderating variable. Data analysis in this research applied the AMOS software.

The output of SEM apart from knowing the relationship between variables, also contains the results of testing the validity and reliability. Reliability testing is carried out by calculating the Construct Reliability (CR) and Variance Extract (VE). CR is a measure of the consistency of an indicator of a variable while VE is used to see the number of variants of an indicator of a variable. The construct is said to be reliable if the CR value is more than 0.70 and the VE value is more than 0.5. The formulas for Construct Reliability (CR) and Variance Extract (VE) are as follows (Fitriyah and Rahmawati, 2022) as see on equation (1) and (2). To test the accuracy of the model with data or goodness of fit, several indicators are used as benchmarks. The goodness of fit indicators based on Xia and Yang (2019) as seen in Table 2.

$$\text{Construct Reability (CR)} = \frac{(\sum \text{standard loading})^2}{(\sum \text{standard loading})^2 + \sum e_j} \quad (1)$$

$$\text{Variance Extracted (VE)} = \frac{\sum \text{standard loading}^2}{\sum \text{standard loading}^2 + \sum e_j} \quad (2)$$

### Result and Discussion

Referring to Sekaran & Bougie (2016), this study supports the empirical hypothesis. A descriptive, quantitative, and cross-sectional survey is used to investigate the management of culinary business activities in Lombok, Indonesia. One hundred twenty-two respondents from five cities and regencies in Lombok have completed the distributed questionnaire. Table 3 shows the original respondent data. Additionally, the characteristics of respondents based on the length of operation are shown in Table 4. The data were analyzed using mediation and moderation tests with AMOS software version 22. Before testing the moderating variable, in this case, the religiosity variable, it is necessary to test the variable indicators. The results of the indicator test on the latent variables can be seen in Table 5.

The test results in Table 3 revealed that the indicators for each latent variable had a p-value of less than 0.05, suggesting that each indicator represents the latent variables studied. Therefore, further data analysis can be carried out with these results. Reliability testing was also conducted in SEM by calculating Construct Reliability (CR) and Variance Extracted (VE). CR measures the consistency of an indicator of a variable, while VE is used to see the amount of variance of an indicator of a variable. A construct is considered reliable if the CR value is more than 0.70 and the VE value is more than 0.5.

Based on the CR and VE calculation results for the managerial competency variable, the CR value is 0.96 (more than 0.70) and the VE value is 0.76 (more than 0.5). For the entrepreneurial orientation variable, the CR value is 0.95 and the VE value is 0.84. For the business success variable, the CR value is 0.99, and the VE value is 0.97. Based on these calculations, it can be concluded that the indicators of the variables in this study are reliable.

Subsequently, the mediation test was conducted based on a pre-existing theory. This mediation and moderation test produces structural and measurement models. The obtained structural model is illustrated in Figure 1. In this structural model, the religiosity variable is a moderating variable. It can strengthen or weaken the relationship between managerial competence and business success, as well as the relationship between entrepreneurial orientation and business success. The estimation results in this study can be seen in Table 6.

Apart from the estimation results, the data analysis output tests the model accuracy with the data used, or the goodness of fit. The goodness of fit test results can be seen in Table 7. The results of the model accuracy index revealed that the chi-square value was 43.19 with a p-value of more than 0.05, indicating that the model is fit and there is no difference between the data and the developed model. The GFI, AGFI, and residual values shown by RMSEA are less than 0.08 (0.04), suggesting that the model fits the data.

### **Managerial competency has a significant effect on business success.**

The results of our analysis, as shown in Table 7, reveal that managerial competency significantly and positively impacts business success. Research conducted by Rahmawati & Abidin (2022) indicates that managerial competency influences a company's organizational performance. The role of managerial competency in businesses, whether small-scale or large-scale, must be carefully considered. According to Đergovic et al. (2020), Niazi et al. (2020), and Tsendsuren et al. (2021), managerial competency positively contributes to competitive success. Mustafa (2019) also revealed that the success of a company is closely related to the quality of managerial staff and the proper selection of individuals for key roles. To achieve success, a company must have an effective management process, encompassing planning, organizing, managing, and controlling. Gupta, Kumar, and Singh (2016) investigated the relationship between managerial competency and organizational performance, finding that managerial competency had a positive impact on overall organizational performance, significantly influencing various functional areas such as finance, marketing, and human resources. Based on these findings, we conclude that optimizing and improving the managerial capabilities of culinary business actors in Lombok is crucial.

### **Entrepreneurial orientation has a significant effect on business success.**

This study reveals that EO positively impacts business success. Wiklund and Shepherd (2005) found that EO significantly and positively affects the growth of small and medium enterprises (SMEs). They argue that SMEs demonstrating high levels of EO are more likely to identify new opportunities, innovate, and proactively respond to market changes, thereby contributing to their growth and success. Similarly, Rizki & Susanto (2021) stated that there is a positive and significant relationship between EO and business performance. Primadona & Emrizal (2022) also highlighted the role of EO in entrepreneurial success. Companies with high levels of EO are more likely to identify new opportunities, innovate, and proactively respond to market changes, contributing to their growth and success. These studies collectively

demonstrate that EO positively influences the performance of new ventures, SMEs, established companies, and high-tech companies. These findings suggest that organizations must prioritize developing an entrepreneurial mindset and culture to ensure long-term success.

### **The variable of religiosity moderates the relationship between MC and EO towards BS**

Furthermore, it moderates the relationship between EO and BS, as indicated by a p-value of 0.014, meaning H5 is accepted. This aligns with Adegbite et al. (2020), who found that religiosity positively moderates the relationship between EO and financial performance among SMEs in the UK. Religious individuals may possess qualities that manifest in effective management practices and may be more motivated to achieve success as a way of serving their higher power. This is consistent with the research of Cavanaugh and Prusak (1996), who found a positive association between religiosity and leadership effectiveness. They argue that religious leaders may be better equipped to manage their organizations because they are more likely to have the moral and ethical qualities required for effective leadership. Another study by Bénabou and Tirole (2011) found that religiosity is negatively associated with dishonest behavior. This suggests that religious individuals tend to avoid engaging in unethical business practices, which can positively impact business success.

Indeed, the relationship between religiosity and BS is complex and may depend on various factors. For example, the type of religion one adheres to can influence their management style and business practices. Additionally, the extent to which an individual practices their religion can also impact their management style. Nevertheless, research indicates that religiosity can moderate the relationship between MC and BS. Moreover, religiosity can be associated with a reduced likelihood of unethical behavior, which can further contribute to BS.

Supporting H4 and H5, three theoretical perspectives can explain the moderating role of religiosity in the relationships between EO-BS and MC-BS: institutional theory, cultural theory, and social identity theory. Institutional theory argues that organizations and individuals are embedded in cultural, social, and political contexts that shape their values, norms, and behaviors (Thoenig, 2012). In this view, religiosity can function as an institutional force providing legitimacy, trust, and social networks to entrepreneurs, enhancing their access to resources, customers, and partners. Meanwhile, cultural theory emphasizes the role of culture in shaping the cognitive and affective dimensions of individuals' attitudes and behaviors (Zourrig et al., 2009). In this perspective, religiosity can influence the values, beliefs, and motivations of entrepreneurs, thereby affecting their inclination to engage in risk-taking, innovation, and proactivity. Some studies suggest that religious entrepreneurs may be more altruistic, ethical, and socially responsible compared to secular entrepreneurs (Graafland et al., 2006; Ramasamy et al., 2010), thus enhancing their reputation, customer loyalty, and employee morale.

Furthermore, social identity theory posits that individuals acquire a sense of self and belonging from the social groups to which they belong, and that these groups provide them with norms, values, and goals that guide their behavior. In this view, religiosity can serve as a source of identity and affiliation that motivates entrepreneurs to pursue goals consistent with their religious values and beliefs. Some studies suggest that religious entrepreneurs may be more motivated by spiritual and social goals compared to financial or materialistic goals (Bouckaert and Zsolnai, 2012; Adamu et al., 2011), which can influence decision-making, resource allocation, and their business strategies.

### **EO and BS through MC**

The research model further explores an indirect relationship between EO and BS through MC as an intervening variable, revealing a notable coefficient of 0.502. This indirect pathway underscores the critical role of MC in translating EO into tangible business success outcomes. Studies by Wahyuni and Sara (2020) emphasize that market orientation, learning orientation, and EO collectively contribute significantly

to business performance through enhanced knowledge competence and innovation capabilities. Additionally, Kyal et al. (2022) underscore a positive correlation between EO and various facets such as business financing, effective management practices, market strategies, all of which collectively enhance the growth performance of SMEs. These findings highlight the multifaceted pathways through which EO influences BS, underscoring the importance of MC as a pivotal intermediary in achieving sustainable business outcomes.

### **Open innovation as a driver**

Studies related to open innovation in SMEs have advanced over the last decade. Essentially, SMEs employ open innovation to meet customer demands and address market competition (Khan & Arshad, 2019). The application of open innovation in SMEs is believed to have a positive impact on their business success. Research conducted by Hinteregger et al. (2019) asserts that open innovation practices undertaken by SMEs positively affect marketing, as well as process and organizational innovation. Additionally, a study by Ahn et al. (2015) states that the implementation of open innovation has a positive impact on company performance in South Korea. To actualize this concept in SMEs, it is crucial to comprehend how the Open Innovation concept, emphasizing cooperation and the open exchange of ideas, can support efforts to enhance entrepreneurial skills and orientation. Furthermore, understanding how religiosity can play a significant role in this context is important.

SMEs can leverage the Open Innovation concept by establishing robust collaborations with external parties. The objective of collaborating with external partners is to exchange ideas, complementing each other to create innovative offerings (Henttonen & Lehtimäki, 2017). Such collaboration may involve partnerships with universities, large companies, or research institutions to gain access to the latest knowledge, resources, and technology. This type of collaboration is instrumental in helping SMEs enhance their managerial skills and entrepreneurial orientation, as they receive valuable input and guidance from experts in various fields.

In an effort to enhance managerial skills, SMEs can leverage external resources. When implementing open innovation, the utilization of external resources can positively impact the finances and performance of SMEs (Brunswicker & Vanhaverbeke, 2015). SMEs can actively participate in training and educational programs offered by external partners, enabling business owners and employees to broaden their knowledge and skills in management and entrepreneurship. This provides SMEs with access to the latest knowledge and practices, facilitating their adaptation to changes in the business environment.

Joining local or regional business and innovation communities is another way to integrate the concept of open innovation in SMEs. These communities can be valuable resources for sharing experiences and ideas with fellow entrepreneurs. This also opens up opportunities for wider collaboration and knowledge exchange that can enrich entrepreneurial orientation. The business community often holds a wealth of knowledge and experience that organizations can leverage. By engaging in communities, SMEs can access these resources, such as industry experts, mentors, and knowledge-sharing infrastructure (Leckel et al., 2020).

SMEs can implement Open Innovation practices in their operations, which involve receiving input from various sources such as customers, suppliers, and business partners. Additionally, collaboration with external parties, gaining access to external resources, and participating in the business community are crucial aspects. By incorporating these strategies, SMEs can consistently enhance their products and services to align with changing market needs. This aligns with research conducted by Oduro (2019), which indicates that the application of open innovation to SMEs offers market advantages, financial benefits, and knowledge enhancements. However, it also highlights potential obstacles, including challenges in collaboration and organizational aspects.

Open decision-making is a concept closely related to open innovation. It involves involving various stakeholders in the decision-making process, including employees, customers, and other external parties. In the context of open innovation, open decision-making can increase the diversity of perspectives and speed up the innovation process (Radziwon & Bogers, 2019).

When SMEs apply open innovation principles, they can utilize external ideas and knowledge to enrich their innovation portfolio. In addition, open decision-making can create broader involvement from various parties, fostering an environment that supports more effective exchange of ideas and collaboration. This can help companies be more responsive to market changes and produce better innovative solutions.

#### Understanding of Religiosity

In the context of religiosity as a moderator, it is important to understand how religious values and beliefs can influence attitudes and behavior within the open innovation framework. When implementing open innovation, where collaboration and the exchange of ideas with external parties is key, the principles of business ethics instilled through religiosity can ensure that collaboration is carried out with integrity and honesty. Religiosity can motivate individuals to contribute to community empowerment through innovative initiatives aimed at providing benefits to all parties involved. Religiosity is also often related to social values, making SMEs that are supported by these values more open to learning and exchanging knowledge with external parties (Games, 2020).

By integrating the concept of open innovation into their business practices, SMEs can maximize their innovation potential. Leveraging external collaboration, additional resources, business communities, open innovation practices, and open decision-making can help develop strong managerial skills and entrepreneurial orientation. Additionally, religiosity can be used as an asset to strengthen commitment to innovation and sustainable business success. With this holistic approach, SMEs can build a strong foundation for long-term growth and success.

## Conclusions, Suggestions, and Limitations

In today's fast-paced and competitive business environment, firms face significant challenges to succeed and thrive. To overcome these challenges, organizations must develop and maintain their competitive advantage by leveraging their resources and capabilities. The findings of this study indicate that managerial competency (MC) and entrepreneurial orientation (EO) are positively related to business success (BS). Additionally, the study found that religiosity moderates the relationship between MC, EO, and BS. Therefore, SMEs should consider the importance of MC, EO, and religiosity in their business strategy to enhance their chances of success.

This paper contributes to the literature on entrepreneurship by exploring the role of religiosity in moderating the relationship between MC, EO, and BS. It also links the findings to the concept of open innovation. Integrating aspects of religiosity in implementing open innovation in SMEs can not only improve the quality of innovation but also build a positive reputation among stakeholders. By understanding the urgency of religiosity, SMEs can direct their efforts to achieve sustainable and meaningful business success.

Based on the insights garnered from the study, several suggestions can be proposed for both researchers and practitioners. Given the novel aspect of religiosity as a moderating factor, further research is needed to delve deeper into the mechanisms through which religiosity operates in the context of entrepreneurship. This could involve exploring the specific religious values or practices that entrepreneurs draw upon in their business decisions and how these interact with managerial competency and entrepreneurial orientation.

For aspiring and current entrepreneurs, the research underscores the importance of honing managerial skills and embracing an entrepreneurial orientation. Educational programs and training initiatives could be designed to equip entrepreneurs with the necessary competencies and mindsets that

foster business success. Practitioners should be culturally sensitive and attuned to the religious backgrounds of entrepreneurs. Recognizing the potential moderating effect of religiosity, businesses could adopt strategies that resonate positively with the religious values of their target markets or adapt their approaches to accommodate diverse religious perspectives.

However, this study also has certain limitations that should be considered when interpreting its findings. The study focuses specifically on the culinary industry, which might limit the generalizability of its findings to other sectors. Different industries have varying dynamics, consumer behaviors, and competitive landscapes that could lead to different outcomes and relationships between the variables studied. The sample used for the study might not be fully representative of the entire population of culinary enterprises. If the sample is skewed towards certain types of businesses, regions, or sizes, it could impact the applicability of the findings to a broader range of culinary enterprises. Additionally, the impact of religiosity on business decisions and outcomes can be deeply influenced by cultural context. The study might not fully capture the diversity of cultural nuances and their interaction with entrepreneurial dynamics.

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**Table 1.** Indicators of Variables

Variable	Indicators	Item	Source
Managerial Competency	Talent Management	MC1	Kupczyk & Stor (2017)
	Succession Planning	MC2	
	Design and Manage Compensation System	MC3	
	Career Management	MC4	
	Employee Performance Appraisal	MC5	
	Assigning Ask to People	MC6	
	Selection of University Student/Young Graduate for Job Placement	MC7	
	Personnel Recruitment and Selection Process	MC8	
	design tailored training and developmental program	MC9	
Entrepreneur Organization	Proactive	EO1	Adomako et al. (2016)
	Competitive	EO2	
	Risk-taking Propensity	EO3	
	Innovative	EO4	
Business Success	Financial Profitability	BS1	Bakar et al. (2013) and Saridan et al. (2007)
	Enterprise Growth	BS2	
	Satisfaction	BS3	
Religiosity	Supernatural	R1	Himmelfarb (1975) and Peterson et al. (2010)
	Communal	R2	
	Cultural	R3	
	Interpersonal Objects	R4	

**Table 2.** Indicator of Goodness of Fit

Indicator of Goodness of Fit	Cut Off Value
Significance	>0.05
RMSEA	<0.08
GFI	>0.90
AGFI	>0.90
CMIN/DF	<2.00
GFI	>0.95

**Table 3.** Characteristics of Respondents based on City/Regency

City/Regency	Total	Percentage
Mataram City	42	34%
West Lombok Regency	24	20%
Central Lombok Regency	22	18%
East Lombok Regency	24	20%
North Lombok Regency	10	8%

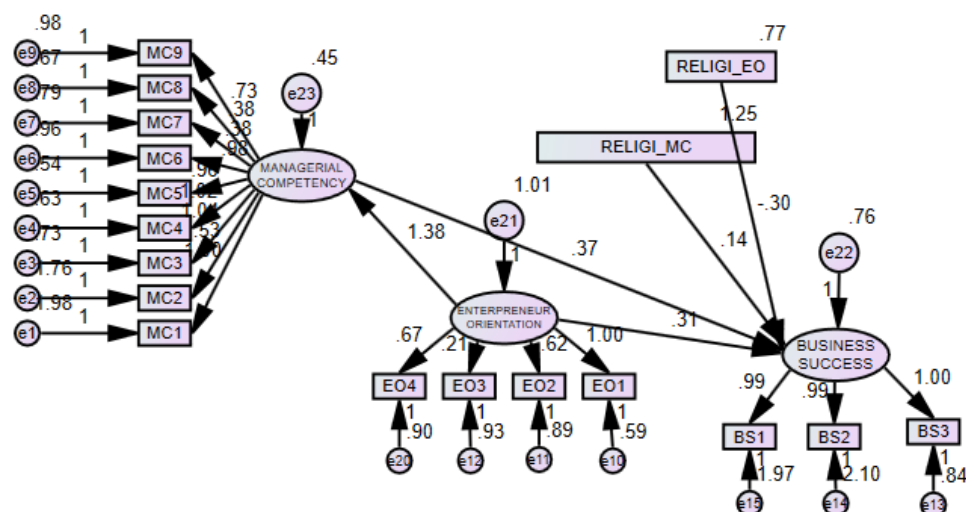
Source: Documentation (2021)

**Table 4.** Characteristics of Respondents Based on length of operation

Length of Operation	Total	Percentage
Less than 2.5 years	49	40%
2.5 – 5 years	28	23%
5-10 years	21	17%
More than 10 years	24	20%

**Table 5.** Latent Variable Indicator Test Results

	Estimate	S.E.	C.R.	P	Label
MC1 <--- MANAGERIAL COMPETENCY	1.000				
MC 2 <--- MANAGERIAL COMPETENCY	.528	.093	5.698	***	
MC 3 <--- MANAGERIAL COMPETENCY	1.037	.104	10.015	***	
MC4 <--- MANAGERIAL COMPETENCY	1.020	.100	10.153	***	
MC5 <--- MANAGERIAL COMPETENCY	.966	.095	10.204	***	
MC6 <--- MANAGERIAL COMPETENCY	.982	.104	9.472	***	
MC7 <--- MANAGERIAL COMPETENCY	.388	.063	6.108	***	
MC8 <--- MANAGERIAL COMPETENCY	.381	.060	6.401	***	
MC9 <--- MANAGERIAL COMPETENCY	.737	.087	8.433	***	
EO4 <--- ENTREPRENEUR ORIENTATION	1.000				
EO3 <--- ENTREPRENEUR ORIENTATION	.290	.130	6.238	.025	
EO2 <--- ENTREPRENEUR ORIENTATION	.852	.158	5.407	***	
EO1 <--- ENTREPRENEUR ORIENTATION	1.243	.186	6.696	***	
BS1 <--- BUSINESS SUCCESS	1.000				
BS2 <--- BUSINESS SUCCESS	.988	.159	6.228	***	
BS3 <--- BUSINESS SUCCESS	.933	.136	6.841	***	



Source: AMOS 22  
Figure 1: Structural Model

Table 6. Parameter estimation output

			Estimate	S.E.	C.R.	P	Label
MANAGERIAL COMPETENCY	<---	ENTREPRENEUR ORIENTATION	1.375	.201	6.831	***	
BUSINESS SUCCESS	<---	ENTREPRENEUR ORIENTATION	.315	.126	2.567	.023	
BUSINESS SUCCESS	<---	MANAGERIAL COMPETENCY	.365	.168	2.164	.017	
BUSINESS SUCCESS	<---	RELIGI_MC	.140	.039	3.532	.045	
BUSINESS SUCCESS	<---	RELIGI_EO	-.303	.117	-2.585	.014	

Table 7. The Goodness of Fit Test Results

Model	NPAR	CMIN	DF	P	CMIN/DF	RMR	GFI	AGFI	PGFI	RMSEA
Default model	39	43.19	132	0.056	1.107	0.707	0.992	0.901	0.934	0.004
Saturated model	171	0.00	0.00			0	1			
Independence model	18	1443.8	153	0	9.437	0.981	0.261	0.174	0.233	0.264