

Measurement Model of Social Capital, Entrepreneurial Orientation, Entrepreneurial Financing Choice and Performance in SMEs in West Sumatra

Siti Atikah Delfira¹, Erni Masdupi^{2*}

¹ Universitas Negeri Padang

INFO ARTIKEL	ABSTRAK
<p>Diterima DD Month 20XX Disetujui DD Month 20XX Diterbitkan DD Month 20XX</p>	<p>This research provides evidence of a measurement model, (confirmatory factor analysis--CFA) of performance, social capital, entrepreneurial orientation, and entrepreneurial financing choice of SMEs in West Sumatra in 2023. The purpose of this research is to test the accuracy of the measurement model on the data that has been collected. To answer this research question using a structural equation model (SEM). With a sample of 342 SMEs, it was found that the hypothesized model is valid and significant. The highest SL performance indicators are on the 2nd indicator with a value of 0.0972 and the lowest SL is on the 5th indicator with a value of 0.517. The Social capital indicators the highest SL is on the 7th indicator with a value of 0.905 and the lowest SL is on the 1st indicator with a value of 0.496. The highest SL entrepreneurial orientation indicators are on the 3rd indicator with a value of 0.876 and the lowest SL is on the 9th indicator with a value of 0.600. The Entrepreneurial financing choice indicators the highest SL is on the 4th indicator with a value of 0.962 and the lowest SL is on the 1st indicator with a value of 0.565.</p>
<p>Keywords: Measurement Model, CFA, Social Capital, Entrepreneurial Orientation, Entrepreneurial Financing Choice, Performance.</p>	<p>https://doi.org/10.24036/jkmmk.xxxxxxx</p>

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* Corresponding author: sitiatikahdelfira@gmail.com

INTRODUCTION

Structural Equation Modeling (SEM) Is a two-stage analysis method. Using CFA (Confirmatory Factor Analysis) is used to assess the validity before testing the structural model. This study investigates the validity of the variables performance, social capital, entrepreneurial orientation, entrepreneurial financing choice in SMEs in West Sumatra.

The Measurement Model

Testing the relationship that exists in this study requires an analytical technique. The analysis technique used in this study is Structural Equation Modeling (SEM). SEM is a two stage method. Using CFA to validate the measurement model. According to Ghazali, (2013) if a coefficient number scores an indicator with a total of all indicators greater than or equal to > 0.3 , then the instrument can be

considered valid. If the CFA meets the validity of >0.3 then the structural model can be run. According to Suliyanto, (2011) reliability is a measure that shows the degree of sample where each indicator indicates a common latent factor/construct. The approach used is to assess the amount of construct reliability and variance extracted from each variable.

LITERATURE REVIEW

Financial Performance

According to Hult et al., (2004) Business performance shows the achievement of organizational goals. Business performance in SMEs is seen from the company's success in product quality, innovation, human resource management, as well as customers and finances (Fitriati et al., 2020). It can be concluded that SME performance is the work of a business to achieve its goals in the form of profit (profit).

Measuring performance usually uses various financial measures such as income, cash flow, return on assets, return on equity, and so on to assess company performance (Haber & Reichel, 2005). Trailer et al., (1996) used performance as the dependent variable and found that the most commonly considered performance dimensions were related to efficiency, growth, and profit. Therefore this study considers efficiency, growth and profit to measure company performance. Li et al., (2009) says efficiency consists of several measures such as return on investment and return on equity. Growth focuses on increasing sales, market share. Profit includes profit on sales, net profit, operating profit.

Social Capital

Putnam, (2000) says that social capital is a relational resource achieved by individuals through a network of social relations. Describing social capital as 'features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit' (Putnam, 2000). Social capital theory consists of many concepts such as trust, networks, norms, reciprocity and social interaction (Yu & Nilsson, 2018).

According to Fukuyama, (1995) social capital as "the existence of a set of values or certain informal norms that are shared among group members that enable cooperation between them." Strong networks in the long term can foster norms that are conducive to cooperation (Fukuyama, 1995; Putnam, 2000). In general, social capital is considered as a set of resources available to individuals and groups as social networks. Therefore this study refers to Putnam (2000) that social capital consists of networks, norms and beliefs.

Entrepreneurial Orientation

Lumpkin, (1996) define entrepreneurial orientation as the methods, practices and decision-making styles that managers use to act entrepreneurially and can be considered a type of strategic orientation insofar as it captures how firms intend to compete.

Covin & Lumpkin, (2011) highlight three fundamental reasons why a company's entrepreneurial orientation is important in entrepreneurship. First, entrepreneurial orientation is a valuable concept for understanding how and why some firms may renew themselves regularly over time through new growth paths (Morris et al., 2010). Second, entrepreneurial orientation exists as a continuous variable or a set of variables that represent one or more dimensions on which companies can be created. As such, this concept offers a common measurement by which entrepreneurship can be

assessed. It can be said that entrepreneurial orientation occupies a different space from other entrepreneurial concepts.

This study refers to Miller, (1983) who defines an entrepreneurial firm as one that “engages in product market innovation, undertakes somewhat risky ventures, and is the first to emerge with 'proactive' innovation, outperforming competitors”. Proactivity is a core dimension of entrepreneurial orientation, and creates the potential for large returns and targets a premium market share (Covin, Jeffrey & Slevin, Dennis, 1989). Enterprise innovativeness captures a bias towards embracing and supporting creativity and experimentation, technology leadership, novelty and R&D in the development of products, services and processes (Lumpkin & Dess, 2015). Risk taking is defined by Miller & Friesen, (1978) as the extent to which SMEs and managers demonstrate a willingness to make bold and risky strategic decisions and invest resources with a rare probability of failure. Proactivity is an attitude of seeking opportunities, which requires the introduction of products and services to shape the environment in anticipation of future demands ahead of competitors (Lumpkin, 1996).

Entrepreneurial Financing Choice

Entrepreneurship is an important factor in facilitating economic development, entrepreneurs contribute by identifying low-return resources and converting them into high-return resources, which increases efficiency (Acs & Storey, 2004). From this understanding it can be said that entrepreneurship refers to the balance of economic, social and environmental welfare in entrepreneurship.

Entrepreneurial financing is a special part of corporate finance (Wright and Robbie, 1998). This research refers to Dudley, (2021) who says that entrepreneurial financing options are business financing options that involve formal and informal loans. Formal loans are loans from the bank. Formal lending incorporates information asymmetry, provision of liquidity and sharing of risk. According to Stiglitz & Weiss, (1981) new firms are observationally identical and result in differential financing when there is information asymmetry. provision of liquidity arises when entrepreneurs are unable to finance new businesses due to a lack of collateralized assets, potentially leading to inefficient liquidation of profitable projects by creditors (Tirole, 2010).

Risk sharing arises when the business has insufficient assets to meet the appropriateness of the lender's constraint incentives, directing the borrower to reduce risk by pledging personal assets (Robb & Robinson, 2014). Whereas informal loans exist without law enforcement and contracts (Karaivanov & Kessler, 2018; Lee et al., 2015). Such as loans to friends, friends and family. Based on this explanation, it can be said that the choice of financing entrepreneurship involves formal and informal loans that require access to finance.

METHOD

This type of research is quantitative research. Quantitative research is defined as a research method based on the philosophy of positivism, used to examine certain populations or samples, data collection uses research instruments, data analysis is quantitative or statistical in nature which has the aim of testing established hypotheses. This study uses primary data derived from respondents' answers to the questionnaire distributed to SMEs in West Sumatra. The sampling technique uses convenience sampling. The sample in this study amounted to 342 samples. This study used SEM using confirmatory factor analysis (CFA) used to assess the validity or suitability of the model.

Operational Definition and Variable Measurement

The following is a table of operational definitions and variable measurements in this study:

Table 1. Operational Definitions and Variable Measurements

No	Variable	Definition	Indicators	Source
1.	Performance	Business performance shows the achievement of organizational goals.	<ol style="list-style-type: none"> 1. My business usually achieves a return on investment 2. My business usually achieves sales growth 3. My business typically achieves market share growth 4. My business usually achieves a return on sales 5. Sales growth since last three years compared to major competitors 	Li et al., (2009) and Degong et al., (2018)
2.	Social Capital	Social Capital is a relational resource achieved by individuals through a network of social relations.	<ol style="list-style-type: none"> 1. Employees are willing to share information with each other 2. Employees in my business have integrity 3. My business has regular interactions with at least 20 business people 4. My business has had help from business people in the last three months 5. Work relationships are created based on trust through exchanging information and learning about others 6. Friendships develop from business relationships 7. Trust through relationships with relatives, friends and existing solidarity relationships such as community 8. Trust based on the reputation of others 	Aidoo et al., (2020), Pham & Talavera, (2018), Lyon, (2000)
3.	Entrepreneurial Orientation	Entrepreneurial Orientation is a decision-making model, process, and method that informs entrepreneurial activity.	<ol style="list-style-type: none"> 1. Ability to obtain products/services and technological processes to meet customer needs 2. New ideas provide innovative solutions to customer problems 3. My business actively introduces improvements and innovations in the business 4. Aggressively and actively pursuing market opportunities amid competition 5. My business always tries to take the initiative in every situation 6. My business excels at identifying opportunities 7. Trying to create new products/services 	Aidoo (2020) and Shan et al., (2016)

			8. People in my business are encouraged to take calculated risks with new ideas	
			9. Strong inclination/passion for high risk projects with high chance of return	
4.	Entrepreneurial Financing Choice	Entrepreneurial Financing Choice is a choice of business financing by business actors to obtain business capital which can come from formal and informal loans.	1. My business needs additional funds from loans 2. My business gets a formal loan (from the bank) 3. The formal loan term is less than one year 4. The annual interest rate on formal loans is more than 10% 5. My business gets informal loans (from friends and/ family) 6. The term of an informal loan is more than one year 7. The annual interest rate for informal loans is 1-10%	Pham and Talavera (2018)

RESULT AND DISCUSSION

The data collection process was carried out by distributing research questionnaires through direct observation to SMEs in West Sumatra.

Description of Respondents

Based on the results of distributing the questionnaires that have been carried out, the characteristics of the respondents who participated in this study can be grouped. Respondent characteristics are divided into two, namely characteristics based on demographic data and based on business data.

Table 2. characteristics of respondents based on demographic data

Data Classification		Frequency	
		Fi	Percentage
Gender	Man	114	33,33%
	Woman	228	66,67%
Age	<20	2	0,58%
	21-30	35	10,23%
	31-40	96	28,07%
	41-50	133	38,89%
	>50	76	22,22%
Level of education	SD	6	1,75%
	SMP	19	5,56%
	SMA/ SMK	173	50,58%
	Diploma	28	8,19%
	Sarjana	108	31,58%
City	Pasca Sarjana	8	2,34%
	Padang	195	57,02%
	Payakumbuh	118	34,50%
Status	Bukittinggi	29	8,48%
	Married	312	91,23%
	Not married yet	30	8,77%

The number of female respondents was more dominant than male respondents with a total of 228 respondents or 66.67% of the total, male respondents only 114 respondents or 33.33%. Based on these data, it shows that SMEs in West Sumatra are dominated by women.

In terms of age, the highest proportion was shown at the age of 41-50 years with a total of 133 respondents or 38.89%, then aged 31-40 years with 96 respondents or 28.07%, aged over 50 years with 76 respondents or 22, 22%, and aged 20-30 years as many as 35 respondents or 10.23%, and finally aged less than 20 years as many as 2 respondents or 0.58%.

While the number of respondents from West Sumatra SMEs in terms of education level dominated the most, namely SMA/SMK level with 173 respondents or 50.58%, followed by Bachelors with 108 respondents or 31.58%, Diploma with 28 or 8.19%, Middle School as many as 19 respondents or 5.56%, postgraduate as many as 8 respondents or 2.34%, and finally elementary school as many as 6 respondents or 1.75%.

The number of respondents from the city sector can be seen in the table above, most of the respondents came from the city of Padang with 195 respondents or 57.02%, followed by Payakumbuh city with 118 respondents or 34.50%, and lastly the city of Bukittinggi with 29 or 8.48% .

Based on status, it can be seen that most of the respondents were married as many as 312 respondents or 91.23% and unmarried as many as 30 respondents or 8.77%.

Table 3. Characteristics of respondents based on business data

Data Classification		Frequency	
		Fi	Percentage
length of business	<10 year	219	64,04%
	11-20 year	75	21,93%
	21-30 Year	33	9,65%
	>31 year	15	4,39%
Number of employees	<10 person	317	92,69%
	11-20 Person	14	4,09%
	>21 person	11	3,22%
Total assets	< Rp.100.000.000	188	54,97%
	Rp.100.000.000 - Rp.200.000.000	59	17,25%
	Rp.201.000.000 - Rp.300.000.000	26	7,60%
	Rp.301.000.000 - Rp.400.000.000	11	3,22%
	Rp.401.000.000 - Rp.500.000.000	20	5,85%
	> Rp.500.000.000	38	11,11%

It can be seen the characteristics of respondents based on business data, based on length of business the length of business is shown at less than 10 years with a total of 219 SMEs or 64.04%, followed by 11-20 years with 75 SMEs or 21.93%, 21-30 years with 33 SMEs or 9.65%, and finally SMEs who are more than 31 years there are 15 SMEs or 4.39%.

From the number of employees sector, the number of employees with criteria of less than 10 people is 317 SMEs or 92.69%, then from 11-20 people there are 14 SMEs or 4.09%, and finally more than 21 people as many as 11 SMEs or 3.22% .

Based on total assets, the most dominating assets were assets that totaled less than IDR 100,000,000 by 188 SMEs or 54.97%, followed by IDR 100,000,000-IDR 200,000,000 by 59 SMEs or 17.25%, assets of more than IDR 500,000,000 for 38 SMEs or 11.11%, then IDR 201,000,000-IDR 300,000,000 for 26 SMEs or 7.60%, IDR 401,000,000-IDR 500,000,000 20 SMEs or 5.85%, and the lowest is Rp.301,000,000-Rp.400,000,000 as many as 11 SMEs or 3.22%.

Structural Equation Modeling Assumption Test

Outlier Test

The initial data in this study were 389 SMEs. Before the data is used for research, the data is screened first using the outlier test. An outlier is a condition where observations in data have unique characteristics that look very different and far below the average data value. The farther the data distance from the center point, the data is included in the outlier category. The outlier test was performed using the Mahalanobis Distance (Tabachnick and Fidell, 2007).

This study uses 29 questions. With this amount, a significance level of $p < 0.001 = 58.301$ is obtained. This is also supported by the Chi-Square table, the maximum value for the 29 question indicators is 58.301. Then all cases that have a value above 58.301 will be categorized as outliers. In this study there were 47 respondents who indicated outliers occurred. So the data used in this study were 342.

Normality test

After the outlier test was carried out, the data normality test was then carried out using the Kolmogorov-Smirnov Test. The purpose of the normality test is to find out whether the data is distributed according to a normal distribution or close to a normal distribution (Manning & Munro, 2004). The normality test for each variable is determined from the probability value which must have a value above 0.05.

From the normality test table it can be seen that the Kolmogorov-Smirnov results have a significance level of 0.200. So based on the results of the normality test it can be stated that the data used in this study were normally distributed.

Multicollinearity Test

After the normality test is carried out, the multicollinearity test is then carried out. The multicollinearity test is a test to see whether there is a relationship between the independent variables. The way to detect the occurrence of multicollinearity symptoms is by using the variance inflation factor (VIF) and the tolerance value. If the VIF value is less than 10 ($VIF < 10$) or the tolerance value is greater than 0.10, it will be concluded that the model does not have symptoms of multicollinearity.

From the multicollinearity test table it can be seen that all variables or indicators do not have multicollinearity symptoms because the VIF value is less than 10 ($VIF < 10$) or the tolerance value is greater than 0.10.

Heteroscedasticity Test

After carrying out the multicollinearity test, then carrying out the heteroscedasticity test, the heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. The way to detect the occurrence of heteroscedasticity is if there is a certain pattern, such as the dots that form a certain pattern that is regular (wavy, widens then narrows) then heteroscedasticity has occurred. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity. From the image of the heteroscedasticity test, it can be seen that there is no clear pattern, and the points spread above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity.

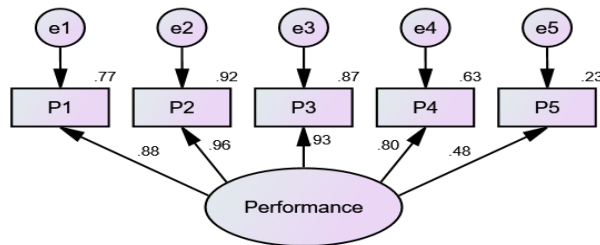
Structural Equation Modeling Analysis (Measurement Confirmatory Factor Analysis)

Confirmatory Factor Analysis (CFA) is defined as an analytical tool capable of testing theoretical constructs or hypotheses that cannot be measured, directly observed (Jöreskog, K. G., 1993). This technique can be used to estimate the research measurement model. CFA can confirm if the number of factors or constructs and the loading form of the variable indicators are in accordance with what is expected from the theory used. CFA can also verify the factor structure based on some of the observed variables. CFA allows researchers to test hypotheses and relationships between observed variables and their latent constructs.

The validity of the measurement model is determined by the Goodness of Fit (GOF) and the construct validity of the CFA. After the measurement model is proven valid, the next process is to analyze the relationship between the indicators and the constructs..

1) Confirmatory Factor Analysis (CFA) Variable Performance (P)

Confirmatory Factor Analysis (CFA) for the endogenous variable in this study is Performance (P). CFA processing results for the Performance variable (P) can be seen in Figure 1.



Goodness of Fit
 Chi-Square=22.486
 DF=5
 Probability=.000
 RMSEA=.101
 CMIN/DF=4.497
 GFI=.974
 AGFI=.923
 TLI=.975
 CFI=.987

Figure 1. CFA Variable Performance (P)

In Figure 1, it can be seen that the loading factor of all indicators is ≥ 0.30 and is significant. However, this model does not meet the GOF requirements so the model is not fit, as shown in Table 4

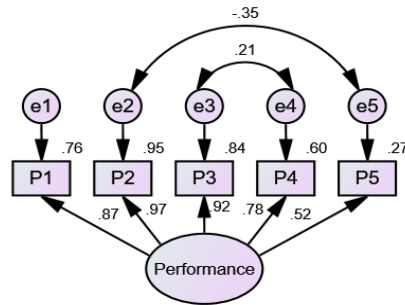
Table 1. Goodness of Fit Performance (P)

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	22,486	Better Fit
Probability	>0,05	0,000	Marginal
DF	-	5	-
CMIN/DF	<2	4,497	Marginal
GFI	$\geq 0,90$	0,974	Better Fit
RMSEA	$\leq 0,08$	0,101	Marginal
CFI	$\geq 0,90$	0,987	Better Fit
AGFI	$\geq 0,90$	0,923	Better Fit
TLI	$\geq 0,90$	0,975	Better Fit

Source: AMOS.24

Based on Table 4, it can be seen that several GOF criteria still show marginal because they have not met their respective cutoff values (Probability value $0.000 < 0.05$, CMIN/DF value $4.497 > 2$, RMSEA value $0.101 > 0.08$). From the results of Table 4 it can be said that this measurement model is not fit. So it is necessary to modify the model in order to find a fit model.

Ghozali (2016) said that improving a model can be done by paying attention to the value of modification indices. The value of the modification indices shows a decrease in the chi square value if an error in a certain indicator is correlated with errors in other indicators according to the recommendations for the modification indices displayed by the AMOS software. So in this performance CFA test, several model modifications were made to find a fit model as follows:



Goodness of Fit
 Chi-Square=2.937
 DF=3
 Probability=.402
 RMSEA=.000
 CMIN/DF=.979
 GFI=.997
 AGFI=.983
 TLI=1.000
 CFI=1.000

Figure 2. Output Modification Indices Variable Performance (P)

Figure 2 shows that the CFA Performance model has been modified by correlating the largest error value in order to reduce Chi square. The error value that is correlated is between several indicators on the variable, namely e2; e5 and e3; e4. So that the CFA model test for the Performance variable has been carried out to get the appropriate GOF criteria, can be seen in Table 5.

Table 2. Goodness of Fit Performance (P) Modification

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	2,937	Better Fit
Probability	>0,05	0,402	Better Fit
DF	-	3	-
CMIN/DF	<2	0,979	Better Fit
GFI	≥ 0,90	0,997	Better Fit
RMSEA	≤ 0,08	0,000	Better Fit
CFI	≥ 0,90	1,000	Better Fit
AGFI	≥ 0,90	0,983	Better Fit
TLI	≥ 0,90	1,000	Better Fit

Source: AMOS.24

Based on Table 5, it can be seen that all GOF values show better fit because they have met their respective cut off values, namely the Chi square value of 2.937, the probability value is 0.402 > 0.05, the DF value is 3 > 0, the CMIN/DF value is 0.979 < 2, the GFI 0.997 > 0.90, RMSEA value 0.00 < 0.08, CFI value 1.000 > 0.90, AGFI value 0.983 > 0.90, TLI value 1.000 > 0.90.

After the model is fit, then it can be seen the value of the standardized loading factor of all indicators that measure the Performance variable. The estimated value of all indicators can be seen in Table 6

Table 3. Standardized loading factor of Performance (P)

Latent	Indicator	SL	SL ²	Measurement Error (1-SL ²)	SE	C.R	P
	P1	0,874	0,763	0,23612			
	P2	0,972	0,944	0,05522	0,04	28,14	0,00
					1	0	

	P3	0,916	0,839	0,16094	0,04	25,48	0,00
Performance	P4	0,777	0,603	0,39627	0,04	18,38	0,00
	P5	0,517	0,267	0,73271	0,08	9,994	0,00
	Σ	4,056	3,418	1,6			
	Construct Reliability	0,91					
	Variance Extracted		0,69				

Source: AMOS.24

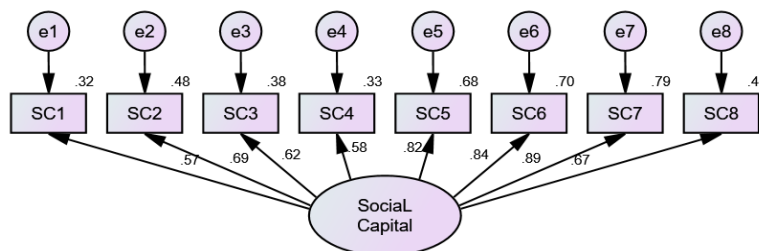
In Table 6, the processed AMOS output data above can be seen that from the results of the measurement model the Performance variable can meet the value required for convergent validity and the indicators can also reflect their respective latent variables. All indicators have standardized loading (SL) > 0.30. All indicators are significant at the 1% level with CR > 1.96.

In Table 6 it can also be seen that the construct reliability and variance extracted from the Performance variable have a value of 0.91 and 0.69 respectively. This value meets the required value for construct reliability (0.91 > 0.70) and variance extracted (0.69 > 0.50), so that the Performance variable has good reliability and is able to explain indicators better and pass the discriminant validity requirements.

So, it can be concluded that the CFA variable Performance has met convergent validity, discriminant validity, construct reliability and acceptable fit from the fulfillment of GOF.

2) Confirmatory Factor Analysis (CFA) Variable Social Capital (SC)

Confirmatory Factor Analysis (CFA) for exogenous variables in this study is Social Capital (SC). The CFA processing results for the Social Capital (SC) variable can be seen in Figure 3.



Goodness of Fit
 Chi-Square=349.295
 DF=20
 Probability=.000
 RMSEA=.220
 CMIN/DF=17.465
 GFI=.796
 AGFI=.633
 TLI=.719
 CFI=.799

Figure 3. CFA Variable Social Capital (SC)

In Figure 3, it can be seen that the loading factor of all indicators is ≥ 0.30 and is significant. However, this model does not meet the GOF requirements so the model is not fit, as shown in Table 7.

Table 4. Goodness of Fit Social Capital (SC)

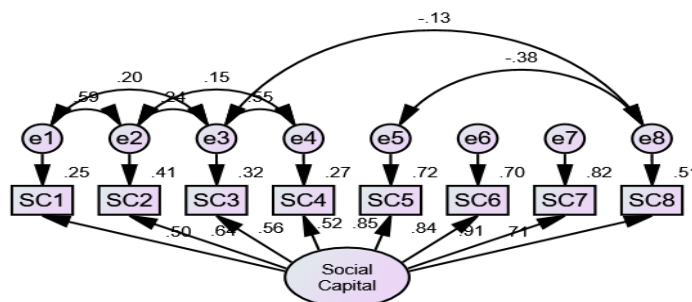
Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
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Chi square	Diharapkan kecil	349,395	Better Fit
Probability	>0,05	0,000	Marginal
DF	-	20	-
CMIN/DF	<2	17,465	Marginal
GFI	≥ 0,90	0,796	Marginal
RMSEA	≤ 0,08	0,220	Marginal
CFI	≥ 0,90	0,799	Marginal
AGFI	≥ 0,90	0,633	Marginal
TLI	≥ 0,90	0,719	Marginal

Source: AMOS.24

Based on Table 7, it can be seen that some GOF criteria still show marginal because they have not met their respective cutoff values (Probability value $0.000 < 0.05$, CMIN/DF value $17.465 > 2$, GFI value $0.796 < 0.90$, RMSEA value $0.220 > 0.08$, CFI value $0.799 < 0.90$, AGFI value $0.633 < 0.90$, TLI value $0.719 < 0.90$). From the results of Table 7 it can be said that this measurement model is not fit. So it is necessary to modify the model in order to find a fit model.

Ghozali (2016) said that improving a model can be done by paying attention to the value of modification indices. The value of the modification indices shows a decrease in the chi square value if an error in a certain indicator is correlated with errors in other indicators according to the recommendations for the modification indices displayed by the AMOS software. So in this CFA Social Capital test, several model modifications were made to find a fit model as follows:



Goodness of Fit
 Chi-Square=21.836
 DF=13
 Probability=.058
 RMSEA=.045
 CMIN/DF=1.680
 GFI=.984
 AGFI=.956
 TLI=.988
 CFI=.995

Figure 4. Output Modification Indices Variable Social Capital (SC)

Figure 4 shows that the CFA Social Capital model has been modified by correlating the largest error value in order to reduce Chi square. The error value that is correlated is between several indicators on the variable, namely e1; e2 and e1; e3 and e2; e3 and e2; e4 and e3; e4 and e3; e8 and e5; e8. So that a test of the Social Capital variable CFA model has been carried out to get the appropriate GOF criteria, can be seen in Table 8.

Table 5 . Goodness of Fit Social Capital (SC) Modification

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	21,836	Better Fit
Probability	>0,05	0,058	Better Fit

DF	-	13	-
CMIN/DF	<2	1,680	Better Fit
GFI	≥ 0,90	0,984	Better Fit
RMSEA	≤ 0,08	0,045	Better Fit
CFI	≥ 0,90	0,995	Better Fit
AGFI	≥ 0,90	0,956	Better Fit
TLI	≥ 0,90	0,988	Better Fit

Source: AMOS.24

Based on Table 8, it can be seen that all GOF values show better fit because they have fulfilled their respective cut off values, namely the Chi square value of 21.836, the probability value of 0.058 > 0.05, the DF value of 13 > 0, the CMIN/DF value of 1.680 < 2, the GFI 0.984 > 0.90, RMSEA value 0.045 < 0.08, CFI value 0.995 > 0.90, AGFI value 0.956 > 0.90, TLI value 0.988 > 0.90.

For the next stage after the fit model is obtained, the next step is to look at the standardized loading factor value of all indicators that measure the Social Capital variable. The estimated value of all indicators can be seen in Table 9.

Table 6. Standardized loading factor of Social Capital (SC)

Latent	Indicator	SL	SL ²	Measurement Error (1-SL ²)	SE	C.R	P
Social Capital	SC1	0,496	0,246	0,753984			
	SC2	0,639	0,408	0,591679	0,10	12,434	0,00
	SC3	0,565	0,319	0,680775	0,28	8,657	0,00
	SC4	0,522	0,272	0,727516	0,36	7,421	0,00
	SC5	0,851	0,724	0,275799	0,24	9,514	0,00
	SC6	0,839	0,703	0,296079	0,17	9,505	0,00
	SC7	0,905	0,819	0,180975	0,22	9,770	0,00
	SC8	0,711	0,505	0,494479	0,20	8,763	0,00
	Σ	5,528	3,998	4,001286			
	Construct Reliability	0,88					
	Variance Extracted		0,50				

Source: AMOS.24

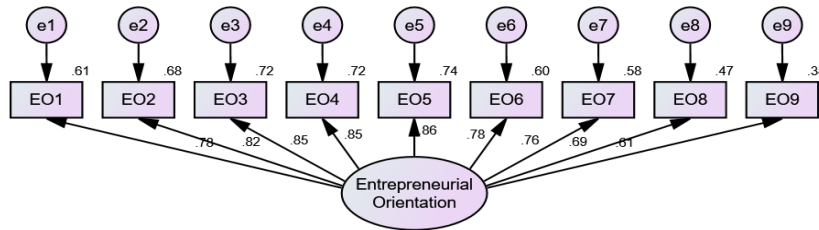
In Table 9, the processed AMOS output data above can be seen that from the results of the measurement model the Social Capital variable can meet the value required for convergent validity and the indicators can also reflect their respective latent variables. All indicators have standardized loading (SL) > 0.30. All indicators are significant at the 1% level with CR > 1.96.

In Table 9 it can also be seen that the construct reliability and variance extracted from the Social Capital variable have a value of 0.88 and 0.50 respectively. This value meets the required value for construct reliability (0.88 > 0.70) and variance extracted (0.50 > 0.50), so that the Social Capital variable has good reliability and is able to explain indicators better and pass the discriminant requirements validity.

So, it can be concluded that the CFA variable Social Capital has fulfilled convergent validity, discriminant validity, construct reliability and acceptable fit from the fulfillment of GOF.

3) Confirmatory Factor Analysis (CFA) Variable Entrepreneurial Orientation (EO)

Confirmatory Factor Analysis (CFA) for other exogenous variables in this study is Entrepreneurial Orientation (EO). The CFA processing results for the Entrepreneurial Orientation (EO) variable can be seen in Figure 5.



Goodness of Fit
 Chi-Square=433.273
 DF=27
 Probability=.000
 RMSEA=.210
 CMIN/DF=16.047
 GFI=.789
 AGFI=.648
 TLI=.779
 CFI=.835

Figure 5. CFA Variable Entrepreneurial Orientation (EO)

In Figure 5 it can be seen that the loading factor of all indicators is ≥ 0.30 and is significant. However, this model does not meet the GOF requirements so the model is not fit, as shown in Table 10.

Table 7. Goodness of Fit Entrepreneurial Orientation (EO)

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	433,273	Better Fit
Probability	>0,05	0,000	Marginal
DF	-	27	-
CMIN/DF	<2	16,047	Marginal
GFI	$\geq 0,90$	0,789	Marginal
RMSEA	$\leq 0,08$	0,210	Marginal
CFI	$\geq 0,90$	0,835	Marginal
AGFI	$\geq 0,90$	0,648	Marginal
TLI	$\geq 0,90$	0,779	Marginal

Source: AMOS.24

Based on Table 10, it can be seen that several GOF criteria still show marginal because they have not met their respective cutoff values (Probability value $0.000 < 0.05$, CMIN/DF value $16.047 > 2$, GFI value $0.789 < 0.90$, RMSEA value $0.210 > 0.08$, CFI value $0.835 < 0.90$, AGFI value $0.648 < 0.90$, TLI value $0.779 < 0.90$). From the results of Table 10 it can be said that this measurement model is not fit. So it is necessary to modify the model in order to find a fit model.

To improve a model can be done by paying attention to the value of modification indices (Ghozali, 2016). The value of the modification indices shows a decrease in the chi square value if an error in a certain indicator is correlated with errors in other indicators according to the recommendations for the modification indices displayed by the AMOS software. So in this Entrepreneurial Orientation CFA test, several model modifications were made to find a fit model as follows:

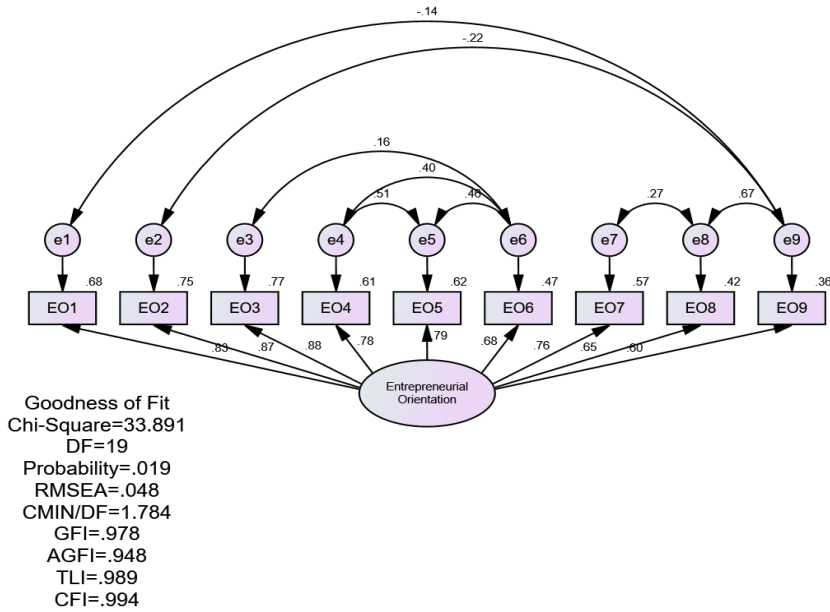


Figure 6. Output Modification Indices Variable Entrepreneurial Orientation (EO)

Figure 6 shows that the CFA Entrepreneurial Orientation model has been modified by correlating the largest error value in order to reduce Chi square. The error value that is correlated is between several indicators on the variable, namely e1; e9 and e2; e9 and e3; e6 and e4; e5 and e4; e6 and e5; e6 and e7; e8 and e8; e9. So that the CFA model test for the Entrepreneurial Orientation variable has been carried out to get the appropriate GOF criteria, can be seen in Table 11.

Table 8. Goodness of Fit Entrepreneurial Orientation (EO) Modification

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	33,891	Better Fit
Probability	>0,05	0,019	Marginal
DF	-	19	-
CMIN/DF	<2	1,784	Better Fit
GFI	≥ 0,90	0,978	Better Fit
RMSEA	≤ 0,08	0,048	Better Fit
CFI	≥ 0,90	0,994	Better Fit
AGFI	≥ 0,90	0,948	Better Fit
TLI	≥ 0,90	0,989	Better Fit

Source: AMOS.24

Based on Table 11, it can be seen that almost all GOF values show better fit because they have fulfilled their respective cut off values, namely Chi square value 33.891, DF value 19 > 0, CMIN/DF value 1.784 < 2, GFI value 0.978 > 0.90, RMSEA value 0.048 < 0.08, CFI value 0.994 > 0.90, AGFI value 0.948 > 0.90, TLI value 0.989 > 0.90.

After obtaining the fit model, then what can be seen is the standardized loading factor value of all indicators that measure the Entrepreneurial Orientation variable. The estimated value of all indicators can be seen in Table 12.

Table 9. Standardized loading factor of Entrepreneurial Orientation (EO)

Latent	Indicator	SL	SL ²	Measurement Error (1-SL ²)	SE	C.R	P
	EO1	0,827	0,683	0,316071			
	EO2	0,869	0,755	0,244839	0,052	19,498	0,00
	EO3	0,876	0,767	0,232624	0,058	19,798	0,00

	EO4	0,784	0,614	0,385344	0,056	16,777	0,00
Entrepreneurial Orientation	EO5	0,790	0,624	0,3759	0,058	16,979	0,00
	EO6	0,683	0,466	0,533511	0,071	13,796	0,00
	EO7	0,756	0,571	0,428464	0,059	15,971	0,00
	EO8	0,646	0,417	0,582684	0,102	12,926	0,00
	EO9	0,600	0,360	0,640	0,124	11,080	0,00
	Σ	6,831	5,260	3,739437			
	Construct Reliability	0,92					
	Variance Extracted		0,58				

Source: AMOS.24

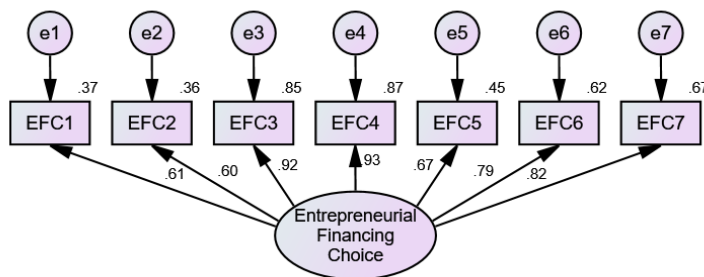
In Table 12, the processed AMOS output data above can be seen that from the results of the measurement model the Entrepreneurial Orientation variable can meet the value required by convergent validity and the indicators can also reflect their respective latent variables. All indicators have standardized loading (SL) > 0.30. All indicators are significant at the 1% level with CR > 1.96.

In Table 12 it can also be seen that construct reliability and variance extracted from Entrepreneurial Orientation variables have values of 0.88 and 0.50 respectively. This value meets the required value for construct reliability (0.92 > 0.70) and variance extracted (0.58 > 0.50), so that the Entrepreneurial Orientation variable has good reliability and is able to explain indicators better and pass the discriminant requirements validity.

So, it can be concluded that the CFA variable Entrepreneurial Orientation has fulfilled the convergent validity, discriminant validity, construct reliability and acceptable fit from the fulfillment of GOF.

4) Confirmatory Factor Analysis (CFA) Variable Entrepreneurial Financing Choice (EFC)

Confirmatory Factor Analysis (CFA) for other exogenous variables in this study is Entrepreneurial Financing Choice (EFC). The CFA processing results for the Entrepreneurial Financing Choice (EFC) variable can be seen in Figure 7.



Goodness of Fit
 Chi-Square=745.811
 DF=14
 Probability=.000
 RMSEA=.392
 CMIN/DF=53.272
 GFI=.668
 AGFI=.336
 TLI=.519
 CFI=.679

Figure 7. CFA Variable Entrepreneurial Financing Choice (EFC)

In Figure 7 it can be seen that the loading factor of all indicators is ≥ 0.30 and is significant. However, this model does not meet the GOF requirements so the model is not fit, as shown in Table 13.

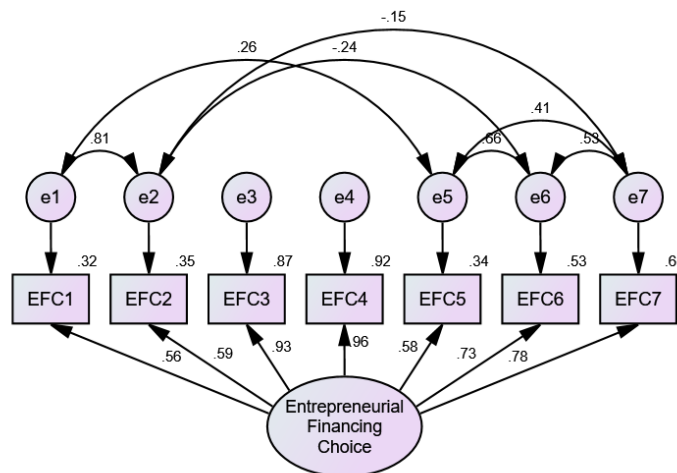
Table 10. Goodness of Fit Entrepreneurial Financing Choice (EFC)

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	745,811	Better Fit
Probability	>0,05	0,000	Marginal
DF	-	14	-
CMIN/DF	<2	53,272	Marginal
GFI	≥ 0,90	0,668	Marginal
RMSEA	≤ 0,08	0,392	Marginal
CFI	≥ 0,90	0,697	Marginal
AGFI	≥ 0,90	0,336	Marginal
TLI	≥ 0,90	0,519	Marginal

Source: AMOS.24

Based on Table 13, it can be seen that several GOF criteria still show marginal because they have not met their respective cutoff values (Probability value $0.000 < 0.05$, CMIN/DF value $53.272 > 2$, GFI value $0.668 < 0.90$, RMSEA value $0.392 > 0.08$, CFI value $0.679 < 0.90$, AGFI value $0.336 < 0.90$, TLI value $0.519 < 0.90$). From the results of Table 13 it can be said that this measurement model is not fit. So it is necessary to modify the model in order to find a fit model.

For these conditions, things need to be done by paying attention to the value of modification indices (Ghozali, 2016). The value of the modification indices shows a decrease in the chi square value if an error in a certain indicator is correlated with errors in other indicators according to the recommendations for the modification indices displayed by the AMOS software. So in the CFA Entrepreneurial Financing Choice test, several model modifications were made to find a fit model as follows :



Goodness of Fit
 Chi-Square=15.044
 DF=7
 Probability=.035
 RMSEA=.058
 CMIN/DF=2.149
 GFI=.988
 AGFI=.951
 TLI=.989
 CFI=.996

Figure 8. Output Modification indices Variable Entrepreneurial Financing Choice (EFC)

Figure 8 shows that a modification of the CFA Entrepreneurial Financing Choice model has been carried out by correlating the largest error value in order to reduce Chi square. The error value that is correlated is between several indicators on the variable, namely e1; e2 and e1; e5 and e2; e6 and e2; e7 and e5; e6 and e5; e7 and e6; e7. So that a CFA model test has been carried out on the Entrepreneurial Financing Choice variable to get the appropriate GOF criteria, can be seen in Table 14.

Table 11. Goodness of Fit Entrepreneurial Financing Choice (EFC) Modification

Goodness Of Fit Index	Cut-Off Value	Estimation results	Evaluation
Chi square	Diharapkan kecil	15,044	Better Fit
Probability	>0,05	0,035	Marginal
DF	-	7	-
CMIN/DF	<2	2,149	Marginal
GFI	≥ 0,90	0,988	Better Fit
RMSEA	≤ 0,08	0,058	Better Fit
CFI	≥ 0,90	0,996	Better Fit
AGFI	≥ 0,90	0,951	Better Fit
TLI	≥ 0,90	0,989	Better Fit

Source: AMOS.24

Based on Table 14, it can be seen that almost all GOF values show better fit because they have fulfilled their respective cut off values, namely the Chi square value of 15.044, the DF value of $7 > 0$, the GFI value of $0.988 > 0.90$, the RMSEA value of $0.058 < 0.08$, CFI value $0.996 > 0.90$, AGFI value $0.951 > 0.90$, TLI value $0.989 > 0.90$.

After obtaining the fit model, then what can be seen is the standardized loading factor value of all indicators that measure the Entrepreneurial Financing Choice variable. The estimated value of all indicators can be seen in Table 15.

Table 12. Standardized loading factor of Entrepreneurial Financing Choice (EFC)

Latent	Indicator	SL	SL ²	Measureme nt Error (1-SL ²)	SE	C.R	P
Entrepreneurial Financing Choice	EFC1	0,565	0,319	0,680775			
	EFC2	0,588	0,345	0,654256	0,050	20,569	0,00
	EFC3	0,931	0,866	0,133239	0,073	11,885	0,00
	EFC4	0,962	0,925	0,074556	0,075	12,020	0,00
	EFC5	0,579	0,335	0,664759	0,078	10,315	0,00
	EFC6	0,727	0,528	0,471471	0,070	10,354	0,00
	EFC7	0,780	0,608	0,3916	0,072	10,803	0,00
	Σ	5,132	3,929	3,070656			
	Construct Reliability Variance Extracted	0,89	0,56				

Source: AMOS.24

In Table 15, the processed AMOS output data above can be seen that from the results of the measurement model the Entrepreneurial Financing Choice variable can meet the value required by convergent validity and the indicators can also reflect their respective latent variables. All indicators have standardized loading (SL) > 0.30 . All indicators are significant at the 1% level with CR > 1.96 .

In Table 15 it can also be seen that the construct reliability and variance extracted from the Entrepreneurial Financing Choice variables have values of 0.89 and 0.56 respectively. This value meets the required value for construct reliability ($0.89 > 0.70$) and variance extracted ($0.56 > 0.50$), so that the Entrepreneurial Financing Choice variable has good reliability and is able to explain indicators better and pass the requirements discriminant validity.

So, it can be concluded that the CFA variable Entrepreneurial Financing Choice has met convergent validity, discriminant validity, construct reliability and acceptable fit from the fulfillment of GOF.

CONCLUSION

The measurement model is in accordance with data that has been collected on SMEs in West Sumatra and all indicators are valid. The highest SL performance indicators are on the 2nd indicator with a value of 0.0972 and the lowest SL is on the 5th indicator with a value of 0.517. The Social capital indicators the highest SL is on the 7th indicator with a value of 0.905 and the lowest SL is on the 1st indicator with a value of 0.496. The highest SL entrepreneurial orientation indicators are on the 3rd indicator with a value of 0.876 and the lowest SL is on the 9th indicator with a value of 0.600. The Entrepreneurial financing choice indicators the highest SL is on the 4th indicator with a value of 0.962 and the lowest SL is on the 1st indicator with a value of 0.565.

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