Assessing the Impact of Strategic and Ethical Entrepreneurship Competence, and Network Competence on the Sustainable Growth of SMEs in South Tangerang City, Indonesia

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ABSTRACT

In the current era of globalization, the world is open to competition among entrepreneurs. The role of entrepreneurship competence and network competence is crucial for the growth of small businesses. This research aims to determine the role of entrepreneurship competence and network competence in the growth of SME businesses in South Tangerang City. This research uses a quantitative approach, and the sampling technique is purposive sampling, with a total of 422 SMEs as respondents. Data were collected through a questionnaire and analyzed using Structural Equation Modeling (SEM) with the SmartPLS program. The results show the influence of strategic competence on network competence, the insignificance of ethical competence on network competence, and the impact of network competence on business growth, as well as the overall impact of these competencies on the growth of SMEs.

1. INTRODUCTION

As time progresses and technology advances, business owners are increasingly required to compete in various fields, leading to intense competition in the business world. To stay relevant and attract customers, businesses must continually innovate and adapt to the changing market. Companies must implement new strategies and methods to survive in this competitive environment. In a market with many competitors, innovation becomes crucial for businesses to remain competitive [1].

Every innovation is created to provide positive benefits, offer convenience, and as a new way to carry out activities for human life [1]. In addition, business owners must also be willing to take risks to try new things in various business and entrepreneurial opportunities. The growth or expansion of a business towards a more advanced and larger scale is one of the main goals of every business owner, as it aligns with the potential for increasing income and profits.

SMEs (Small and Medium Enterprises) are considered one of the new job alternatives and play a role in driving economic growth after the monetary crisis when large companies are struggling to develop their businesses. SMEs have contributed significantly to regional and national income in Indonesia [2]. SMEs in Tangerang Selatan City are one of the activities that have been proven to help economic growth in Indonesia. Established based on an individual's willingness, SMEs are in demand after the economic crisis resulted in the layoffs of large companies. Contrary to the belief that SMEs only benefit certain parties, they play a big role in reducing unemployment in Indonesia by absorbing many unemployed Indonesian workers.

SMEs are essential in developing an entrepreneurship culture, improving human resource quality, stimulating competition, producing large job opportunities, and opening new business opportunities [3]. SMEs have a direct relationship with the economy, and thus, the growth of a company remains the top priority [4]. SMEs are the key to entrepreneurial ideas, which contribute to the competitiveness of a country [5]. Furthermore, in the context of the current era of globalization, SMEs are seen as essential players in the country's economy, especially in terms of creating jobs, increasing income, and supporting the growth of the national economy [6]. Therefore, SMEs need to have the competencies and strategies to face competition to survive and grow in the current business environment.

The role of SMEs is dominant in the growth of the Indonesian economy. In Indonesia's economic development, SMEs are always portrayed as having an important role. This is because much of its population is poorly educated and is engaged in small business activities, both in traditional and modern sectors. SMEs also have a strategic role in national economic development; therefore, in addition to playing a role in economic growth and labor absorption, they also play a role in developing industrial products. The development of SMEs will strengthen the domestic economic structure due to the absorption of labor, increasing the purchasing power, demand, and investment growth of the society. When viewed from the human resources development in South Tangerang, performance has shown indicators which are quite significant in terms of the growth of SMEs. Based on survey results obtained from Disperindag South Tangerang City, a survey

conducted in 2018 noted that there were approximately 1,507 MSMEs from various types of industries, with 26,700 SMEs dominated by culinary and fashion businesses [7].

Several studies have examined various entrepreneurial competencies, such as conceptual, opportunity, personal, network, strategic, and ethical competencies [8, 9]. According to Tehseen et al. [10], strategic competencies and ethical competencies are the most important competencies for entrepreneurs to ensure the growth of the company. Torkkeli et al. [9] consider network competencies as also important for business success. Every company, if it wants to succeed, must have strategic competence, ethical competence, and network competence, which will make the company more advanced and successful. Network competence, where an entrepreneur wants his business to grow, must have a relationship or network with external parties to ensure business growth.

Tehseen and Ramayah [11] state that a lack of entrepreneurial competencies hinders the success of SMEs. According to Dhamayantie and Fauzan [12], entrepreneurial competencies are the overall characteristics of entrepreneurship that include personality, attitude, beliefs, knowledge, skills, abilities, and behaviors directed toward achieving the success of small businesses. Hazlina Ahmad et al. [13] state that entrepreneurial competencies act as a predictor of the success of SMEs in Malaysia, even if their influence is strong in both stable and dynamic environments. Ethical competencies reflect actions, manners, habits, and behavior in business. Therefore, ethical competence behavior is also crucial for long-term sustainability in a business.

The relationship between strategic competence, ethical competence, network competence, and SME growth can be seen as a dynamic interconnection that supports one another. Strategic competence allows SMEs to plan and implement appropriate business strategies to face competition and market changes. By having ethical competence, SMEs can build a good reputation and trust from consumers and business partners, which will ultimately enhance customer loyalty and business opportunities. Network competence strengthens SMEs' abilities to collaborate with various parties, expand access to resources, and seize new opportunities. All of these, when well-managed, will significantly contribute to the growth and sustainability of SMEs amidst ever-changing market dynamics [14].

The relationship between strategic competence, ethical competence, network competence, and SME growth in the context of South Tangerang City, Indonesia, is particularly important due to the unique socio-economic and cultural dynamics of the region. South Tangerang, as a rapidly growing urban area, presents both challenges and opportunities for SMEs. Understanding how these competencies affect SME growth can provide insights for developing resilient and sustainable business practices that are tailored to local conditions. This research will enrich existing knowledge by offering a region-specific perspective, highlighting how local factors interact with general business competencies. Such insights can inform policymakers, business educators, and SME stakeholders in crafting strategies that fit the realities in South Tangerang, so the findings will be valuable for both academic and practical applications.

The research objective of this study is to empirically investigate the influence of entrepreneurship competence, encompassing both strategic competence and ethical competence on the sustainable growth of SMEs in South Tangerang City, while concurrently examining network competence as a potential mediating factor in this relationship.

This research seeks to comprehensively assess the competencies of SME owners and managers, explore their ethical orientation, and gauge their network-building capabilities, with the aim of understanding how these factors collectively impact the sustainable business growth of SMEs in the specific context of South Tangerang City.

2. LITERATURE REVIEW

2.1 Entrepreneurship competence

Entrepreneurial competence is defined as underlying characteristics such as general knowledge, nature, motives, social roles, and skills that lead to the birth of new businesses, survival, and growth [15]. Entrepreneurial competence is carried out by entrepreneurs who change organizations and add value through the organization of their resources and opportunities [15]. Entrepreneurial competence has been recognized as a fundamental characteristic of an entrepreneur [16]. According to Isa [8], entrepreneurial competence comprises interconnected knowledge, attitudes, and skills, and entrepreneurs need to be trained and developed to produce the best performance in managing their businesses.

According to Suryana [17], managerial skills are an absolute requirement for a successful entrepreneur. An entrepreneur must be able to carry out the functions of planning, organizing, motivating, and supervising so that the business they run can achieve the desired goals. Conceptual skills and the ability to formulate goals, policies, and business strategies are the main foundation of success. Entrepreneurs must learn harder from various sources and learn from their own experiences and the experiences of others in entrepreneurship. Human skills, being approachable, easy to get along with, sympathetic, and empathetic towards others, are very supportive skills towards achieving business success. With these skills, entrepreneurs will have many opportunities to start and develop their businesses. Entrepreneurs must be able to analyze situations and formulate various problems to find solutions. Time management skills can facilitate the implementation of work and plans that have been established.

2.2 Strategic competence

Strategic competence is related to the management, evaluation, and implementation of strategies for the company [18]. Man et al. [19] operationalized strategic competence as clarifying the projected direction and how changes can affect the company. It includes prioritizing work according to business objectives and redesigning strategies for the purpose of making the company better. It also involves adapting current actions to strategic objectives, monitoring progress towards strategic targets, and evaluating results against strategic targets, as well as determining strategic actions by weighing costs and benefits. Strategic competence refers to the ability of individuals or organizations to plan and implement appropriate strategies to achieve their goals and objectives in a competitive environment. It involves the capacity to analyze the internal and external factors that affect the organization, identify opportunities and threats, and make informed decisions to optimize performance and achieve sustainable growth [20].

2.3 Ethical competence

Ethical competence reflects actions, decency, habits, and conduct in business. Therefore, ethical competence is also important for long-term sustainability in a business. Ethical competence is an important part of the competence framework and is the backbone of company life [21]. Ethical competence can also strengthen cooperation between one employee and another, between one company and another, as well as between employees and companies, and continue to maintain good relations between the company and the surrounding community so that they can support the business being undertaken. Ethical competence, on the other hand, refers to the ability of individuals or organizations to understand and apply ethical principles and values in their decision-making and actions. It involves the capacity to recognize ethical dilemmas, evaluate different courses of action based on ethical considerations, and make choices that are morally sound and aligned with professional standards and societal expectations [20].

2.4 Network competence

Strategic competence lays the foundation for SMEs' direction and decision-making, while ethical competence ensures the firm upholds its integrity and builds trust in its dealings. Both these competencies play a crucial role in shaping SMEs' network competence. A strong network can help SMEs access new markets, innovative ideas, and valuable resources. SMEs' network competence is a critical factor in achieving success in today's rapidly changing business environment. It involves the ability to communicate and collaborate effectively with stakeholders, as well as the ability to identify and leverage opportunities. Building and maintaining strong relationships with customers, suppliers, and other key stakeholders can help a company overcome challenges and capitalize on opportunities. A company with well-developed network competence, fostered by robust strategic and ethical foundations, is better equipped to respond to market changes and stay ahead of the competition [22]. Network competence refers to the ability of individuals or organizations to effectively build and manage relationships and networks with various stakeholders. It involves the capacity to establish and maintain connections, collaborate with others, and leverage these relationships to access resources, information, and opportunities. Network competence is essential for innovation, knowledge sharing, and accessing new markets or business opportunities [23].

2.5 Growth of Small and Medium Enterprises

2.5.1 Growth of small and medium enterprises

Strategic competence, ethical competence, and network competence play pivotal roles, both directly and indirectly, in influencing the trajectory of SMEs' growth. The growth of a company refers to its position within the overall economic system or the specific industry in which it operates. SMEs are defined as businesses with limited resources compared to larger organizations. The growth of a firm often stems from an increase in demand for its products or services, leading to higher sales and investment in additional resources to meet the increased demand. This, in turn, enables the company to meet new levels of demand and continue to grow [24].

2.6 Conceptual model and hypothesis

2.6.1 The effect of strategic competence on network competence

Several studies show the relationship between strategic competence and network competence [25]. A successful entrepreneur must have a good strategy in running a business and have many networks with parties within the country and abroad. Strategy is the key to achieving competitive advantage and the success of a business. Hambrick [26] assumed that entrepreneurial strategic competencies are very important for implementing long-term strategies. The company's growth depends on its network with outsiders. The most important element in developing a business is to build a business network which will expand, so that sales targets will be bigger and more successful.

H1: Strategic competence has a significant effect on network competence.

2.6.2 Effect of ethical competence on network competence

Tehseen [10] assumes that ethical competence has a relationship with network competence. When entrepreneurs build good relationships with customers, suppliers and other parties, entrepreneurs can be fairer in business dealings to maintain the trust of others [11, 27]. Thus, entrepreneurs can maintain long-term relationships with related parties because they have ethical competence.

H2: Ethical competence has a significant effect on network competence.

2.6.3 Effect of network competence on business GrowtH

Entrepreneurs develop small businesses from well-planned strategies so that they can build network relationships with the parties involved. SME business strategies tend to focus on building good network relationships by ensuring company growth and business performance. In addition, since enterprise companies are mostly involved in developing strategies to have effective planning, success depends on competence networking with outside parties, including customers, suppliers, and other related organizations. Network competencies support small firms in acquiring resources [28]. Behyan [29] argues that an external network is significant in improving the business performance and growth of SMEs.

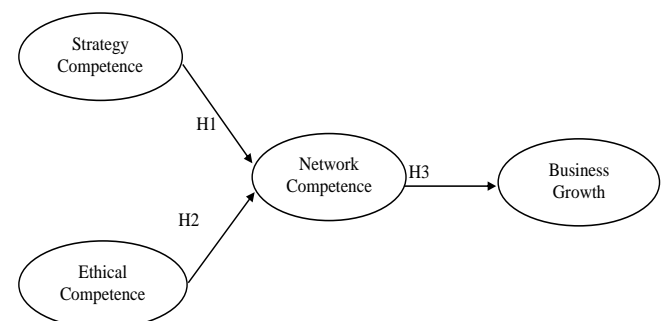H3: Network competence has a significant effect on the growth of SMEs.

Figure 1. Research model

The conceptual model illustrated in Figure 1 consists of five constructs. The exogenous constructs are strategy competence and ethical competence. The endogenous construct is business growth. Network competence is hypothesized as a mediating construct between the exogenous and endogenous constructs. Specifically, this model examines how strategy competence and ethical competence impact business growth, and the mediating role of network competence in transmitting these relationships. The posited hypotheses are that strategy competence and ethical competence each have a positive direct effect on business growth. Additionally, network competence is expected to partially mediate the effects of the two exogenous constructs on the endogenous construct.

3. METHOD

This research is a survey study that uses a questionnaire as its primary tool for data collection. The focus of the data revolves around four main competencies: strategic competence, ethical competence, network competence, and business growth. These competencies are essential in understanding the dynamics and success parameters of SMEs.

Quantitative methods, which are suitable for examining large populations or specific samples, are applied in this research. The study's objective is to test a predetermined hypothesis, utilizing the collected data to either affirm or reject it. For data analysis, quantitative techniques are employed to interpret the results derived from the questionnaire.

The target population for this study is SMEs located in South Tangerang City. Specifically, the questionnaire was distributed to SMEs engaged in three main industries: service, trade (commerce), and manufacturing. A total of 422 respondents participated in this study. Each of these respondents is either the owner or a manager of an SME, ensuring that the data reflects informed opinions and experiences from those actively involved in the business decision-making processes.

To enhance the study's precision and pertinence, a nonprobability sampling technique, specifically the purposive sampling method, was employed. This method involves the selection of units based on defined criteria to ensure the sampled population mirrors the characteristics deemed essential for the research. In this context, the chosen SMEs had to meet two primary criteria: they needed to be in South Tangerang and had to have been operational for over three years. This approach ensures that the businesses have adequate experience and have potentially developed the competencies under examination while also being deeply rooted in the South Tangerang landscape.

The data analysis in this study is quantitative to test the set hypotheses. The researchers use the Structural Equation Model (SEM) SmartPLS analysis technique version 3.0 for data analysis. According to Hair et al. [30], PLS-SEM is capable of handling reflective and formative actions without encountering identification problems. In PLS, two models must be analyzed: the outer model, the measurement model, and the inner model, the structural model. Hypothesis testing is conducted through a full model analysis of Structural Equation Modelling (SEM) with SmartPLS. The full Structural Equation Modelling model not only confirms the theory, but also explains the presence or absence of relationships between latent variables.

4. RESULT AND DISCUSSION

The number of samples collected in this study was 422 respondents. The gender composition of the 422 respondents in the study revealed that 55% were female and 45% were male. This indicates that small and medium-sized enterprises (SMEs) in the city of South Tangerang are predominantly owned and operated by women compared to men. The reason for this trend could be due to various factors such as the increasing empowerment and participation of women in the business world, cultural and societal norms that support women's entrepreneurship, and government policies that support and encourage female entrepreneurship. Additionally, the rise of home-based businesses and flexible work arrangements may have created more opportunities for women to start and run their own businesses. Regardless of the reasons, the high representation of women in SMEs is a positive trend and demonstrates the significant contribution that women are making to the local economy [30].

The frequency of business duration among the SMEs in the city of South Tangerang was analyzed and it was found that the most frequent duration was 5-10 years, with a percentage of 56%. On the other hand, the least frequent duration was longer than 10 years, with a mere 9.5% representation. The frequency of businesses operating for 3-4 years was recorded at 34%. Therefore, the conclusion of the analysis shows that most of the SMEs in the city of South Tangerang have been operating for 5-10 years, making it the most dominant duration of business operation in area [30].

Upon presenting the results from the descriptive statistics, the study delineated specific respondent characteristics, gender, and the duration of business operation. This segmentation offers insights into the demographic composition of the dataset, highlighting the diversity and maturity of the represented businesses.

Building on this foundational understanding, the research proceeded with more advanced analyses, examining the outer and inner models. The evaluation of the outer model is crucial for confirming the validity and reliability of the measurement variables, assessing how well the variables represent their intended constructs [31]. In contrast, the inner model analysis focuses on the relationships between latent constructs, ensuring the structural coherence of the model and elucidating the dynamics between various research components.

The Partial Least Squares (PLS) approach for structural equation modeling (SEM) offers advantages in exploratory research, allowing for the identification of causal relationships rather than merely confirming models. Moreover, SmartPLS can handle data with non-normal distributions, aligning with the data realities in many business studies. Another benefit is its capability in modeling both formative and reflective latent variables, providing flexibility in measuring concepts with complex and diverse indicators [32].

4.1 Outer model (measurement model)

In the ensuing analytical progression of the research, attention is squarely directed toward the outer model. This phase, indispensable in its significance, ascertains the validity and reliability of the measurement variables. Such a rigorous evaluation is paramount, aiming to meticulously gauge the extent to which variables faithfully reflect their designated constructs.

This study using data analysis techniques with SmartPLS in

which there are three stages of evaluation to assess the outer model, namely Convergent Validity, Discriminant Validity and Composite Reliability.

Convergent Validity

The reflection size is said to be high if the component score correlates with the construct of more than 0.5. The measurement model through factor loading to determine the validity of the indicators by looking at the convergent validity values of the indicators in the model. The results of the SmartPLS output test on outer loadings and cross-loading. A total of 14 indicators will be tested and taken with 422 samples. Outer loadings results are acceptable with values above 0.5 [30].

Based on Table 1 the results of the Outer Loadings, with 14 indicators, give a value above 0.5, namely 0.660 - 0.973. The highest result is on indicator EC3 with a value of 0.973 and the smallest result is on indicator SC1 with a value of 0.660. So, the conclusion is that outer loadings are declared valid and acceptable.

Table 1. Result of outer loadings

Item	Loadings
Strategy Competence	
I identify long-term opportunities and issues	0.660
I will prioritize work that is in line with business goals	0.755
Redesign the business to meet long-term goals and changes	0.764
Ethical Competence	
I always keep my promises	0.881
I will admit mistakes and tell the truth	0.943
I will be fair and honest in the marketing process	0.973
I always take responsibility for my own actions	0.842
Network Competence	
We conduct meetings and discussions with partners	0.773
Comparing partners in terms of knowledge	0.829
We monitor the extent of benefits gained from working relationships with partners	0.805
Business Growth	
We have increasing sales	0.790
We have good market share	0.825
We have sufficient cash flow	0.831
We have sufficient number of employees	0.701

Source: Processed data, 2023

Table 2. Result of cross loading

Variable	SC	EC	NC	BG
SC1	0.660	-0.082	0.304	0.273
SC2	0.755	0.047	0.400	0.347
SC3	0.764	-0.151	0.489	0.331
EC1	-0.090	0.881	-0.154	-0.008
EC2	-0.049	0.943	-0.148	0.071
EC3	-0.122	0.973	-0.164	0.032
EC4	-0.056	0.842	-0.077	0.046
NC1	0.478	-0.158	0.773	0.405
NC2	0.480	-0.181	0.829	0.461
NC3	0.393	-0.040	0.805	0.548
BC1	0.326	-0.107	0.545	0.790
BC2	0.370	0.086	0.464	0.825
BC3	0.357	0.008	0.403	0.831
BC4	0.328	0.163	0.413	0.701

Source: Processed data (2023)

Based on Table 2 the results of cross loading can be seen that the expected value of any of the latent variable has the highest loading value with other loading values for other latent variables, which are the loading values of each indicator of a latent variable that has the greatest value. The results of the loading value for each indicator are 0.660 – 0.973. Therefore, the conclusion is that the cross-load value is acceptable.

4.2 Discriminant validity

Discriminant validity can be calculated by comparing the root value of AVE. If the AVE root value is higher than the correlation value between the latent variables, then discriminant validity can be considered achieved. Discriminant validity can be said to be achieved if the AVE value is greater than 0.5 [30].

According to Table 3 the AVE results give a value greater than 0.5, indicating that the AVE value is 0.530 – 0.830. The highest result is on the EC with a value of 0.830 and the lowest result is on the SC with a value of 0.530. It can also be seen that the AVE root value is higher in number than the correlation value between the latent variables, which shows the AVE root value of 0.728 – 0.911. The highest result is in SC with an AVE root value of 0.911 and the lowest result is on SC with an AVE root value of 0.728 So, the conclusion is that the variables in this study are acceptable.

Table 3. Result of Average Variance Extracted (AVE)

Variable	AVE	√AVE
SC	0.530	0.728
EC	0.830	0911
NC	0.644	0.802
BG	0.622	0.789

Source: Processed data, 2023

4.3 Composite reliability

A total of 14 indicators will be tested and taken with 422 samples. Composite reliability is acceptable with a value greater than 0.7 (Table 4) [30].

Table 4. Result of composite reliability

Variable	Composite Reliability
SC	0.771
EC	0.951
NC	0.844
BG	0867

Source: Processed data, 2023

Based on the Composite Reliability results, constructs SC, NC, and BG all show good reliability with values of 0.771, 0.844, and 0.867 respectively. On the other hand, the EC construct stands out with a very high reliability of 0.951, indicating that the indicators within it are highly consistent in measuring the same concept. Overall, all constructs display satisfactory reliability, affirming the measurement quality in the research.

After initial analyses, the study turns its focus to the inner model. The relationships between latent constructs are examined. The aim is to understand their connections and to ensure the model's overall structure is consistent and coherent.

The inner model evaluation follows the outer model testing. This analysis examines the relationship between variables and whether there is a positive or negative impact. The inner model test is based on two criteria: the R value of the endogenous latent variable and the estimation of the path coefficient [33].

Inner Model (Structural Model)

The value of R2 can indicate that exogenous variables are able to measure and explain endogenous variables. According to Hair et al. [30], it revealed that in general the R2 value for endogenous variables is close to 1, then exogenous variables have a high ability to explain or predict endogenous variables. divided into 3 categories of values, namely: 0.75, 0.50 and 0.25 which are described as strong, medium, and weak, respectively.

Table 5. *R* Square

Variable	R Square
NC	0.326
BG	0.346

Source: Processed data, 2023

Based on Table 5 the R Square results show that the highest R2 value is on the BG with a value of 0.346 and the lowest result is on the NC with a value of 0.326. Thus, the conclusion is that the R Square value is not strong enough to explain the two endogenous variables.

The figure below displays the results of PLS Algorithm testing (Figure 2) and bootstrap testing (Figure 3). Figure 2 shows the assessment of the outer model, which examines convergent validity, discriminant validity, and reliability. In particular, it verifies how closely the indicators relate within a construct (convergent validity), how distinct the constructs are from one another (discriminant validity), and the consistency of the indicators in measuring their assigned construct (reliability).

Meanwhile, Figure 3 presents the model being tested through bootstrapping. This bootstrap validation is part of examining the inner model, which focuses on the relationships between constructs rather than indicators to constructs. In essence, it evaluates whether the hypothesized structural model relationships are statistically significant.
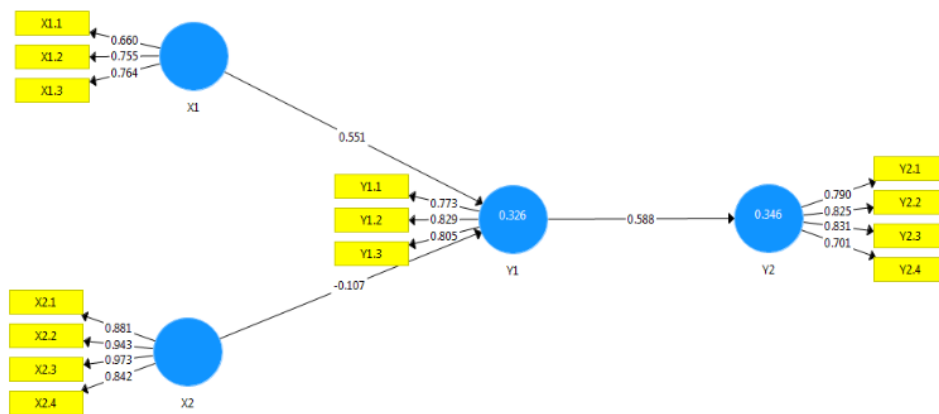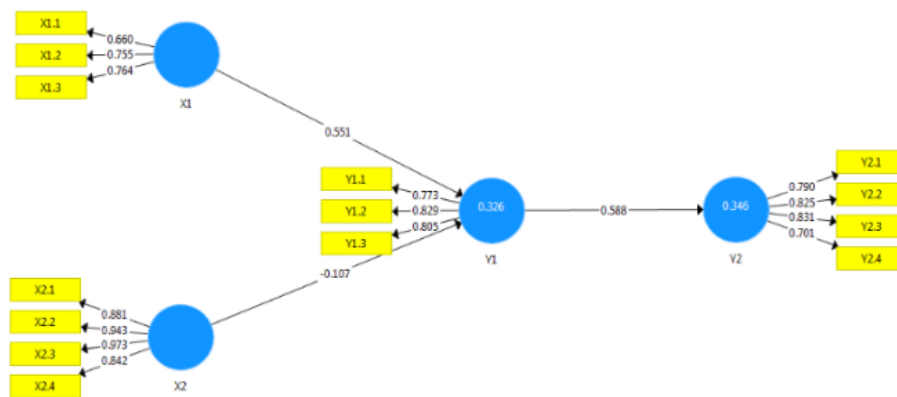

Figure 2. PLS algorithm

Figure 3. Inner model

The results of hypothesis testing are declared significant if the p-value is below 5% or below 0.05 and the value is above 1.96. The results of testing the hypothesis can be seen in Table 6.

Based on Table 6 of the Inner Model, strategic competence has a positive influence on network competence. The results of the original sample value were 0.551, the mean sample results were 0.565 and the standard deviation results were 0.065, indicating that there was a positive and acceptable relationship between strategic competence and network competence. Then the value of the T statistic is 8,460, this value is greater than the table t of 1.96 and the p value is 0,000 (<0.05).

Ethical competence hypothesis, it has a negative effect on network competence. The original sample value is -0.107, the mean sample is -0.113, and the standard deviation is 0.083 which shows that the relationship between ethical competence and network competence is negative. Then the value of the T statistics is 1.287, this value is smaller than the T table of 1.96 and the p value is 0.199 (>0.05).

Table 6. Inner model

Variable	Original Sample (O)	T-Statistics (O/STDEV)	P-Values	Significant
SC→ NC	0.551	8,460	0.000	Supported
EC→NC	-0.107	1,287	0.199	Rejected
NC→BG	0.588	8,384	0.000	Supported

Source: Processed data, 2023

The network competence hypothesis is that it has a positive influence on business growth. The original sample value is 0.588, the mean sample is 0.063 and the standard deviation is 0.070 which shows that there is a positive and acceptable relationship between network competence and business growth. Then the value of the T statistics is 8,383, this value is greater than the table t of 1.96 and the p value is 0,000 (<0.05).

4.4 Discussion

The dominance of women in South Tangerang SMEs, highlights the complex interplay between culture, gender, and economic dynamics. From a theoretical perspective, this phenomenon underscores how social constructions of gender, influenced by tradition and culture, can shape economic decisions and entrepreneurial choices. This aligns with theories emphasizing the importance of social networks in entrepreneurial success, given that women tend to leverage their community networks more effectively for promotion and marketing. Additionally, the collective awareness of women's economic empowerment, evidenced by the increasing number of women venturing into SMEs, provides crucial insights into socio-economic paradigm shifts and the need to recognize women as key players in local economic growth. Practically, these findings suggest the need for policies and programs tailored to support female entrepreneurs, considering their unique needs and challenges in business [12].

In South Tangerang, the dominance of SMEs that have been operating for 5-10 years compared to those that have been operating for 3-5 years or more than 10 years can be attributed to the consolidation and growth phases of the business. SMEs that are 5-10 years old have usually overcome the initial challenges of business establishment and are in a phase where they are stable, but still dynamic and innovative to adapt to market changes. On the other hand, firms that are 3-5 years old may still be facing stabilization challenges, while firms that are more than 10 years old may have reached a saturation point or be less responsive to current market dynamics. From a theoretical perspective, this confirms the business life cycle theory that every business goes through phases of growth, maturity, and decline. In practice, it highlights the importance of different support and interventions for SMEs depending on their age. Younger SMEs may need more help with management and strategy, while older ones may need innovation and diversification to stay relevant.

4.5 The effect of strategic competence on network competence

The research results found have been explained, that the research proves that the variables strategic competence proved to have a significant effect on network competence in South Tangerang. It can be explained that between strategic competencies and network competencies, where in preparing a business strategy, of course, information resources are needed to carry out business strategies to achieve business success which can be obtained through relationships with external business parties to obtain the information needed by businessmen. An entrepreneur will get market information in a timely manner, if he has a relationship with external business parties such as customers, suppliers, and other related parties. The results of this study were also strengthened by research Tehseen [10] and Venia and Slamet [34] there is a positive influence between strategic competence on network competence. Which shows that strategic competence allows entrepreneurs to obtain resources by developing long-term relationships with external parties including customers, suppliers and other related parties and an entrepreneur in carrying out his strategic competencies really requires the role of information resources that they can obtain from their existence.

4.6 The effect of ethical competence on network competence

The research results found have been explained that the research proves that the variables ethical competence is proven to have no significant effect on network competence in South Tangerang. According to Quagrainie [35] ethical competence is the competence of individuals to be transparent and honest in conducting business transactions by telling what happened and being willing to admit mistakes. Sometimes humans have different characteristics; some are honest, and some are dishonest. By being dishonest, it can damage close relationships with customers, suppliers and other parties involved and undermine the trust of others. This is supported by Puteri Fadzline et al. [36] who said that ethical competence of network competence is still lacking because of the services and prices provided. The results in this study are not in line with the research that has been done Tehseen [10] and Venia and Slamet [34] which said that ethical competence has a positive effect on network competence. Which if acting ethically competent by demonstrating that can be trusted in business and build competence network or close relationships with customers, suppliers, and other related parties.

4.7 The effect of network competence on business growth

Network competence proved to have a significant effect on business growth. According to Quagrainie [35] network competence is competence in negotiating with others, maintaining work contracts, interacting effectively with others, developing long-term relationships with others, and trusting each other so as to influence business growth. The results of this study were also strengthened by research Tehseen [10] there is a positive influence between strategic competence on network competence. The presence of network competence can provide credible information and greatly affects the growth of a business.

Tehseen [10] said that strategic competencies and ethical competencies are the most important competencies for entrepreneurs to ensure company growth. Torkkeli et al. [9] said that network competence is also important for business success. If every company wants to be successful, it must have strategic competence, ethical competence and network competence which will make a company more advanced and successful. Network competence in which an entrepreneur wants his business to develop, must have a relationship or network with outside parties to ensure business growth.

The results of this study are expected to be used as an input for business actors and prospective business actors to have a better understanding of business development in the SME sector. The results of this study can be used by business actors to find the role of entrepreneurial competence and network competence on business growth in SMEs in South Tangerang City.

5. CONCLUSION

Strategic competence has a significant effect on Network Competence, where strategic competence has a positive effect on network competence for SMEs in South Tangerang City. So, in conclusion, in preparing a business strategy, of course, information resources are needed to carry out business strategy competencies to achieve business success which can be obtained through relationships with external business parties to obtain the information needed by business actors.

Ethical competence has no significant impact on network competence, whereas ethical competence has a negative impact on network competence in SMEs. As a result, human beings sometimes have different characteristics, some are honest, and others are dishonest, which can damage close relations with customers, suppliers, and other related parties, and harm the trust of others. Network competence has a significant effect on business growth, which means that network competence has a positive effect on business growth for SMEs.

SMEs in South Tangerang City, and indeed elsewhere, can greatly benefit from understanding how to effectively harness these competences in real-world scenarios. For instance, knowing the significant impact of strategic competence on network competence can guide businesses in prioritizing relationship-building and information-gathering as part of their growth strategies. Similarly, understanding the nuances of ethical competence's influence can help businesses navigate their stakeholder relationships more adeptly. A more detailed discussion on these actionable insights will empower SMEs to make informed decisions and leverage these competences for tangible business success.

5.1 Limitation and scope for further research

The study of strategic and ethical competence towards business growth through network is an important topic in today's business world. The research boundaries for this topic include the examination of the influence of strategic and ethical competence on business growth and the role of network in facilitating these competencies. It is recommended that future researchers consider the use of surveys and case studies to gather more in-depth information on the topic, as well as the examination of small and large businesses to better understand the generalizability of findings. In addition, the integration of other relevant variables, such as organizational culture and leadership, could provide a more comprehensive understanding of the relationship between strategic and ethical competence and business growth.

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