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PERSPECTIVES ON SUSTAINABLE PERFORMANCE START-UPS INFLUENCED BY ENTREPRENEURIAL ECOSYSTEMS AND DISRUPTIVE INNOVATION

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Abstract

The purpose of this study is to determine the factors that determine the sustainable performance of startups in terms of entrepreneurial ecosystems, the phenomenon of disruptive innovation. The research method uses the systematic literature review (SLR) method approach , where the articles reviewed are articles that have been published in reputable international journals and national journals published in 2017-2023. The results of this study indicate that the success of sustainable startup performance will be influenced by entrepreneurial ecosystems which are supported by the implementation of cultural values, human capital, robust markets, support services and local customers. The second is disruptive innovation activities. This innovation is carried out by paying attention to the conditions of new-market disruption, low-end disruption and customer disruption.

Keywords: *sustainable, entrepreneurial, ecosystems, disruptive, innovation*

INTRODUCTION

Sustainability in business activities is a very important goal that must be considered by business owners or actors. Likewise with sustainable performance in businesses or startup actors in Indonesia. Startup businesses are one of the prima donna's in the current information technology era, this is shown from data on startupraking.com which places Indonesia as one of the sixth largest countries in startup activity. The growth of startups in Indonesia is currently also contributing to national economic growth and is able to drive economic turnover at various levels. Startup businesses also open up significant job opportunities, especially for millennia's who work in the field of information technology.

On the other hand, the existence of startups in Indonesia is also marked by the inability of startups to survive or fail. According to CB Insight (a Technology Market Intelligence company), wrong One reason biggest of failed startup is lack fund or No Can get capital gains. This startup failure rate is also reinforced by data from Ministry Communication and Informatics (Kemenkominfo) that in Indonesia there are 1,300 startups participating in the Movement program National 1000 Startups. However, only 10 percent arrived moment this still survive. According to

Kemenkominfo, startups in Indonesia experienced failure consequence managerial factors, eg lack of experience and vision clear from founders and lack of focus in operate business.

The existence of this managerial problem has also had an impact on a wave of layoffs (PHK), where in 2021 there will be a wave of layoffs carried out by startup actors. The cause of the wave of layoffs was caused by several reasons, namely: startup players had difficulty getting investment, massive burning of money by startups, high employee salary costs and supporting costs, inflation from the effects of Russia's war with Ukraine, the threat of a global economic recession. Given the above conditions, many startups are making efficiency by saving and reducing marketing budgets, reducing the launch of product features and delaying expansions that have the potential for layoffs (www.katadata.co.id, 2022).

Research related to sustainable startup performance has been carried out by previous researchers, including Leendertse et al., (2021), Jirapong et al., (2021) and Malerba & McKelvey (2020) , which proves that shows that sustainable startup performance is inseparable from there is disruptive innovation carried out by startup actors. Research by Cunningham et al., (2019) , Johnson et al., (2022) , Roundy & Fayard, (2019) , identified that entrepreneurial ecosystems have an important role in sustainable startup performance in maintaining the business being carried out.

Another study conducted by Teixeira et al., (2021) , shows that startup performance is determined by two things, namely sensing user needs and scale and stretching. Supported by knowledge management theory that can be used to determine opportunities, commitment and business credibility. Vincent & Zakkariya, (2021), Kim et al., (2018) explained further that knowledge of startup management and adoption of management systems has contributed to accelerating startup business development (Centobelli et al., 2017).

Another factor that determines a startup's sustainable performance is disruptive innovation. According to Yu et al., (2022), explained that disruptive innovation has an influence on startup performance, where disruptive innovation is divided into two, namely low end disruption and new market disruption. The ability to disruptive innovation is also influenced by the strength of the network owned by startup businesses, both from similar businesses and from different businesses. According to Löfsten et al., (2022) business networks also affect the success of initial business growth. Papazoglou, (2023), innovation performance in implementing disruptive innovation will be determined by R&D entrepreneurship.

The purpose of this study is to determine the factors that determine the sustainable performance of startups in terms of entrepreneurial ecosystems, the phenomenon of disruptive innovation

METHODS

This study uses a systematic literature review (SLR) method approach, in which the author conducts an in-depth study of several articles that have the same theme. The results of the review of several articles then created a new research concept which became an update or could also be the basis for decision making. This research takes a theme related to sustainable startup performance, where the

articles reviewed are articles that have been published in reputable international journals and national journals published in 2017-2023.

RESULTS AND DISCUSSION

A study of articles that discuss sustainable startup performance in several countries shows that there are main factors that determine sustainable startup performance. This factor is able to make startups survive and compete along with developments and demands for information technology and uncertainty from their customers.

The results of research by Leendertse et al., (2021), show that the business performance of start-ups is influenced by factors such as the presence of hardware and software technology as well as technological updates or disruptive innovation. This is supported by the research of Jirapong et al., (2021) which identified that the success of sustainable performance will be classified into three things, namely: economic conditions, environmental conditions and social conditions. Research by Malerba & McKelvey, (2020), startup performance will be measured based on the level of product innovation produced, the level of profit income and the growth of loyal consumers.

To maintain sustainable startup performance for a long time, it will be influenced by centralized ecosystem governance. The governance of this ecosystem can be referred to as an entrepreneurial ecosystem. The research results of Cunningham et al., (2019), identified five factors used to strengthen ecosystem governance for startup actors, namely: research organization, industry, public policy, public capital providers, and private capital providers. Johnson et al., (2022), explains the concept of an entrepreneurial ecosystem model consisting of: government, companies, MSMEs and research institutions. This model has contributed in three ways, namely: product innovation, investment and collaboration. According to research by Roundy & Fayard, (2019), identifying that entrepreneurial ecosystem has an impact on business dynamic capabilities. Ecosystems in the business activities referred to in this study include: cultural values, human capital, robust markets, learning opportunities, social networks, support services, professional investment, local customers, and density of entrepreneurs.

As a comparison related to sustainable startup performance, research conducted in Nigeria shows that ideas and innovation in business are important to support the continuity of startup performance (Ezema et al., 2022). A study on the success of sustainable startup performance conducted in the European Union, proves that contemporary management theory consisting of: resources and competences, information, intellectual capital, innovation, entrepreneurship, sustainable development, relational has a contribution that supports business success (Skawińska & Zalewski, 2020). Research by Petru et al., (2019), examines the development of startups in the Czech Republic, there are indicators that determine sustainable startup performance determined by management strategy, quality of internal communication, capacity of startup actors and customer relationship management (CRM). Whereas in Indonesia it is known that sustainable

startup performance can be identified into four factors that influence sustainable startup performance, namely: innovation, customer participation and business models (Danarahmanto et al., 2020). Phangestu et al., (2020), added two more factors, namely entrepreneurial leadership and competitive advantage. Startups in Indonesia also exploit more of the existence of social media as an ecosystem and business continuity (Mujahid & Mubarik, 2021). On the other hand, sustainable startup performance has a gender factor, namely the results of a study by (Tiba et al., 2021) female startup actors have a high chance of having good business continuity.

According to research conducted by Teixeira et al., (2021), startup performance in Brazil will be determined by two things, namely sensing user needs and scale and stretching. The theory of knowledge management put forward in research by Dalmarco et al., (2017), explains that startup actors in Brazil do not understand knowledge management theory, but there is implementation of this theory in running startup businesses. This knowledge management theory includes: opportunity recognition, entrepreneurial commitment, credibility and sustainability. Research by Vincent & Zakkariya, (2021), incubator startup performance will be influenced by absorptive capacity and entrepreneurial orientation. Kim et al., (2018) there are four factors that determine the success of a startup business, namely: business people, innovation, technology and the economy. Knowledge of startup management and management system adoption has a contribution in accelerating startup business development (Centobelli et al., 2017).

Another factor that determines a startup's sustainable performance is disruptive innovation. According to Yu et al., (2022), explained that disruptive innovation has an influence on startup performance, where disruptive innovation is divided into two, namely low end disruption and new market disruption. The ability to disruptive innovation is also influenced by the strength of the network owned by startup businesses, both from similar businesses and from different businesses. According to Löfsten et al., (2022) business networks also affect the success of initial business growth. Papazoglou (2023), innovation performance in implementing disruptive innovation will be determined by R&D entrepreneurship.

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CONCLUSION

The conclusions from the results of the review of articles related to the success of sustainable startup performance will be influenced by ecosystem

conditions that support startup activities and innovations carried out by startup actors. The condition of this ecosystem is known as entrepreneurial ecosystems as measured by cultural values, human capital, robust markets, support services and local customers. To increase business competitiveness, it is necessary to carry out business innovation through disruptive innovation activities. This innovation is carried out by paying attention to the conditions of new-market disruption, low-end disruption and customer disruption. Future researchers can also add to the entrepreneurship R&D variable, which is a form of activity carried out by start-up actors while innovating to create new products or services by involving stakeholders. The second variable is geographical proximity which is defined as geographical proximity that supports the success of business activities, where this geographical factor relates to human resources, customers, competitors, partnerships and other factors. The third variable is in the form of public policy which is defined as public policies or regulations from the central and regional governments that support the development of startup businesses.

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