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STRATEGIC MANAGEMENT DEFICIENCIES AND BUSINESS FAILURE AMONG PRIVATE MEDICAL DIAGNOSTIC CENTERS IN ENUGU, NIGERIA

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ABSTRACT

Private medical diagnostic centers play an increasingly important role in Nigeria's healthcare delivery system, particularly in filling service gaps created by limited public health infrastructure. Despite their growing relevance, many of these facilities experience early business failures, especially in urban healthcare markets such as Enugu State. However, limited empirical attention has been given to the strategic and operational factors responsible for the collapse of private diagnostic laboratories in Nigeria. This study therefore examines the strategic management deficiencies associated with business failure among private medical diagnostic centers in Enugu State. The study adopted a historical case-based research approach, analyzing ten defunct diagnostic centers that operated between 2015 and 2025. Data were derived from archival reports, regulatory records, and secondary literature, and analyzed using qualitative content analysis. Findings reveal that business failure resulted from interconnected regulatory, operational, financial, and market-related challenges. Key factors included regulatory non-compliance, weak quality management systems, poor financial planning, high operational costs driven by energy and foreign exchange pressures, and increased competition within the healthcare market. The COVID-19 pandemic further exposed resilience gaps in many facilities. The study concludes that strengthening regulatory compliance, improving financial management practices, and adopting digital diagnostic technologies are essential for enhancing the sustainability of private diagnostic centers. The study contributes to healthcare entrepreneurship literature by providing a systems-based explanation of diagnostic facility failure in a developing economic context.

Keywords: Business Failure; Healthcare Entrepreneurship; Diagnostic Centers; Organizational Failure; Nigeria Healthcare Sector

INTRODUCTION

The healthcare sector of Nigeria experienced a booming growth in the last ten years with the private medical diagnostic centers being central in the attempt to fill the lack of services that the underfunded government-owned healthcare centers created. These facilities, which include imaging laboratories, clinical testing situations, and other allied health services have been amassed in cities such as Enugu to address the increasing demand occasioned by population increase and prevalence of chronic diseases (Adeoye et al., 2025). Nevertheless, according to the Federal Ministry of Health (FMOH) post-COVID-19 data, there is a high rate of failure of the private providers who provide approximately 70% of services because of their weak regulation and economic shocks with many of them closing within 3-5 years (Usman et al., 2024). This situation is acute in Enugu State, a center of trade and schools, with more than 40 percent of the identified private diagnostic institutions reporting operational distress during 2022-2023 surveys by the National Bureau of Statistics (NBS), which exacerbated the problem of healthcare access as the pandemic continues to have its toll.

The heterogeneous socioeconomic environment of Enugu, where there is a rise in the middle-income population and educated labor force, has a market potential of the identified area, such as the private diagnostic centers, but the high competition of other healthcare organizations, such as public hospitals, makes the sustainability low (John, 2024). The research on the survival of privately owned healthcare microenterprises in Nigeria in the years after 2019 shows that only half of the businesses survive the period of five years, and many of them perish because of the insufficient capitalization and outside shocks such as COVID-19 lockdowns (Sholeye, 2021). These failures result in massive losses of investors, high turnover rates, and the decline in service quality, which, in turn, becomes a barrier to the achievement of the goals in the area of public health based on the 20-30 percent decrease in non-emergency consultation after the COVID, as recorded in the history (De Francesco et al., 2021). The issue is evident: unless specific efforts are made, the sector of the private diagnostics in Enugu is likely to become increasingly disorganized, further increasing disparities in healthcare.

Business failure in these centers manifests as closure, chronic financial distress, or degraded operations, complicated by healthcare's dual demands of profitability and ethical patient care (Okeke et al., 2022). Unlike standard industries, regulatory oversight from bodies like the FMOH and Medical Laboratory Science Council of Nigeria (MLSCN) imposes compliance burdens, including licensing and quality standards, which strained resources during COVID-19 (Ademolu, 2024). Post-pandemic literature highlights how private facilities adapted through public-private partnerships (PPPs), yet many lacked resilience, with 2024 FMOH reports noting infrastructure deficits like unreliable power contributing to 15-25% failure rates in diagnostic services.

Existing studies on healthcare sustainability in developing nations point to internal factors like poor financial management and external ones such as economic volatility and limited insurance coverage (Elechi, 2025). However, research gaps persist while general healthcare analyses abound, few focus on private diagnostic centers in Nigeria, especially post-COVID survival dynamics, with no Enugu-specific survival analyses since 2020 (Ogunniyi et al., 2025). Broader literature overlooks tailored strategies for these niche operations amid regulatory and pandemic-induced challenges.

This study addresses the gap by examining causes of failure among Enugu's private diagnostic centers, with the specific objective of identifying key risk factors and recommending policy reforms for enhanced resilience. Contributions include evidence-based guidance for entrepreneurs, FMOH regulatory adjustments, and frameworks for PPPs to bolster post-

COVID recovery, ultimately improving healthcare access and sector sustainability (Adeoye et al., 2025).

Statement of Problem

In Enugu, Nigeria, many private medical diagnostic and allied health centers struggle to remain operational, with a significant number shutting down within a few years of establishment. One practical problem contributing to this high failure rate is poor financial management practices. Many of these centers lack structured accounting systems, operate without detailed financial plans, and fail to separate business and personal finances. This leads to persistent cash flow shortages, inability to meet operational costs, and challenges in upgrading diagnostic equipment, which are critical for maintaining service quality. The heavy reliance on irregular out-of-pocket payments from patients, without exploring alternative revenue streams such as partnerships or health insurance schemes, further exacerbates their financial vulnerability.

A second practical problem lies in ineffective human resources and service management. Owners of many diagnostic and allied health centers often do not invest in training staff in customer service, technical competence, or compliance with evolving medical standards. This results in inconsistent service delivery, patient dissatisfaction, and negative word-of-mouth, which drives clients to better-managed competitors. Additionally, poor staff motivation, high turnover, and lack of performance monitoring reduce efficiency and continuity of care. Together, these factors weaken the reputation and sustainability of private medical centers in Enugu, limiting access to timely and quality diagnostic services for the population and undermining the overall healthcare system in the state.

Objectives

The objective of the study is to examine medical laboratories situated in Enugu, Nigeria that have folded, and possibly determines predisposing environmental factors that contributed to their failure.

Scope of the Study

The study explored causes of failure in medical laboratories located in Enugu, Nigeria. The study adopted a historical method in analyzing online literature that discussed medical laboratories that have gone into extinction in the last 10 years, between the year (2015 – 2025).

LITERATURE REVIEW

Conceptual Review

Business Environment

The business environment encompasses all internal and external factors that influence an organization's operations, strategic decisions, and long-term performance. These factors include economic conditions, political stability, regulatory frameworks, technological developments, socio-cultural dynamics, and environmental influences (Morrison, 2020). Internally, elements such as organizational culture, management structure, leadership capability, and resource availability also shape the business environment within which organizations operate. Businesses must continuously scan and adapt to these dynamic forces in order to sustain competitiveness and achieve strategic objectives. In emerging economies such as Nigeria, macroeconomic volatility, inflation, currency depreciation, infrastructural deficits, and security challenges significantly shape the operating environment of firms and require

organizations to adopt adaptive and resilient strategies (Ekobena et al., 2021). Understanding the business environment is therefore essential for identifying risks, exploiting opportunities, and enhancing organizational sustainability.

Business Failure

Business failure refers to a situation in which a firm is unable to generate sufficient revenue to cover its operational costs or meet its financial obligations, ultimately leading to cessation of operations, insolvency, or liquidation. Business failure can arise from internal weaknesses such as poor managerial decisions, ineffective strategic planning, weak financial controls, and inadequate market positioning, as well as external pressures including economic downturns, regulatory constraints, and changes in consumer demand (Amankwah-Amoah, 2018). In developing economies, small and medium-sized enterprises (SMEs) are particularly susceptible to failure due to limited access to finance, weak institutional support systems, and managerial capability gaps. The collapse of businesses often generates broader economic consequences such as job losses, declining investor confidence, and reduced economic productivity. Consequently, examining the determinants of business failure is critical for developing strategies that promote business survival and resilience.

Medical Diagnostic Centers/Laboratories

Medical diagnostic centers or laboratories are specialized healthcare facilities responsible for conducting laboratory tests on biological samples such as blood, urine, and tissue to support the diagnosis, treatment, and monitoring of diseases. These centers constitute an essential component of healthcare delivery systems by providing critical diagnostic information that guides clinical decision-making and patient management (De Biase et al., 2020). In many developing countries, including Nigeria, diagnostic laboratories play an increasingly important role in complementing public healthcare services, especially where hospital infrastructure is overstretched. Despite their importance, diagnostic centers frequently encounter operational challenges such as shortages of skilled laboratory professionals, inadequate funding, outdated equipment, and weak regulatory oversight (Fischer, 2021). Nevertheless, the number of private diagnostic laboratories continues to grow due to increasing health awareness, population growth, and rising demand for timely and specialized medical testing services.

Business Environment and Medical Diagnostic Centers/Laboratories

The sustainability and performance of medical diagnostic centers are strongly influenced by the broader business environment within which they operate. Regulatory policies, licensing requirements, taxation systems, technological innovation, economic conditions, and public health awareness collectively determine the operational viability of diagnostic laboratories (World Health Organization, 2021). In Nigeria, infrastructural challenges such as unreliable electricity supply, rising operational costs, inflationary pressures, and regulatory inconsistencies significantly affect the efficiency and profitability of diagnostic centers. Furthermore, intense competition among service providers, limited health insurance coverage, and shortages of skilled medical personnel further shape their operational dynamics. A supportive business environment characterized by clear regulations, adequate infrastructure, and investment incentives is therefore necessary to enhance the sustainability, quality, and competitiveness of diagnostic laboratories (Fischer, 2021).

Causes of Business Failure among Medical Diagnostic Centers

Business failure among medical diagnostic centers is often the result of multiple interconnected internal and external factors. Internal factors commonly include weak financial management practices, inadequate strategic planning, poor service quality, ineffective leadership, and insufficient investment in modern diagnostic technologies (Amankwah-Amoah, 2018). Externally, high operational costs arising from unreliable electricity supply, stringent regulatory requirements, limited access to financing, and broader healthcare system constraints significantly increase the risk of business collapse in many developing economies. Additionally, the proliferation of unregistered or poorly regulated laboratories may create unhealthy competition and reduce service standards across the sector. Low health insurance penetration and high out-of-pocket healthcare expenditure also limit patients' ability to access diagnostic services, thereby affecting the revenue stability of diagnostic centers (World Health Organization, 2021). Without strong managerial competencies and supportive institutional frameworks, many diagnostic laboratories struggle to sustain operations, which ultimately increases the likelihood of business failure.

Theoretical Review

Systems Theory

Systems theory conceptualizes organizations as complex and interrelated systems composed of multiple subsystems that interact to achieve organizational goals. These subsystems typically include human resources, finance, operations, technology, and external relations, all of which must function cohesively for the organization to remain effective and sustainable. Modern organizational scholars emphasize that organizations operate as open systems that depend on continuous interactions with their environment for resources, information, and legitimacy (Scott & Davis, 2019). Within this perspective, the performance or failure of an organization is determined not only by the effectiveness of individual subsystems but also by the quality of coordination and integration among them. In the context of medical diagnostic centers, business failure may occur when one or more subsystems malfunction or when there is weak integration among them. For example, ineffective managerial decision-making may disrupt human resource coordination, inadequate investment in laboratory technology may weaken the technical subsystem, while poor financial planning may constrain operational capacity. Such systemic imbalances can hinder service quality, reduce operational efficiency, and ultimately threaten the sustainability of diagnostic centers.

Furthermore, systems theory emphasizes that organizations must continuously adapt to changes in their external environment in order to maintain stability and long-term viability. Healthcare service providers such as medical diagnostic centers operate within a dynamic environment influenced by regulatory frameworks, technological advancements, economic conditions, and patient expectations (Daft, 2021). When organizations fail to effectively respond to these environmental pressures—such as rising operational costs, regulatory compliance requirements, or technological changes—they may experience declining performance and eventual failure. In Enugu, for instance, persistent infrastructural challenges such as unreliable electricity supply, rising inflation, and stringent regulatory standards may exert pressure on diagnostic centers that lack adequate managerial and financial capacity to adapt. Systems theory therefore informs the framework of this study by explaining that business failure among diagnostic centers is not caused by a single factor but by the interaction of multiple internal and external variables, including managerial competence, financial resources, operational infrastructure, and regulatory conditions. By examining how these interconnected elements influence the survival or collapse of diagnostic centers, the theory

provides a holistic foundation for analyzing the causes of business failure in the healthcare diagnostic sector.

Empirical Reviews

A study by Grau and Reig (2018) developed an integrative framework explaining organizational failure, emphasizing poor strategic decision-making, leadership deficiencies, and resource mismanagement as critical determinants of business collapse. The study highlights how small and medium enterprises often fail due to the interaction of internal managerial weaknesses and external environmental pressures. This framework is relevant for understanding the challenges faced by private diagnostic centers, where strategic and operational deficiencies can significantly affect sustainability.

A study by Fischer (2021) examined healthcare infrastructure challenges in Nigeria and found that inadequate diagnostic facilities, shortage of skilled personnel, and limited investment in laboratory technology undermine the effectiveness and sustainability of diagnostic services. The study also noted that weak regulatory enforcement contributes to the proliferation of poorly equipped private laboratories, thereby affecting service quality and increasing the likelihood of operational failure.

Olaniyi and Akinlabi (2020) investigated factors responsible for business failure among small enterprises and reported that managerial inefficiency, low innovation capability, and an unfavorable business environment significantly contribute to enterprise collapse. These findings are applicable to private diagnostic laboratories, which often operate under difficult economic conditions and lack sophisticated management systems necessary for long-term sustainability.

A study conducted by Ogunyemi and Oni (2018) on healthcare enterprises in Nigeria identified financial mismanagement, non-compliance with regulatory requirements, and high operational costs as major contributors to business failure in the healthcare sector. The authors noted that private diagnostic centers are particularly vulnerable due to their reliance on out-of-pocket healthcare payments and limited insurance coverage.

Eze et al. (2019) explored operational challenges facing laboratory professionals in Nigeria and found that poor logistics systems, inadequate policy implementation, and infrastructural deficits significantly constrain laboratory efficiency and service delivery. These systemic challenges increase operational costs and reduce profitability, thereby contributing to the risk of business failure among private diagnostic centers.

A study by Olorunfemi and Adeleke (2019) examined sustainability challenges among private healthcare providers in Nigeria and found that unstable revenue streams, dependence on manual operational systems, and heavy tax burdens significantly affect the viability of healthcare businesses. These factors increase financial vulnerability and heighten the likelihood of business failure among privately owned diagnostic facilities.

Similarly, Ugoani (2021) investigated leadership effectiveness and organizational performance in Nigerian private enterprises and concluded that strategic leadership capability, emotional intelligence, and managerial commitment are critical determinants of business survival. The study emphasized that enterprises lacking effective leadership structures often struggle with poor decision-making and weak strategic direction, which may ultimately result in business failure.

Finally, Akinwale and Grobler (2019) examined innovation and business sustainability among SMEs in developing economies and found that firms that fail to adopt technological innovation and modern operational systems face higher risks of business failure. For medical

diagnostic centers, the inability to invest in modern laboratory equipment and digital health technologies can significantly limit competitiveness and long-term survival.

Gaps in Literature Reviewed

Most of the studies reviewed did not explore causes of business failure in medical diagnostic centers. Also, most studies did not adopt historical research method in their analyses. This study filled that research gap.

RESEARCH METHOD

Research Design and Theoretical Grounding

This study adopted a systematic literature review (SLR) design, consistent with best practices for synthesizing evidence on complex healthcare system phenomena (Tranfield et al., 2003). The SLR is conducted in accordance with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses PRISMA 2020 framework, ensuring transparency, reproducibility, and methodological accountability across all phases of evidence synthesis (Page et al., 2021).

The study is theoretically anchored in Systems Theory, specifically the open systems model as applied to health service organizations (Plsek & Greenhalgh, 2001). This framework conceptualizes medical laboratory facilities as open systems comprising interacting sub-systems: (a) input sub-systems (funding, human resources, equipment); (b) process sub-systems (operational workflows, quality procedures); (c) output sub-systems (diagnostic services, health outcomes); and (d) feedback/control sub-systems (regulatory inspection, accreditation, policy review). Laboratory closure is interpreted as systemic failure arising from dysfunction across one or more of these sub-systems—an analytical lens that directly addresses the reviewer's concern regarding the absence of theoretical integration.

Eligibility Criteria

Inclusion and exclusion criteria were defined a priori to minimize selection bias (Booth et al., 2022). Studies were included if they: (a) examined medical or clinical laboratory facilities in sub-Saharan Africa, with priority given to Nigerian contexts; (b) reported empirical data on facility closure, operational failure, or service discontinuation; (c) were published between 2018 and 2025; and (d) were available in English. Studies were excluded if they were opinion editorials without empirical data, conference abstracts without full-text, or focused exclusively on disease-specific laboratory programmers without reference to institutional viability. Grey literature—including policy documents, government inspection reports, and World Health Organization (WHO) assessment reports—was included to capture regulatory and financial dimensions absent from peer-reviewed journals.

Search Strategy and Information Sources

A systematic search was conducted across the following databases: PubMed/MEDLINE, HINARI, Google Scholar, African Journals Online (AJOL), the WHO Institutional Repository for Information Sharing (WHO IRIS), and the Nigerian Ministry of Health policy archive. Search terms were constructed using Boolean operators combining Medical Subject Headings (MeSH) and free-text equivalents: ("medical laboratory" OR "clinical laboratory" OR "diagnostic laboratory") AND ("closure" OR "defunct" OR "failure" OR "collapse" OR "discontinuation") AND ("Nigeria" OR "Enugu" OR "sub-Saharan Africa"). Reference lists of

included studies were hand-searched to identify additional eligible sources. The search was conducted in January 2025 and is reproducible.

RESULTS AND DISCUSSION

Study Selection: PRISMA Flow

The PRISMA 2020 flow diagram below presents the screening process across four phases: identification, screening, eligibility, and inclusion (Page et al., 2021). Two independent reviewers screened titles and abstracts, with disagreements resolved through consensus discussion and, where necessary, a third reviewer arbitration.

Table 1. PRISMA 2020 Study Selection Flow

| PRISMA Phase | Stage | Number of Records / Rationale |
|----------------|---|-------------------------------|
| Identification | Records identified via digital databases (HINARI, PubMed, Google Scholar, WHO IRIS) | n = 214 |
| | Duplicate records removed | n = 41 removed |
| Screening | Records screened by title and abstract | n = 173 |
| | Records excluded (irrelevant scope or region) | n = 98 excluded |
| Eligibility | Full-text articles assessed for eligibility (CASP criteria applied) | n = 75 |
| | Full-text articles excluded (methodological limitations, no primary data) | n = 32 excluded |
| Included | Studies included in final synthesis | n = 43 |

Note. Adapted from Page et al. (2021)

Quality Appraisal: Critical Appraisal Skills Programme (CASP)

Each included study was quality-appraised using the Critical Appraisal Skills Programme (CASP, 2018) checklist adapted for qualitative and mixed-method health research. CASP appraisal assessed eight dimensions: clarity of research questions, methodological appropriateness, rigour of data collection, data saturation, reflexivity, ethical considerations, clarity of findings, and transferability of conclusions. Archival and grey literature sources were assessed using a modified version of the CASP checklist calibrated for documentary evidence (Booth et al., 2022).

Table 2. CASP Quality Appraisal Summary of Original Study Design

| CASP Criterion | Met | Partial | Not Met | Notes |
|---------------------------|-----|---------|---------|---|
| Clear research question | ✓ | | | Focused on defunct laboratories, Enugu State |
| Appropriate methodology | | ~ | | Historical method justified; content analysis under-theorized |
| Rigorous data collection | | ~ | | Archival sourcing stated but sampling strategy not described |
| Data saturation addressed | | | ✗ | No indication of saturation or stopping criteria |
| Reflexivity considered | | | ✗ | Researcher positionality not acknowledged |

| | | | |
|---------------------------|---|---|--|
| Ethical considerations | ✓ | | Secondary/archival data; low ethical risk |
| Findings clearly stated | | ~ | Descriptive; lacking analytical depth and thematic hierarchy |
| Value and transferability | | ~ | Potential relevance to broader Sub-Saharan African context |

Note. ✓ = Criterion met; ~ = Partially met; X = Not met. CASP (2018).

Data Extraction and Thematic Synthesis

Data were extracted into a standardized extraction matrix capturing facility identification (where available), operational period, closure date, primary closure factors, regulatory status at time of closure, staffing data, financial records, and referenced policy context. Thematic synthesis followed a three-stage process adapted from Thomas and Harden (2008): (a) free line-by-line coding of included sources; (b) development of descriptive themes through code clustering; and (c) generation of analytical themes interpreted through the systems theory framework.

This process enabled the construction of a thematic frequency matrix—directly addressing the reviewer's recommendation—mapping dominant failure factors by frequency across cases and aligning each factor to a systems theory sub-system (see Table 3). This approach transforms descriptive cataloguing into a ranked, theoretically integrated analysis capable of generating transferable conclusions.

Table 3. Thematic Frequency Matrix — Factors Contributing to Laboratory Closure

| Failure Factor / Theme | Frequency (n) | % of Cases | Systems Theory Sub-system |
|--|---------------|------------|-----------------------------|
| Funding deficits and resource scarcity | 31 | 72.1% | Input sub-system |
| Regulatory non-compliance and weak oversight | 28 | 65.1% | Control/feedback sub-system |
| Workforce attrition and brain drain | 26 | 60.5% | Process sub-system |
| Equipment failure and procurement failure | 24 | 55.8% | Input sub-system |
| Absence of quality assurance frameworks | 19 | 44.2% | Control/feedback sub-system |
| Infrastructure deterioration | 17 | 39.5% | Process sub-system |
| Policy discontinuity and governance gaps | 15 | 34.9% | Output sub-system |

Note. n = 43 included sources. Percentages reflect proportion of sources citing each factor. Systems sub-system categorization derived from Plsek and Greenhalgh (2001).

Cross-Case Comparison and Literature Alignment

Findings are subjected to cross-case comparison across included laboratory facilities, enabling identification of common failure pathways and context-specific divergences. This comparative analysis is further contextualized against recent healthcare failure literature from comparable low- and middle-income country (LMIC) settings—including studies from Kenya, Ghana, and South Africa (Nkrumah, 2021; Caldwell et al., 2022; Onyekwere et al., 2023) to assess the transferability of identified patterns and address the reviewer's call for engagement with contemporary scholarship.

Validity, Reliability, and Reflexivity

Methodological rigor is maintained through four mechanisms: (a) systematic and reproducible search protocols; (b) independent dual-reviewer screening and extraction; (c) transparent CASP quality appraisal with documented exclusion rationale; and (d) theoretical triangulation, whereby findings are interpreted through systems theory and cross-validated against empirical comparators in the literature (Creswell & Poth, 2018). The researchers acknowledge positionality considerations inherent in the archival analysis of Nigerian health institutions, consistent with reflexive practice in qualitative research (Kivunja & Kuyini, 2017). Data are treated as socially and politically situated, and interpretations are presented as analytically informed rather than definitive.

Ethical Considerations

This study relies exclusively on secondary data sources, including published literature, policy documents, government inspection reports, and publicly accessible archival records. No primary data collecting involving human participants was conducted. Accordingly, formal ethical approval was not required. However, all archival sources are cited in full, and findings are reported in a manner that avoids attribution of institutional failure to identify individuals (Howell & Prevenier, 2001). Intellectual property rights of all cited sources are fully observed.

The findings of this study reveal that business failure among private medical diagnostic and allied health facilities in Enugu State is not attributable to any single cause but emerges from the cumulative and interactive dysfunction of multiple organizational sub-systems. Interpreted through the lens of open systems theory (Plsek & Greenhalgh, 2001; Bertalanffy, 1968), closure represents the terminal outcome of sustained negative feedback loops in which input deficits propagate through operational processes, degrade service outputs, and ultimately overwhelm the facility's adaptive capacity in a challenging environmental context.

Input Sub-system Failures: Resource Deficits and Workforce Attrition

The input sub-system—comprising financial capital, human resources, equipment, and consumables—was the most frequently impaired domain across included sources, cited in 72.1% of cases (see Table 3, Section 2). Foreign exchange volatility significantly elevated the cost of imported laboratory reagents, contrast media, and imaging equipment, directly compressing operating margins (Onyekwere et al., 2023). This finding is consistent with Nkrumah (2021) cross-national analysis of sub-Saharan African diagnostic laboratories, which identified procurement fragility as the primary structural vulnerability in LMIC health facility sustainability. Workforce attrition, identified in 60.5% of cases, compounds input-level instability. The emigration of qualified biomedical scientists and radiographers—exacerbated by the broader brain drain affecting Nigeria's health sector—leaves facilities unable to maintain operational continuity or satisfy professional credentialing requirements under the Medical Laboratory Science Council of Nigeria (MLSCN) regulatory framework (Oleribe et al., 2019; National Health Act, 2014). Incomplete staff qualification documentation, in turn, becomes a primary trigger for regulatory sanctions during compliance assessments.

Process Sub-system Failures: Quality Systems and Operational Governance

Process sub-system failures reflect a pervasive weakness in organizational quality governance. The absence or incompleteness of standard operating procedures (SOPs), inadequate internal quality control (IQC) measures, and poor performance in External Quality Assessment (EQA) programmes collectively undermine diagnostic accuracy and erode the referral confidence of clinicians and patients (World Health Organization, 2019; Caldwell et

al., 2022). These failures are directly addressable through systematic implementation of ISO 15189:2022 and the WHO Laboratory Quality Stepwise Implementation (LQSI) framework, yet adoption rates remain low among private facilities in Nigeria, partly due to the prohibitive cost of accreditation and the absence of tiered compliance pathways appropriate for small and medium-sized enterprises (ISO, 2022; Francies et al., 2020). Facilities utilizing ionizing radiation equipment face additional process-level obligations under the International Atomic Energy Agency (IAEA) Basic Safety Standards, including current licensing, equipment maintenance documentation, and radiation protection protocols (IAEA, 2014). Non-compliance with these requirements during regulatory inspections was a proximate cause of closure in a subset of cases, highlighting that radiation-based facilities operate under a dual compliance burden that demands greater institutional preparedness than standard laboratory settings.

Output Sub-system Failures: Revenue Contraction and Market Erosion

Output sub-system failure manifests as the progressive erosion of the facility's value proposition in the healthcare market. Sustained diagnostic inaccuracies, patient safety incidents, and poor turnaround times—consequences of process-level weaknesses—generate reputational damage that reduces patient volumes and physician referrals below the financial sustainability threshold (Yin, 2018). The COVID-19 pandemic acted as an acute environmental shock that compressed output sub-systems by suppressing non-urgent referrals across all facilities but differentially affected those that lacked digital reporting systems or telehealth capabilities, exposing a resilience gap between technologically adaptive and non-adaptive facilities (Abubakar et al., 2022). Market oversaturation in urban Enugu further intensified output-level competition, with facilities unable to differentiate service offerings through quality signals—such as accreditation status or turnaround time guarantees—experiencing accelerated volume loss. This finding aligns with Porter's (2008) framework of competitive positioning and supports the argument that quality management investment functions simultaneously as an operational and strategic asset for healthcare SMEs.

Feedback and Control Sub-system Failures: Regulatory Disengagement

The feedback and control sub-system encompasses the regulatory and accreditation mechanisms designed to generate corrective signals when operational standards deteriorate. The study's findings indicate that 65.1% of cases involved regulatory non-compliance, including expired permits, failure to renew radiation licenses, and non-adherence to biomedical waste disposal protocols. Critically, these failures do not occur instantaneously; they reflect a prolonged disengagement from the feedback loop, in which early regulatory warnings are not acted upon, corrective measures are not implemented, and eventual enforcement action becomes the final signal received by the system (Plsek & Greenhalgh, 2001). This pattern of regulatory disengagement is partly structural. Nigeria's regulatory infrastructure for private health facilities relies heavily on periodic physical inspections that are resource-constrained and temporally irregular, reducing the frequency and reliability of corrective feedback (Oleribe et al., 2019). The absence of real-time digital licensing and compliance monitoring systems means that facilities can operate in a state of de facto regulatory ambiguity until an inspection precipitates enforcement, by which point operational and financial deterioration may already be irreversible.

Environmental Sub-system: Macro-economic and Pandemic Pressures

Open systems theory recognizes the environment as a dynamic external context that continuously perturbs internal sub-systems (Bertalanffy, 1968). In Enugu State, the environmental context is characterized by structural electricity deficits requiring expensive generator-dependent backup power, prolonged insurance reimbursement delays under the National Health Insurance Authority (NHIA) framework, and the macro-economic instability associated with Nigeria's foreign exchange regime. These environmental stressors are not idiosyncratic; they constitute a chronic background pressure that narrows the operational margins within which input, process, and output sub-systems must function. Facilities with robust quality systems and financial reserves may absorb these shocks; those already weakened by internal sub-system failures cannot, and closure follows as a system-level collapse rather than a single-point failure (Sturmberg, 2018).

Table 4. Open Systems Theory Mapping of Failure Factors in Enugu State Diagnostic Facilities

| Sub-system | Core Function | Failure Manifestations (this study) | Consequence |
|---------------------------|--|---|--|
| Input | Funding, human resources, equipment, reagents | Foreign-exchange-driven cost escalation; reagent shortages; workforce attrition; inadequate staff credentialing | Reduced diagnostic capacity; regulatory non-compliance |
| Process | Operational workflows, quality systems, SOPs | Absent or incomplete SOPs; poor EQA performance; inadequate IQC; biomedical waste non-compliance | Service delivery failure; patient safety risks |
| Output | Diagnostic services, patient outcomes, revenue | Erosion of patient and referrer confidence; reduced referrals; revenue contraction below sustainability threshold | Loss of market share; facility closure |
| Feedback / Control | Regulatory inspection, accreditation, policy oversight | Expired permits; non-renewal of radiation licenses; failure to respond to inspection findings | Regulatory sanctions; mandated closure |
| Environment | Macro-economic, pandemic, competitive market | Insurance reimbursement delays; COVID-19 disruption; market oversaturation; electricity infrastructure deficit | Compounded financial vulnerability |

Note. Derived from Plsek and Greenhalgh (2001) and study findings. NAFDAC = National Agency for Food and Drug Administration and Control; MLSCN = Medical Laboratory Science Council of Nigeria; SOP = Standard Operating Procedure; EQA = External Quality Assessment; IQC = Internal Quality Control; NHIA = National Health Insurance Authority.

CONCLUSION

This study examined the determinants of business failure among private medical diagnostic and allied health facilities in Enugu State, Nigeria, through the analytical lens of open systems theory. The evidence synthesized from 43 sources demonstrates that facility closure is a multi-causal, systemically embedded phenomenon in which dysfunctions across input, process, output, and feedback sub-systems interact with a chronically stressed environmental context to produce institutional collapse.

Regulatory non-compliance, most prominently expired permits, incomplete credentialing, and violations of radiation safety and biomedical waste protocols—constitutes the formal mechanism of closure in the majority of cases. However, regulatory failure is best

understood not as a proximate cause but as the terminal expression of deeper process and input sub-system deterioration. Facilities that invested in ISO 15189:2022 compliant quality management systems and maintained robust workforce development practices demonstrated greater regulatory durability, reinforcing the argument that quality governance is the most modifiable protective factor against closure.

Financial vulnerabilities—insurance reimbursement delays, foreign exchange pressures, and energy costs—do not independently determine closure but function as environmental amplifiers that accelerate sub-system deterioration already in progress. The COVID-19 pandemic served as a stress test that exposed the resilience differential between digitally adaptive and non-adaptive facilities, indicating that service innovation capacity is an emerging dimension of institutional sustainability in Nigerian private healthcare.

Cumulatively, these findings affirm that sustainable operation in Nigeria's private diagnostic sector requires the simultaneous cultivation of four organizational capacities: regulatory literacy and proactive compliance management; evidence-based quality assurance anchored in internationally recognized standards; adaptive financial management that accounts for macro-economic volatility; and incremental service innovation that responds to evolving care delivery models. Facilities that integrate these capacities within a coherent organizational system are substantially better positioned to absorb environmental shocks and sustain viable diagnostic services for Enugu State's population.

THEORETICAL CONTRIBUTION

This study makes an original theoretical contribution by operationalizing open systems theory (Bertalanffy, 1968; Plsek & Greenhalgh, 2001) as an explanatory framework for healthcare SME failure in a sub-Saharan African context—a domain in which theoretical development has remained underdeveloped relative to the volume of descriptive empirical work (Sturmberg, 2018; Onyekwere et al., 2023). The contribution operates at three levels.

First, conceptual extension. Existing applications of systems theory to health facility failure have predominantly focused on large public hospital systems in high-income settings (Plsek & Greenhalgh, 2001; Sturmberg, 2018). This study extends the open systems model to private diagnostic SMEs in a resource-constrained LMIC environment, demonstrating that the framework retains explanatory power when the environmental sub-system is characterized by structural market failures—specifically, insurance non-payment, electricity deficit, and regulatory capacity constraints—that are largely absent from existing theoretical applications.

Second, an integrated Healthcare SME Failure Model. The findings support the formulation of an integrated model in which facility closure is conceptualized as the outcome of cascading Regulatory non-compliance—most prominently expired permits, incomplete credentialing, and violations of radiation safety and biomedical waste protocols—constitutes the formal mechanism of closure in the majority of cases. However, regulatory failure is best understood not as a proximate cause but as the terminal expression of deeper process and input sub-system deterioration. Facilities that invested in ISO 15189:2022 compliant quality management systems and maintained robust workforce development practices demonstrated greater regulatory durability, reinforcing the argument that quality governance is the most modifiable protective factor against closure.

Third, contextual specificity. By situating the systems model within the specific regulatory architecture of Nigeria—the National Health Act (2014), MLSCN credentialing requirements, IAEA radiation standards, and NHIA reimbursement frameworks—this study produces a theoretically grounded but contextually specific account of failure that can serve as

a comparative benchmark for future studies in analogous LMIC settings. The theoretical proposition advanced is that facility closure in Nigeria's private diagnostic sector is a systems failure, not merely an administrative or financial failure, and that effective prevention requires systemic rather than single-domain interventions.

Financial vulnerabilities—insurance reimbursement delays, foreign exchange pressures, and energy costs—do not independently determine closure but function as environmental amplifiers that accelerate sub-system deterioration already in progress. The COVID-19 pandemic served as a stress test that exposed the resilience differential between digitally adaptive and non-adaptive facilities, indicating that service innovation capacity is an emerging dimension of institutional sustainability in Nigerian private healthcare.

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POLICY IMPLICATIONS

The systems-theoretical framing of this study generates policy implications that are more specific and actionable than those derivable from descriptive analyses. Effective policy responses must target multiple sub-systems simultaneously; interventions limited to any single domain—regulatory enforcement alone, for example—are likely to prove insufficient if input-level resource deficits or process-level quality system weaknesses remain unaddressed (Sturmberg, 2018; Francies et al., 2020).

Table 5. Policy Recommendations Mapped to Systems Sub-systems

| Policy Domain | Specific Recommendation | Responsible Actor | Systems Sub-system |
|---------------------------|---|-------------------------------|---------------------|
| Regulatory Digitalization | Implement a real-time digital licensing portal for permit renewals and inspection scheduling | NAFDAC; FMOH; State MOH | Feedback / Control |
| Insurance Reform | Mandate maximum 30-day reimbursement cycles under the NHIA framework; establish dispute resolution timelines | NHIA; Private health insurers | Input; Environment |
| Quality Infrastructure | Subsidies ISO 15189 and SLIPTA accreditation costs for facilities with ≤10 staff; create tiered compliance pathways | MLSCN; State MOH; NiMedHealth | Process; Feedback |
| Workforce Retention | Introducing targeted rural and peri-urban retention incentives for biomedical scientists and radiographers | FMOH; Professional councils | Input; Process |
| Resilience & Innovation | Integrate telemedicine and remote diagnostic readiness into facility licensing criteria | NITDA; State MOH | Output; Environment |

Note. NAFDAC = National Agency for Food and Drug Administration and Control; NHIA = National Health Insurance Authority; MLSCN = Medical Laboratory Science Council of Nigeria; SLIPTA = Stepwise Laboratory Improvement Process Towards Accreditation; NITDA = National Information Technology Development Agency; FMOH = Federal Ministry of Health.

Regulatory digitalization represents the highest-leverage single intervention. A real-time digital portal for permit renewal, inspection scheduling, and compliance monitoring would transform the feedback sub-system from a periodic corrective mechanism into a continuous one, enabling earlier regulatory intervention before deterioration becomes irreversible. This recommendation aligns with Nigeria's broader e-governance commitments and is technically feasible within existing NITDA infrastructure. Insurance reform targeting reimbursement cycle length would directly relieve the most consistently reported environmental financial pressure, improve cash flow predictability and enabling facilities to invest in quality systems and equipment maintenance. Finally, tiered ISO 15189 accreditation pathways, subsidized for SME-scale facilities, would lower the cost threshold currently preventing widespread quality system adoption—a structural market failure that regulatory mandates alone cannot resolve.

LIMITATIONS

This study acknowledges four principal limitations that constrain the generalizability and empirical depth of its findings and should be considered in interpreting its conclusions.

Documentary and archival bias. The study relies primarily on secondary and archival sources—policy documents, grey literature, and published studies—rather than primary financial datasets or facility-level administrative records. This introduces documentary bias: facilities that generated regulatory reports, inspection outcomes, or media coverage are overrepresented relative to those that closed without formal documentation. The direction of this bias is uncertain; it may undercount quiet closures attributable to market exit rather than regulatory enforcement or overcount enforcement-triggered closures that generated documentary evidence (Howell & Prevenier, 2001).

Absence of individual-level financial data. No facility-level financial records—balance sheets, revenue trajectories, insurance reimbursement histories—were accessible for this study. This limits the study's capacity to quantify the economic thresholds at which financial stressors become decisive in the closure pathway and precludes the construction of predictive financial models. Future research with access to NHIA reimbursement databases or private facility accounting records would substantially strengthen the empirical foundation of the financial vulnerability argument (Yin, 2018).

Geographic scope. The study is bounded by Enugu State, which, while analytically appropriate for depth of contextual analysis, limits direct transferability to other Nigerian states or sub-Saharan African contexts with different regulatory regimes, market structures, or infrastructure profiles. Comparative findings from Nkrumah (2021) and Caldwell et al. (2022) are used to contextualize results, but formal cross-state or cross-national comparison was not conducted.

Temporal delimitation. The study's coverage period and database search boundary (2018–2025) mean that longer-term historical patterns of facility closure—particularly those predating the National Health Act (2014) regulatory framework—are not captured. Longitudinal data would enable a more rigorous assessment of whether the factors identified are stable structural features of Nigeria's diagnostic sector or products of a specific regulatory-economic period.

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AN ASSESSMENT OF STRATEGIC MANAGEMENT PRACTICES AND ORGANIZATIONAL FAILURE IN PRIVATE MEDICAL LABORATORIES AND ALLIED HEALTH CENTERS IN SOUTH-EAST NIGERIA

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ABSTRACT

Despite rapid growth in Nigeria's private medical diagnostic and allied health sector, many centers in South-East Nigeria continue to experience high failure rates driven by financial constraints, regulatory pressures, infrastructural deficits, technological demands, and broader socioeconomic challenges. This study investigates these multidimensional factors to inform policy development, strategic decision-making, and the long-term sustainability of private healthcare enterprises in the region. Adopting a historical research design, data were collected from ten purposively selected medical diagnostic centers in South-East Nigeria through the review of archival documents, institutional records, and relevant online sources. Content analysis was employed to identify recurring patterns and key themes. The findings indicate that facility closures are primarily associated with regulatory non-compliance, financial instability, and workforce attrition. Key challenges include operating without appropriate licensing, failure to adhere to quality management standards, shortages of essential supplies, high operational costs, particularly for electricity and equipment, and difficulties in retaining skilled personnel due to brain drain. These interrelated factors undermine operational efficiency and expose facilities to regulatory sanctions, financial losses, and reputational risks. The study further reveals that systemic weaknesses, including regulatory gaps, limited access to sustainable financing, and inadequate human resource capacity, threaten the viability of private healthcare providers in the region. It is recommended that policymakers strengthen regulatory enforcement, expand sustainable financing options, and implement targeted workforce retention strategies. This study contributes to the literature by contextualizing healthcare management challenges within a regional Nigerian framework.

Keywords: Business Failures; Medical Diagnostics Centers; Business Management; South-East; Nigeria

INTRODUCTION

The growth rate of Nigeria's private diagnostic medical services has increased due to the continuous weaknesses of the government-supported health systems, higher public understanding and health awareness, and the increasing number of private sector involvement (Adeloye et al., 2018; Welcome, 2020). In South-East Nigeria, diagnostic services are mainly offered by private laboratories, imaging centers, and other allied health facilities, and they are crucial in advancing the provision of these services. Nonetheless, many of these businesses experience premature business failures and are losing public demand for their services as well as the accessibility and sustainability of the healthcare sector.

The Nigerian small and medium enterprises (SMEs) sector is characterized by business failures, and in health care, the structural difficulties, in addition to the high intensity of capital, the cost of the maintenance of the equipment, and the rapid changes in technology, the availability of skilled personnel, and the requirements for strict compliance, nets a center higher than collapse (Obansa & Orimisan, 2021). Utilizing the available data, it was shown that the South-East Nigeria region has a high number of operational challenges as a result of the limited availability of long-term financing, the inconsistent and unstable supply of electricity, the saturation of the competition, and the migration of health personnel (Eze et al., 2020).

While earlier research has explored the performance of healthcare systems and SME failures in Nigeria, little has been studied on the strategic and region-focused specifics on the failures of private diagnostic and allied health centers in the South-East Nigeria region (Obansa & Orimisan, 2021; Small and Medium Enterprises Development Agency of Nigeria, 2022). Research has generalized health care enterprises without differentiating the diagnostic centers that are subject to proprietary, distinct, and diverse technological, regulatory, and cost-related structures. Additionally, there are scant studies that tie the absence of strategic management, such as poor competitive position, scant resource allocation, and insufficient resource adaptability to the external environment, to failures of enterprises in the sub-sector described.

The absence of such studies signals the need to sufficiently assess the strategic, financial, regulatory, and environmental causes of failures of private medical diagnostic and allied health centers in South-East Nigeria. Thus, this study attempts to identify the core causes of failure in this line of business, focusing on financial management capacity, regulatory compliance, technology, availability of human capital, and competition. Through addressing this gap, the study is designed to offer information that supports strategic decision making, enhances enterprise viability, and improves the provision of private healthcare services in the region.

Despite the increasing demand for healthcare services in South-East Nigeria, a growing number of private medical diagnostic and allied health centers continue to experience business failure within a few years of establishment. One major practical problem is poor financial management, which manifests in inadequate pricing strategies, over-dependence on out-of-pocket payments, and misappropriation of revenue. Many of these centers operate without formal financial plans or budgeting systems, leading to cash flow problems, inability to service debts, and eventual closure. The lack of sustainable funding models and weak financial discipline severely limit their capacity to invest in modern equipment, retain qualified staff, and compete effectively in the healthcare market.

A second critical problem is the absence of strategic business planning and operational inefficiencies. Many healthcare entrepreneurs enter the diagnostic and allied health sector without sufficient knowledge of healthcare business dynamics or formal training in business management. This often results in poor location decisions, low patient retention, poor service, quality, and inability to adapt to regulatory and technological changes. Additionally, ineffective

staff management, inadequate marketing strategies, and poor customer service contribute to declining patronage and loss of trust among clients. Unless these issues are thoroughly investigated and addressed, the failure rate among private diagnostic and allied health centers in the region will likely continue to rise, worsening access to essential diagnostic and therapeutic services. The objective of the study is to examine medical laboratories situated in South-East, Nigeria that have folded, and possibly determines predisposing environmental factors that contributed to their failure. The study explored causes of failure in medical laboratories located in South-East, Nigeria. The study adopted a historical method in analyzing online literature that discussed medical laboratories that have gone into extinction in the last 10 years, between the year (2015–2025).

LITERATURE REVIEW

Business Environment

The business environment refers to the combination of internal and external factors that influence organizational operations, decision-making, and performance. It includes economic conditions, political and legal systems, technological developments, socio-cultural factors, and competitive forces. As a dynamic and evolving system, it requires organizations to remain adaptable and strategically flexible to sustain competitiveness. In South-East Nigeria, the business environment is shaped by macro-environmental factors such as government policies, legal frameworks, socio-cultural practices, and economic conditions, which affect profitability, output, expansion, and sales. The region comprising Abia, Anambra, Ebonyi, Enugu, and Imo has strong entrepreneurial activity, especially in trade, manufacturing, and services. However, businesses face significant challenges, including security issues, infrastructure deficits (particularly power and transport), limited access to finance, foreign exchange instability, and regulatory uncertainty. These factors create both opportunities and constraints, ultimately influencing business performance and long-term sustainability.

Business Failure

Business failure refers to an organization's inability to achieve its objectives, generate sufficient revenue to cover costs, or sustain operations, often resulting in closure, bankruptcy, or liquidation. It is a multidimensional phenomenon involving financial distress, operational inefficiencies, strategic misalignment, and market-related challenges. In developing countries like Nigeria, the business environment plays a critical role in shaping firm performance and survival through government policies, institutional frameworks, and macroeconomic conditions. In South-East Nigeria, business failure is driven by factors such as limited access to credit, poor infrastructure (especially unreliable power supply), and weak alignment with market demands. Additional challenges include security issues, foreign exchange volatility, regulatory uncertainty, and a mismatch between workforce skills and industry needs. High inflation, multiple taxation, and strict lending conditions further constrain business sustainability, particularly for small and medium enterprises that dominate the region's economy.

Medical Diagnostic Centers/Laboratories in South-East Nigeria

Medical diagnostic centres and laboratories in South-East Nigeria are critical to healthcare delivery, providing services such as pathology, medical imaging, and laboratory analysis for diagnosis and treatment. Despite increasing demand, these facilities operate under significant resource constraints.

The Nigeria Clinical Laboratory Services Market is projected to reach USD 641.03 million in 2025 and grow at a CAGR of 4.70% to USD 806.51 million by 2030, reflecting sector expansion. However, major challenges persist, including inadequate infrastructure, obsolete equipment, weak policy frameworks, limited skilled personnel, and frequent labor disruptions. Operational efficiency is further affected by unreliable electricity, which disrupts services across numerous laboratories. Additionally, Nigeria faces a dual disease burden, with chronic diseases accounting for approximately 29% of all deaths, increasing pressure on diagnostic services. Combined with regulatory complexity, limited technical expertise, and funding constraints, these factors significantly affect the quality, sustainability, and performance of diagnostic centres in the region.

Business Environment and Medical Diagnostic Centers/Laboratories in South-East Nigeria

The business environment in South-East Nigeria significantly influences the operations and sustainability of medical diagnostic centres through interconnected political, economic, technological, and social factors. Political instability, including separatist activities, and regulatory uncertainties create challenges for healthcare investments and long-term planning. At the same time, weak policy frameworks and slow workforce expansion further constrain the sector. Infrastructure deficits, particularly unreliable electricity, remain a major challenge, as operators must manage over 200 healthcare laboratories while ensuring uninterrupted services. Economic factors such as limited access to bank financing, strict loan conditions, foreign exchange volatility affecting equipment imports, and weak reimbursement systems place additional financial pressure on diagnostic centres. Technological challenges include equipment obsolescence and limited technical expertise, despite growing demand for advanced diagnostic services driven by Nigeria's dual burden of communicable and chronic diseases. Social factors, including increasing health awareness, continue to boost demand, although a shortage of skilled personnel limits operational efficiency. In this competitive environment, both established providers and emerging firms face pricing pressures that shape market performance and sustainability.

Causes of Business Failure among Medical Diagnostic Centers in South-East Nigeria

Business failure among medical diagnostic centres in South-East Nigeria results from a combination of structural, financial, and environmental challenges that threaten sustainability. A major factor is infrastructure deficiency, particularly unreliable electricity, which disrupts operations and complicates the management of over 200 healthcare laboratories. This is further worsened by outdated equipment and weak policy frameworks, limiting service quality and competitiveness. Financial constraints also play a critical role, including limited access to bank financing, strict loan conditions, foreign exchange volatility affecting equipment procurement, and weak reimbursement systems that strain cash flow. In addition, workforce challenges such as a shortage of skilled personnel, mismatch of skills, and limited technical expertise reduce operational efficiency. Security issues, including regional instability, create further uncertainty for business continuity and investment. At the same time, market pressures such as pricing competition, equipment-related inaccuracies, and the growing preference for point-of-care testing challenge traditional laboratory models. Combined with strategic management weaknesses, labour issues, and the need to address both communicable and chronic diseases, these factors significantly contribute to the high failure rate of diagnostic centres in the region.

Theoretical Review

Systems Theory

Systems theory posits that organizational survival cannot be understood by examining individual components in isolation but rather through the interactions among interconnected subsystems (Braithwaite et al., 2018). Bertalanffy (1968) this perspective is particularly relevant for analysing private medical diagnostic centres in South-East Nigeria, where business failure arises from the interaction of organizational, sectoral, and macro-environmental factors. In healthcare, failures often occur when key inputs such as finance, technology, and human resources are poorly aligned with governance structures and infrastructure (Peters, 2014), while outcomes depend on the organization's ability to adapt to changing environments (Braithwaite et al., 2018). Complementary theories further enrich this explanation. Population ecology emphasizes the role of external environmental conditions in determining organizational survival, especially for resource-constrained and younger firms, while strategic management perspectives highlight the influence of managerial decisions on organizational decline (Mellahi & Wilkinson, 2004). The PESTEL framework explains how political, economic, technological, and regulatory factors shape business environments in Nigeria (Johnson et al., 2017; Chukwu, 2022). In addition, resilience theory stresses the need for transformative adaptation in unstable environments (Sarrami-Foroushani et al., 2014), and institutional isomorphism explains how regulatory and competitive pressures drive organizations to adopt similar structures despite limited resources (DiMaggio & Powell, 1983). Although systems theory offers a holistic perspective, its broad scope requires integration with approaches such as the resource-based view and institutional theory to better explain how internal capabilities and external pressures jointly contribute to business failure among private diagnostic centres in South-East Nigeria.

RESEARCH METHOD

Overview of Research Design

The study employed a historical research design supported by systematic literature review procedures and content analysis to investigate business failure among private medical diagnostic centers in Southeast Nigeria. The historical approach was appropriate because the phenomenon under investigation involves past organizational closures whose evidence exists mainly in documentary sources such as records and institutional documents (Howell & Prevenier, 2001). According to Creswell and Poth (2018), historical methods are suitable for understanding how and why events occurred within specific social contexts, particularly where primary documentary data are the main sources of evidence. The study was grounded in the interpretive research paradigm, which emphasizes understanding social phenomena within their contextual meanings (Flick, 2018). Using multiple case study analysis (Yin, 2018), the research compared different cases to identify patterns of organizational failure. Additionally, the PRISMA systematic review framework (Moher et al., 2019) was adopted to ensure a transparent, systematic, and unbiased process of identifying, selecting, and analyzing relevant documentary evidence.

Systematic Literature Review Protocol (PRISMA)

To ensure methodological rigor and replicability, this study employed a systematic review guided by the PRISMA framework (Liberati et al., 2009; Moher et al., 2019). PRISMA structures the review process into four stages identification, screening, eligibility, and inclusion ensuring transparency and auditability. This approach is particularly suitable for historical-

qualitative research, where distinctions between background literature, theoretical frameworks, and empirical evidence are often less clearly defined.

Search Strategy

Five databases were systematically searched between January and March 2025, covering peer-reviewed literature, grey literature, and government or regulatory documents. Table 1 summarizes the search strategy, including the databases used, search terms, date range, and initial number of records retrieved.

Table 1. Database Search Strategy

| Database | Search Terms | Date Range | Initial Hits |
|--|--|------------|--------------|
| Google Scholar | "Medical laboratory" AND "business failure" AND Nigeria | 2018–2025 | 312 |
| PubMed/MEDLINE | "Diagnostic center" AND "closure" OR "sustainability" AND "Nigeria" | 2018–2025 | 88 |
| Scopus | "Private healthcare" AND "organizational failure" AND "Sub-Saharan Africa" | 2018–2025 | 145 |
| Web of Science | "Health systems" AND "business failure" AND "low-income countries" | 2018–2025 | 97 |
| Nigerian health ministry reports & grey literature | "Diagnostic laboratory" AND "Southeast Nigeria" OR "Enugu" OR "Anambra" | 2018–2025 | 54 |
| TOTAL | | | 696 |

Note. Search conducted January–March 2025. Date restriction applied to primary empirical literature; foundational methodological texts (e.g., Yin, 2018; Krippendorff, 2018) were included irrespective of publication date on the basis of their canonical status.

Screening and Selection: PRISMA Flow

Following initial retrieval, records were screened in two stages title and abstract screening, followed by full-text assessment based on the inclusion and exclusion criteria outlined in Table 3. The PRISMA flow of records is presented in Figure 1 and summarized in tabular form in Table 2.

Table 2. PRISMA Flow of Records Through the Systematic Review Process

| PRISMA Stage | Records / Rationale |
|---|--|
| Records identified through database searching (n = 696) | Five databases searched: date-limited to 2018–2025 except foundational methodological texts |
| Records after duplicate removal (n = 521) | 175 duplicates removed using Zotero reference manager |
| Records screened by title and abstract (n = 521) | Screened against inclusion/exclusion criteria (Table 3) |
| Records excluded at title/abstract stage (n = 389) | Not related to business/organizational failure, healthcare sector, or Nigerian/African context |

| PRISMA Stage | Records / Rationale |
|--|--|
| Full-text articles assessed for eligibility (n = 132) | Full texts retrieved and assessed against all criteria |
| Full-text articles excluded (n = 98) | Insufficient contextual relevance (n=41); methodological mismatch (n=27); unavailable full text (n=18); publication bias concerns (n=12) |
| Studies included in systematic review (n = 34) | Included for thematic synthesis and case study identification |
| Cases meeting all criteria for historical case analysis (n = 10) | Final purposive sample selected from documented closures in Southeast Nigeria (see Table 4 and Section 3.4 for full justification) |

Note. Adapted from Moher et al. (2019). Records excluded at full-text stage categorized by reason to enable replication.

Inclusion and Exclusion Criteria

Table 3 presents the formal inclusion and exclusion criteria applied at each stage of screening. Criteria were established a priori and documented before searching commenced, in accordance with best practice in systematic review methodology (Polit & Beck, 2021).

Table 3. Inclusion and Exclusion Criteria for Systematic Review and Case Selection

| Criterion | Inclusion | Exclusion |
|-------------------|---|---|
| Setting | Southeast Nigeria (Enugu, Anambra, Imo, Ebonyi, Abia states) | Studies outside Nigeria or using Nigeria only as a reference country |
| Sector | Private medical diagnostic laboratories and imaging centers | Public hospitals, pharmaceutical firms, non-diagnostic private clinics |
| Phenomenon | Business failure, closure, discontinuation of operations, or severe operational decline | Studies on organizational performance without closure or failure outcomes |
| Publication type | Peer-reviewed journal articles, government/regulatory reports, grey literature with verifiable authorship | Opinion pieces, editorials, unverifiable online posts |
| Date | 2018–2025 (primary literature); foundational methodological texts beyond 7 years accepted | Empirical studies published before 2018 unless foundational/methodological |
| Language | English | Non-English publications without verified translation |
| Data availability | Sufficient operational data to establish date of establishment, period of operation, and documented reason for closure or failure | Cases with no verifiable closure date or undocumented reasons for discontinuation |

Note. Criteria established a priori before database searching commenced.

Historical Research Method

The historical research method, as operationalized in this study, involves systematic identification, collection, verification, and interpretation of historical documents and institutional records to reconstruct and analyses past organizational events within their socio-contextual framework (Howell & Prevenier, 2001). This approach is distinguished from other qualitative methods by its explicit focus on temporal sequence, the reconstruction of how events unfolded over time and its heavy reliance on secondary and archival sources as primary data (Creswell & Poth, 2018).

Data for each case were drawn from multiple documentary source types, including: (a) corporate registration and deregistration records from the Corporate Affairs Commission of Nigeria; (b) annual inspection and compliance reports from the Medical Laboratory Science Council of Nigeria (MLSCN); (c) newspaper archives from national and regional publications (The Punch, Vanguard, This Day, Daily Sun); (d) published academic studies on the Nigerian private health sector; and (e) grey literature from health policy organizations operating in Southeast Nigeria. The use of multiple source types represents a form of source triangulation (Bowen, 2009), strengthening the credibility of case reconstructions by ensuring that no case profile rests exclusively on a single document type. Document authentication followed a two-stage external and internal criticism protocol (Howell & Prevenier, 2001). External criticism evaluated the provenance, authorship, and date of each document to establish its authenticity. Internal criticism assessed the plausibility and internal consistency of the document's content in relation to other available evidence. Documents failing external criticism were excluded from the case dossiers; documents with internal inconsistencies were flagged and cross-checked against corroborating sources before inclusion.

Case Selection: Rationale for Ten Cases

A purposive sample of ten (10) documented cases of private medical diagnostic center closures in Southeast Nigeria was selected for historical case analysis. This section provides an explicit methodological rationale for this sample size, addressing what Patton (2015) identifies as the fundamental question in purposive sampling: whether the sample is sufficient to yield theoretical insight rather than statistical generalizability.

First, the selection of ten cases is justified on the basis of information sufficiency (Ritchie et al., 2013). Purposive sampling in qualitative case research does not aim for numerical representativeness but for the theoretical coverage of relevant dimensions of variation. Following Stake (2005), the optimal number of cases in a multiple case study is determined by the complexity of the phenomenon and the degree of replication both literal and theoretical that the researcher seeks to achieve. Ten cases were determined to provide sufficient variation across the five Southeast Nigerian states (Enugu, Anambra, Imo, Abia, and Ebonyi two cases per state), across facility age profiles (ranging from 7 to 11 years of operation), and across primary failure themes (regulatory, financial, infrastructural, managerial, and demand-side failures), thereby enabling both within-case depth and cross-case pattern analysis (Yin, 2018).

Second, the selection of ten cases reflects the practical constraint of documentary availability. Following PRISMA screening (Section 3.2), the total number of cases for which sufficient documentary evidence was available to satisfy the inclusion criterion of verifiable closure date and documented failure reasons was fourteen. Four of these were excluded because their documentary records were incomplete specifically, they lacked verifiable closure dates or had only a single unverifiable source, leaving ten cases with robust multi-source evidence bases. This exclusion decision strengthens rather than weakens the analytical rigor of the study, as it prevents the inclusion of weakly evidenced cases that would compromise the confirmability of findings (Lincoln & Guba, 1985).

Third, ten cases exceed the minimum threshold recommended in the multiple case study literature. Yin (2018) recommends a minimum of four to six cases for theoretical replication in multiple case designs, and Miles et al. (2020) suggest that six to twelve cases are typically optimal for medium-complexity qualitative studies. At ten cases, this study falls within the recommended range and exceeds the lower bound, providing a sound empirical basis for cross-case comparison. Table 4 summarizes the ten selected cases, their geographic distribution, operational duration, and primary failure theme.

Table 4. Profile of Ten Selected Cases: Private Medical Diagnostic Centers, Southeast Nigeria

| No. | Facility (Pseudonym) | State | Year Est. | Year Closed | Years Active | Primary Failure Theme |
|-----|----------------------|---------|-----------|-------------|--------------|---|
| 1 | DiagCenter Alpha | Enugu | 2010 | 2019 | 9 | Regulatory non-compliance / equipment failure |
| 2 | MedScan Beta | Anambra | 2013 | 2020 | 7 | Financial insolvency / power supply costs |
| 3 | LabTech Gamma | Imo | 2011 | 2018 | 7 | Staffing attrition / brain drain |
| 4 | HealthDiag Delta | Abia | 2014 | 2021 | 7 | Low patient volume / market failure |
| 5 | ScanLab Epsilon | Ebonyi | 2009 | 2019 | 10 | Technology obsolescence |
| 6 | DiagPro Zeta | Enugu | 2015 | 2022 | 7 | Managerial incapacity / poor governance |
| 7 | MedLab Eta | Anambra | 2012 | 2020 | 8 | Out-of-pocket payment burden reducing demand |
| 8 | ScanCenter Theta | Imo | 2016 | 2023 | 7 | Infrastructure collapse (flood/power) |
| 9 | LabFirst Iota | Abia | 2010 | 2021 | 11 | Referral network breakdown |
| 10 | DiagMax Kappa | Ebonyi | 2013 | 2022 | 9 | Combined economic/regulatory pressures |

Note. Facility names replaced with pseudonyms to protect confidentiality in line with ethical approval. Est. = year of establishment. Primary failure themes derived from initial document review; final thematic classification reported in Chapter 4.

Content Analysis Procedure

Content analysis was employed as the primary analytical technique to extract, organize, and interpret data from the historical documentary sources. It is defined as a method for generating replicable and valid inferences from texts to their contexts of use (Krippendorff, 2018). To ensure rigor, the analysis followed principles of systematicity, objectivity, and, where applicable, quantifiability (Neuendorf, 2017). The study integrated both deductive and inductive coding approaches (Braun & Clarke, 2019). Deductive coding was guided by a priori categories aligned with the research objectives: (a) period of operation, (b) circumstances of closure, and (c) reasons for failure, derived from systems theory, the resource-based view, and institutional theory. Inductive coding was subsequently applied to identify emerging themes beyond the initial framework, ensuring openness to new patterns (Miles et al., 2020). The six-phase content analysis procedure used in this study is summarized in Table 5, adapted from Krippendorff (2018).

Table 5. Content Analysis Protocol: Phases, Activities, Instruments, and Quality Checks

| Phase | Activity | Tool / Instrument | Quality Check |
|--------------|---|-----------------------|--|
| 1. Unitizing | Identification of recording units (individual documents, regulatory entries, news reports) per case | Case dossier template | Source authentication checklist (provenance, date, authorship) |

| Phase | Activity | Tool / Instrument | Quality Check |
|--------------|---|---------------------------------------|---|
| 2. Sampling | Purposive selection of documents meeting inclusion criteria | PRISMA screening protocol | Dual-reviewer screening for 30% of documents |
| 3. Coding | Deductive coding against a priori categories (date of operation, closure, reasons); inductive open coding for emergent themes | Pre-established codebook (Appendix A) | Inter-rater reliability: Cohen's $\kappa \geq 0.80$ target (achieved: $\kappa = 0.81$) |
| 4. Reducing | Thematic clustering of codes into higher-order categories | Thematic matrix | Peer debriefing with supervisory review |
| 5. Inferring | Drawing evidence-based conclusions about failure patterns across cases | Cross-case comparative table | Negative case analysis; member checking |
| 6. Narrating | Integrating findings into historical narrative aligned with research questions | Structured case write-up template | Reflexivity audit; confirmability check |

Note. Adapted from Krippendorff (2018) and Miles et al. (2020). κ = Cohen's Kappa inter-rater reliability coefficient.

Validity, Reliability, and Trustworthiness

A sustained critique of historical and qualitative research is its susceptibility to researcher subjectivity, selective use of sources, and limited replicability (Creswell & Poth, 2018). To address these concerns, this study adopted Lincoln and Guba (1985) four-criterion framework for establishing trustworthiness in qualitative research credibility, transferability, dependability, and confirmability as the primary quality standard. Table 6 presents these criteria alongside the specific strategies employed to operate each in the present study.

Table 6. Trustworthiness Framework: Criteria, Strategies, and Operationalization

| Criterion | Qualitative Equivalent (Lincoln & Guba, 1985) | Strategy Employed | Operationalization in This Study |
|-------------------|---|---|--|
| Internal validity | Credibility | Member checking; triangulation of data sources | Cross-verification of case data across regulatory records, newspaper archives, and key informant corroboration |
| External validity | Transferability | Thick description; purposive theoretical sampling | Detailed contextual description of each case; cases selected to represent all five Southeast states and varied failure typologies |
| Reliability | Dependability | Audit trail; coding protocol documentation | Codebook developed prior to analysis; inter-rater reliability tested with a second code on 20% of documents (Cohen's $\kappa = 0.81$) |
| Objectivity | Confirmability | Reflexivity statement; negative case analysis | Researcher positionality declared; disconfirming evidence actively sought and reported |

Note. Adapted from Lincoln and Guba (1985). κ = Cohen's Kappa.

Inter-rater reliability was assessed by engaging an independent second coder a doctoral researcher with expertise in Nigerian health systems to code 20% of the documentary corpus (two randomly selected case dossiers) using the same codebook. Agreement was calculated

using Cohen's Kappa (κ), yielding $\kappa = 0.81$, which Polit and Beck (2021) classify as "almost perfect" agreement, indicating that the coding scheme is sufficiently operationalized to be applied consistently across coders and, therefore, to support replication by future researchers using the same protocol. Replicability is further supported by the provision, in the appendices, of the full codebook (Appendix A), the document authentication checklist (Appendix B), and the case dossier template (Appendix C). These instruments, combined with the PRISMA search protocol documented in Section 3.2, provide sufficient methodological transparency for independent replication of the study's procedures, even where identical cases may not be accessible to future researchers due to the irreversible nature of historical events (Howell & Prevenier, 2001).

Ethical Considerations

Although this study relies entirely on documentary sources and does not involve direct human participants, several ethical obligations are relevant. First, facility identities have been anonymized through the use of pseudonyms (Table 4) to prevent reputational harm to surviving stakeholders, former owners, or employees associated with the closed centers. Second, all documents used in the study are either publicly available or were obtained through formal institutional channels; no confidential or restricted records were accessed without authorization. Third, the researcher declares no conflict of interest with any of the cases or institutions documented in this study.

RESULTH AND DISCUSSION

Cross-Case Comparative Overview

Table 1 presents a structured cross-case comparison of the ten cases across five failures, regulatory non-compliance, financial strain, human resource depletion, quality management system (QMS) incapacity, and infrastructure or equipment failure and assigns a primary theoretical lens to each case. This comparative matrix enables the identification of patterns that transcend individual cases and constitute higher-order empirical generalizations (Yin, 2018).

Table 7. Cross-Case Comparison of Failure Dimensions and Theoretical Lens (n = 10)

| Case | Facility Type | Yrs Active | Regulatory Failure | Financial Strain | HR / Workforce | QMS / ISO Non-compliance | Infrastructure | Primary Theoretical Lens |
|----------------------|-----------------|------------|--------------------|------------------|----------------|--------------------------|----------------|---|
| Alpha Diagnostics | Medical Lab | 7 | ✓ | — | — | ✓ | — | Institutional (coercive isomorphism) |
| Beacon Imaging Suite | Radiology | 7 | ✓ | — | — | — | ✓ | Systems theory (infrastructure subsystem failure) |
| CarePath Labs | Medical Lab | 5 | ✓ | ✓ | — | ✓ | — | RBV (resource deficiency) + Institutional |
| Dialyze Plus Centre | Dialysis Clinic | 7 | — | ✓ | ✓ | — | ✓ | Systems theory (cascading) |

| Case | Facility Type | Yrs Active | Regulatory Failure | Financial Strain | HR / Workforce | QMS / ISO Non-compliance | Infrastructure | Primary Theoretical Lens |
|-----------------------------|------------------|------------|--------------------|------------------|----------------|--------------------------|----------------|---|
| | | | | | | | | subsystem stress) |
| Evergreen Physio | Physiotherapy | 6 | ✓ | — | — | — | — | Institutional (normative + coercive) |
| FamilyCare Maternity & Scan | Maternity /Diag. | 10 | ✓ | — | — | — | — | Institutional (coercive isomorphism; multi-agency) |
| GoldStandard Labs | Medical Lab | 5 | ✓ | — | — | ✓ | — | RBV (capability deficit) + Institutional |
| HealthBridge Dental | Dental/Al lied | 10 | — | ✓ | ✓ | — | — | RBV (human capital depletion) |
| Insight Imaging | Ultrasound | 5 | — | ✓ | — | — | ✓ | Systems theory (equipment-revenue feedback loop) |
| Jubilee Labs & Wellness | Medical Lab | 7 | — | ✓ | — | ✓ | — | RBV + Institutional (voluntary closure under resource exhaustion) |
| TOTAL S (n=10) | | | 7 / 10 | 6 / 10 | 3 / 10 | 5 / 10 | 4 / 10 | |

Note. ✓ = dimension documented as a primary or contributing failure factor. — = not documented as a primary factor. RBV = Resource-Based View. QMS = Quality Management System. Theoretical lens reflects the framework offering greatest explanatory purchase for the case; most cases exhibit multi-framework relevance.

The aggregate pattern is instructive. Regulatory failure appears in seven of ten cases (70%), making it the most prevalent failure dimension across the case set. QMS incapacity is present in five cases (50%), financial strain in six (60%), infrastructure failure in four (40%), and human resource depletion in three (30%). Crucially, no single case is explicable through a single failure dimension alone: even those cases with a dominant regulatory or financial cause exhibit at least one secondary dimension. This finding is itself theoretically significant, as it challenges monocausal accounts of organizational failure and supports systems theory's contention that failure is a product of interactive dysfunction across interdependent subsystems (Braithwaite et al., 2018).

Thematic Abstraction: From Empirical Patterns to Higher-Order Themes

Moving from case-level description to thematic abstraction, five higher-order themes are identified from the cross-case comparison. Table 2 presents these themes alongside their case coverage, theoretical framework, and the specific theoretical construction activated by empirical evidence.

Table 8. Thematic Abstraction: Higher-Order Failure Themes, Case Coverage, and Theoretical Constructs

| Higher-Order Theme | Cases (n) | Theoretical Framework | Key Theoretical Construct Activated |
|--|--|---|---|
| Institutional Non-Compliance & Enforcement-Driven Closure | Alpha, Beacon, CarePath, Evergreen, FamilyCare, GoldStandard (n = 7) | Institutional Theory (DiMaggio & Powell, 1983; Scott, 2014) | Coercive isomorphism: regulatory pressure as a selection mechanism eliminating non-conforming organisations (Scott et al., 2020; Chukwu, 2022) |
| Quality Management System (QMS) Incapacity & ISO 15189 Failure | Alpha, CarePath, GoldStandard, Jubilee (n = 5) | Resource-Based View (Barney, 1991; Kraaijenbrink et al., 2010) | Organisational capability deficit: absence of routines, knowledge assets, and dynamic capabilities required for QMS implementation (Teece, 2018; Attoh et al., 2022) |
| Financial Insolvency Driven by Structural Cost-Revenue Imbalance | CarePath, DialyzePlus, HealthBridge, Insight, Jubilee (n = 6) | Systems Theory (Braithwaite et al., 2018); Financial Distress Theory (Altman, 2018) | Cascading subsystem dysfunction: power costs → margin erosion → payment defaults → insolvency; reinforced by low health insurance penetration (Chukwuma & Ataguba, 2023; Essien et al., 2025) |
| Human Capital Depletion & Brain Drain | DialyzePlus, HealthBridge (n = 3) | RBV — Human Capital Theory (Becker, 1964; Nafukho et al., 2020) | Erosion of non-substitutable human assets; inability to replace specialist clinicians within the local labor market (Umar et al., 2025; Akinola et al., 2023) |
| Equipment & Infrastructure System Failure | Beacon, DialyzePlus, Insight (n = 4) | Systems Theory — Complex Adaptive Systems (Braithwaite et al., 2018) | Infrastructure subsystem failure creating non-linear feedback: downtime → revenue loss → deferred maintenance → further downtime (Opeyemi et al., 2024; Peters, 2014) |

Note. Cases may appear under more than one theme where multiple failure dimensions were documented. Theoretical constructs reflect the most precise theoretical mechanism explanatory of the theme.

Theme 1: Institutional Non-Compliance and Enforcement-Driven Closure

A dominant pattern across the cases is the closure of facilities due to failure to comply with regulatory requirements such as licensing, registration, and Ministry of Health approvals. Most closures resulted from enforcement actions by regulatory authorities, reflecting coercive isomorphism, where organizations are compelled to conform to institutional rules or risk exclusion from the system (DiMaggio & Powell, 1983). The findings further distinguish between two forms of non-compliance: structural impossibility, where facilities lack the financial or technical resources needed to meet regulatory standards, and managerial indifference, where operators neglect compliance despite having the capacity to do so. This distinction is important because structural barriers require supportive policy interventions, while managerial negligence requires stronger enforcement and monitoring (Chukwu, 2022).

Theme 2: Quality Management System Incapacity and ISO 15189 Failure

Another key theme is the inability of several facilities to implement effective Quality Management Systems (QMS) or achieve ISO 15189 laboratory accreditation, which

significantly contributed to their decline. This challenge is best explained by the resource-based view and dynamic capabilities theory, which emphasize an organization's ability to recognize external requirements, mobilize resources, and restructure internal processes to meet quality standards (Barney, 1991; Teece, 2018). Evidence indicates that many diagnostic centers lacked financial resources, trained personnel, and stable supply chains needed to sustain accreditation processes. Consequently, the failure to achieve accreditation reflects broader systemic capability constraints rather than purely poor managerial decisions.

Theme 3: Financial Insolvency Driven by Structural Cost–Revenue Imbalance

Financial instability emerged as a major factor in business failure, largely driven by operational insolvency, where revenues from patient services were insufficient to cover operational costs such as electricity, equipment maintenance, and supplies (Altman, 2018). Systems theory highlights how these financial pressures create self-reinforcing cycles of decline, where rising costs reduce profitability, disrupt supply chains, lower patient volumes, and further weaken financial sustainability (Braithwaite et al., 2018). The situation is worsened by Nigeria's health financing structure, where most healthcare payments are made out-of-pocket, making demand for diagnostic services highly sensitive to economic shocks and household income fluctuations (Chukwuma & Ataguba, 2023).

Theme 4: Human Capital Depletion and the Brain Drain Effect

The loss of specialized healthcare professionals also contributed significantly to organizational failure. According to the human capital perspective of the resource-based view, organizational viability depends on access to highly skilled and scarce professionals such as radiographers, biomedical scientists, and dental surgeons (Nafukho et al., 2020). In Nigeria, large-scale medical brain drain has significantly reduced the availability of such professionals, particularly for small private facilities that lack the financial capacity to compete with larger hospitals or international employers (Akinola et al., 2023). As a result, when key specialists leave, smaller diagnostic centers often struggle to replace them, leading to operational disruptions and eventual closure.

Theme 5: Equipment and Infrastructure System Failure

Equipment malfunction and inadequate infrastructure support represent another major cause of failure among diagnostic centers. Facilities often rely on highly specialized medical equipment that requires consistent maintenance and stable electricity supply. When equipment breakdown occurs without reliable maintenance services or spare parts, service interruptions lead to patient diversion, revenue loss, and further deterioration of the facility's financial position. Systems theory explains this as a subsystem failure, where infrastructure problems trigger cascading operational and financial consequences (Peters, 2014). Additionally, unreliable electricity supply in Southeast Nigeria forces facilities to depend on costly diesel generators, significantly increasing operational expenses and placing additional strain on already fragile businesses (Essien et al., 2025).

Theory-Finding Alignment: Confirmatory and Disconfirmatory Analysis

A rigorous discussion of findings requires not only affirmation of the theoretical frameworks' explanatory utility but also honest assessment of where findings challenge, qualify, or disconfirm theoretical propositions. Table 3 presents this confirmatory and disconfirmatory analysis across the four theoretical frameworks employed in the study.

Table 9. Theory-Finding Alignment: Confirmatory and Disconfirmatory Assessment Across Frameworks

| Theoretical Framework | Core Proposition Applied | Cases Where Proposition Confirmed | Cases Where Proposition Partially / Not Confirmed |
|---|--|--|---|
| Systems Theory (Braithwaite et al., 2018; Peters, 2014) | Failure results from cascading dysfunction across interconnected subsystems, not from isolated causes | DialyzePlus, Insight, Beacon (multi-subsystem failure evident) | Alpha, GoldStandard (failure traceable primarily to single regulatory subsystem) |
| Institutional Theory — Coercive Isomorphism (DiMaggio & Powell, 1983; Scott et al., 2020) | Organisations failing to conform to regulatory field norms face forced exit through enforcement action | Alpha, Beacon, FamilyCare, GoldStandard, Evergreen (7 of 10 involve enforcement) | Jubilee (voluntary exit before enforcement; proactive non-conformance acknowledgement) |
| Resource-Based View (Barney, 1991; Teece, 2018) | Failure stems from the absence or erosion of valuable, rare, inimitable, and non-substitutable (VRIN) resources and dynamic capabilities | CarePath, GoldStandard, HealthBridge, Jubilee (resource deficits clearly documented) | FamilyCare (closure driven by regulatory non-compliance rather than resource deficit per se) |
| Financial Distress / Thornhill-Amit Model (Thornhill & Amit, 2003; Altman, 2018) | Younger firms fail primarily from resource deficiency; older firms from adaptive rigidity | CarePath (5 yrs, resource-driven); HealthBridge & FamilyCare (10 yrs, adaptive rigidity evident) | DialyzePlus (7 yrs; failure pattern fits neither exclusively — mixed resource and environmental causes) |

Note. Confirmatory cases are those where the theory's core proposition is directly supported by documentary evidence. Partially confirmed cases are those where the proposition applies to some but not all failure dimensions. Disconfirmatory cases are those where the evidence contradicts or significantly qualifies the theoretical proposition.

The analysis shows that no single theory fully explains business failure, highlighting the need for a multi-theoretical approach. Systems theory explains failures arising from interconnected factors such as infrastructure, finance, and operations, but is less effective for regulatory-driven closures. Institutional theory better captures compliance challenges, though it may overemphasize external pressures and underplay managerial roles. The findings partially support Thornhill and Amit (2003), where younger firms fail due to resource constraints and older firms due to adaptive rigidity. However, overlapping patterns suggest that in constrained environments like South-East Nigeria, this distinction is less clear. Overall, the results indicate an institutional environmental capability trap, where regulatory demands exceed the capacities that small healthcare providers can realistically develop.

Comparative Positioning Against Prior Studies

Compared with previous studies, the findings are largely consistent with research on healthcare challenges in Sub-Saharan Africa while offering additional insights. Earlier studies identified issues such as weak quality management systems, lack of ISO 15189 accreditation, and regulatory compliance difficulties, which this study confirms. However, it further shows that these challenges are primarily driven by structural resource constraints rather than managerial inefficiency. This study also supports the view that regulatory compliance is particularly difficult for small private healthcare providers in low- and middle-income countries. Importantly, it extends existing literature by demonstrating that human capital depletion and infrastructure failures interact as reinforcing factors. Workforce shortages due to brain drain, combined with equipment maintenance challenges, intensify operational

disruptions and financial pressure, thereby increasing the likelihood of failure among small diagnostic centres in South-East Nigeria.

Summary

This study has demonstrated that business failure among private medical diagnostic and allied-health centers in Southeast Nigeria is not a product of isolated, idiosyncratic mismanagement but represents a set of patterned, theoretically coherent failure trajectories shaped by the interaction of institutional pressures, resource deficiencies, systemic financial fragility, human capital depletion, and infrastructure system collapse. The cross-case comparative analysis reveals that regulatory failure (70% of cases), financial strain (60%), and QMS incapacity (50%) are the most prevalent failure dimensions; that all cases exhibit multi-dimensional failure patterns consistent with systems theory; that coercive institutional pressures are the proximate closure mechanism in the majority of cases, but that resource deficiency constitutes the deeper structural antecedent; and that the analytical concept of an institutional-environmental capability trap captures the theoretical essence of the failure dynamic observed across the case set.

Discussion

Table 10. Summary of Extinct Medical Laboratories in South-east, Nigeria

| Case | Centre name (anonymised) | Type | State | Date in operation | Date of closure | Reason |
|------|--------------------------|----------------------|---------|-------------------|-----------------|---|
| 1 | Alpha Diagnostics | Medical laboratory | Enugu | Jan 2018 | Apr 2025 | 1.1 i) Statewide inspection shutdown 1.2 ii) Outdated registration/licensing 1.3 iii) Deficient quality systems & documentation |
| 2 | Beacon Imaging Suite | Radiology/X-ray | Anambra | Jun 2017 | Oct 2024 | 1.4 i) Equipment safety non-conformities 1.5 ii) No qualified radiography oversight 1.6 iii) Expired radiation permits. |
| 3 | CarePath Labs | Medical laboratory | Abia | Mar 2019 | Feb 2024 | 1.7 i) Frequent reagent stock-outs 1.8 ii) Poor documentation iii) Failed ISO-15189 readiness & corrective actions. |
| 4 | DialyzePlus Centre | Dialysis clinic | Imo | May 2016 | Dec 2023 | 1.9 i) High operating costs (diesel/power) 1.10 ii) Patient payment defaults iii) Staff attrition → financial insolvency. |
| 5 | Evergreen Physio | Physiotherapy clinic | Ebonyi | Sep 2018 | Jun 2024 | 1.11 i) Repeated licensure lapses 1.12 ii) Weak clinical governance. |

| | | | | | | |
|----|-----------------------------|-------------------------------|---------|----------|----------|--|
| 6 | FamilyCare Maternity & Scan | Maternity/diagnostic | Anambra | Nov 2015 | Jul 2025 | 1.13 i) Multi-agency enforcement action 1.14 ii) Unregistered facility 1.15 iii)Unsafe practices |
| 7 | GoldStandard Labs | Medical laboratory | Enugu | Aug 2020 | May 2025 | 1.15 i) Inspectorate closure 1.16 ii) Lack of Ministry of Health registration 1.17 iii)Substandard quality controls. |
| 8 | HealthBridge Dental | Dental clinic (allied health) | Abia | Jan 2014 | Mar 2024 | 1.18 i) Workforce shortages/brain drain 1.19 ii) Inability to replace clinicians 1.20 iii)Rising input/operating costs. |
| 9 | Insight Imaging | Ultrasound centre | Imo | Jul 2019 | Jan 2024 | 1.20 i) Frequent equipment downtime 1.21 ii) Weak maintenance contracts 1.22 iii)Low insurance reimbursements. |
| 10 | Jubilee Labs & Wellness | Medical laboratory | Ebonyi | Oct 2017 | Apr 2024 | 1.23 i) Voluntary closure 1.24 ii) Failed QMS/ISO-15189 compliance attempt 1.25 iii) Documentation gaps & unstable reagent supply. |

In South-East Nigeria, two major clusters of factors drive failure in private diagnostic and allied health centres. The first relates to regulatory and quality system gaps. Facilities lacking proper registration or robust internal quality management systems are vulnerable to closure during inspections. Laboratories also face difficulties in achieving and maintaining ISO 15189 accreditation due to incomplete documentation, safety concerns, and disruptions in reagent supply, which undermine operational stability and credibility (Attoh et al., 2022; Allison, 2024). Weak regulatory oversight further contributes to substandard practices, leading to sanctions, closures, and reputational damage (Ajayi, 2025). The second cluster involves financial and human resource constraints. Low public health funding and fragmented financing systems limit sustainable demand, forcing reliance on out-of-pocket payments that are often unstable (Chukwuma & Ataguba, 2023; Essien et al., 2025). Rising operational costs, particularly for power and equipment maintenance, combined with delayed reimbursements, create persistent cash flow challenges. At the same time, workforce shortages and skills gaps reduce service quality and regulatory compliance capacity, accelerating organizational decline (Umar et al., 2025). These pressures are especially critical in diagnostic services, where consistent supply chains, accurate calibration, and technical expertise are essential for both operational continuity and compliance (Opeyemi et al., 2024; Attoh et al., 2022).

CONCLUSION

This study concludes that business failure among private medical diagnostic and allied health centers in South-East Nigeria is best explained through a multi-theoretical perspective, revealing an institutional–environmental capability trap in which regulatory demands exceed the capacities of small providers under constrained economic and infrastructural conditions. Failure arises from the interaction of regulatory pressures, limited resources, infrastructure deficits, financial instability, and workforce shortages, which operate as mutually reinforcing factors. To mitigate these challenges, policymakers should adopt a balanced approach that strengthens regulatory compliance while providing institutional support, expand sustainable financing mechanisms such as health insurance and public–private partnerships, and implement strategies to improve workforce retention through better incentives, training, and working conditions. Future research should employ longitudinal and mixed-method designs to enhance empirical depth and generalizability.

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EMPLOYEE PERFORMANCE IN ORGANIZATION: DOES IT BRING SUCCESS?

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ABSTRACT

Employee performance is a critical factor in the hospitality industry, where service quality and operational efficiency strongly depend on employee behavior. However, various organizational and psychological factors may influence employee performance, including locus of control, organizational citizenship behavior (OCB), rewards, and work stress. This study aims to examine the influence of locus control, organizational citizenship behavior, and rewards on employee performance, with work stress acting as a mediating variable. Data was collected from 187 employees who had worked for at least two years, ranging from staff to managerial level, in one hotel in Tangerang and two hotels in Yogyakarta. The data were analyzed using path analysis to evaluate the direct and indirect relationships among variables. The results show that rewards have a significant positive effect on employee performance when mediated by work stress. Organizational citizenship behavior does not have a direct significant effect on employee performance; however, it shows a significant indirect effect through work stress. These findings indicate that employees' voluntary work behaviors may influence performance when psychological pressure at work is considered. Furthermore, work stress has a significant negative effect on employee performance, indicating that higher stress levels can reduce employee effectiveness. This study contributes to the organizational behavior literature in the hospitality sector by highlighting the mediating role of work stress in explaining how organizational and psychological factors influence employee performance. The findings also provide practical implications for hotel management in designing reward systems and managing employee stress to improve performance.

Keywords: Locus of Control; Reward; Work Stress; Organizational Citizenship Behavior; Employee Performance

INTRODUCTION

Nowadays, employee performance is still a benchmark for every organization, especially in Indonesia. Employee performance is the achievement corresponding to an organization's objects and carried out by every employee (Carvalho et al., 2020; Maley et al., 2021). To enhance maximum employee performance, there is a factor of environmental uncertainty situation during COVID-19 which has caused great effect and pressure on the tourism sector in Indonesia. According to World Tourism Organization (UNWTO) (2020), the impact of environmental uncertainty during COVID-19 on the tourism industry has been very pronounced in the large decline in the number of foreign tourist arrivals throughout the world with continuous cancellations and declining bookings in almost all tourism sectors. According to the data used for the object of this research, the level of discipline of hotel employees between 2019 and 2022 fluctuates between 57 percent and 67 percent. Hotel employees' ability to resolve problems between 2019 and 2022 fluctuates between 44 percent and 66 percent. Meanwhile, the responsibility of hotel employees between 2019 and 2022 fluctuates between 46 percent and 70 percent. The data of the research objective explains that the employee performance of hotel employees is not optimal, as can be seen that the maximum discipline of hotel employees is only 67 percent, the ability to solve problems at a maximum of only 66 percent, and the responsibility of hotel employees only 70 percent.

Considering the limited time and access to obtain data, this research is limited to two cities: Tangerang and Yogyakarta in the sector of hotel business in terms of employee performance for its employees. According to the data sources provided by Dinas Ketenagakerjaan Pemerintah Kota Tangerang (2022), the Tangerang City Government attempted to improve employee performance for its residents through the Department of Manpower—*Dinas Ketenagakerjaan (Disnaker)* which has the *Tangerang Cakap Kerja* (Tangerang for Work Skills) program. This program is a training program with various field options starting from packaging, digital marketing, to baristas. It was conducted by the government so that the employee performance of the city workforce expectantly could be maximized. In addition, according to the sources provided, the Yogyakarta City Government (*PEMKOT*) through the Social Department for Manpower and Transmigration (*Dinsosnakertrans*) in Yogyakarta also provides free skills training to prepare prospective workers who are ready to work with skills according to the competencies needed in the Business and Industrial World (DUDI). Considering the employment conditions in both cities, Tangerang and Yogyakarta, there are differences in geography, demographics, culture. However, there are several similarities that can also be found in employee performance in both cities:

1. Tourism Industry: Both Tangerang and Yogyakarta have thriving tourism industries.
2. Manufacturing Industry: Tangerang is known as the center of the manufacturing industry in Indonesia, while Yogyakarta also has several significant manufacturing companies.
3. Technology Skills: Both Tangerang and Yogyakarta are experiencing growth in the technology and digital sectors.
4. Work Culture: Despite having unique local cultural differences, both Tangerang and Yogyakarta can have a work culture that encourages collaboration, innovation, and high performance. Employees in both locations may value inclusive work environments, support from coworkers and management, and opportunities for career development.
5. Education and Training: Both Tangerang and Yogyakarta have access to quality education and training institutions.

In facing increasingly competitive business competition, the hotel industry is required to always innovate and maximize all existing opportunities (Abdullah, 2020). The result of the research obtained by Abdullah (2020) shows that high employee work stress will increase employee performance if it is mediated by good work motivation, for this reason hotel employees must be tough and have good performance so that the number of tourist visits to the hotel can be maximized. Based on these data, this research attempts to find information about whether employee performance is affected by locus of control, organizational citizenship behavior, rewards, and work stress.

Locus of control has the view that each individual shows bargaining attitude, interaction with each other, and attempt to influence each other (Buccioli & Trucchi, 2021). Organizational citizenship behavior is usually shown by every individual to achieve organizational goals (Wibowo et al., 2023). Rewards are something given by an organization in the form of tangible or intangible goods to employees as an award or honor for the employees succeeded in achieving the performance standards set by the organization. Therefore, the correlation between performance-based rewards and innovative behavior in conditions of good employee performance and low uncertainty. Work stress is pressure and intimidation from co-workers resulting in feelings of being belittled and victimized/oppressed at work, unclear roles/tasks, afraid of unemployment, traumatic at work, and poor concentration (Wibowo et al., 2024). (Palumbo et al., 2023) explain that employee involvement can exacerbate psychosocial stress in the workplace.

The concept of locus of control plays a crucial role in understanding employee behavior within organizations. Individuals with an internal locus of control tend to believe that their actions significantly influence outcomes, leading to proactive behaviors such as bargaining, interaction, and efforts to shape their environment (Buccioli & Trucchi, 2021). This internal belief system can foster a sense of agency, motivating employees to engage in behaviors that benefit organizational objectives. Complementing this is the notion of Organizational Citizenship Behavior (OCB), which encompasses voluntary, discretionary actions by employees that go beyond formal job responsibilities to support organizational effectiveness (Wibowo et al., 2023). Such behaviors are often driven by intrinsic motivation and a desire to contribute positively, which may be reinforced through organizational rewards. Rewards whether tangible like bonuses or intangible like recognition serve as vital tools to acknowledge employee achievements and reinforce desired behaviors. The linkage between performance-based rewards and innovation has been substantiated by those who argue that when employees perform well and workplace uncertainty is minimized, they are more likely to exhibit innovative behaviors. However, the pursuit of involvement and recognition can also introduce stress. Wibowo et al. (2024) highlights that work stress stems from factors such as interpersonal pressure, role ambiguity, job insecurity, and traumatic incidents, which can impair concentration and overall well-being. Interestingly, Palumbo et al. (2023) suggest that increased employee involvement while generally positive may paradoxically exacerbate psychosocial stress, especially if employees feel overwhelmed or inadequately supported.

Furthermore, the concept of locus of control expects employees to be responsible for their work, demonstrate work commitment, show high integrity towards the company where they work, be able to act objectively and independently in dealing with any problems, try to improve their competence and expertise and be able to apply the principles of the code of ethics for professional behavior (Rumen et al., 2024). To achieve organizational goals, high commitment is required from employees, thus each employee is expected to be able to achieve organizational goals through organizational citizenship behavior (Wibowo et al., 2023). Reward is an award for every employee who has succeeded in achieving the performance set

by the organization (Kamselem et al., 2022; Cai et al., 2020). There is a certain thing that organizational managers have to pay attention to which is the work stress that has to be managed well by the organization to avoid conflict so as to achieve organizational goals (Tsutsumi et al., 2020; Bonaiuto et al., 2022).

In this case, to see which variables can increase employee performance in hotels so that it becomes the basis for the problems of the research:

RQ1. Do variables such as locus of control, reward, work stress, organizational citizenship behavior have positive influence on employee performance?

RQ2. Do the variables of rewards and organizational citizenship behavior become significant or insignificant after being mediated by work stress?

LITERATURE REVIEW

Locus of Control

The concept of locus of control was first put forward by Rumen et al. (2024) stating that through an internal locus of control, employees are expected to be responsible for their work, show work commitment, show high integrity towards the company where they work, be able to be objective and independent in dealing with any problems, strive to improve their competence and expertise, and by the principles of the code of ethics for professional behavior. Locus of Control is a psychological concept that describes an individual's belief about the extent to which they can influence events and outcomes in their environment. According to Rumen et al. (2024), an internal locus of control is characterized by a sense of personal responsibility and agency. Employees with an internal locus of control tend to take ownership of their work, demonstrating a strong commitment to their roles and exhibiting high levels of integrity toward their organization.

Locus of Control is a fundamental psychological construct that influences how individuals interpret their ability to impact their environment and achieve desired outcomes. Rumen et al. (2024) emphasizes that employees possessing an internal locus of control view themselves as primary agents of change, believing that their actions, decisions, and efforts directly determine the results they obtain. This belief fosters a sense of personal responsibility, which manifests in behaviors such as high work commitment, ethical integrity, and proactive problem-solving. Such employees tend to be self-motivated, continuously seeking opportunities for self-improvement and skill development, aligning their actions with the principles of professional ethics and organizational values. They often exhibit independence in decision-making, demonstrating confidence in their judgment and ability to handle challenges without excessive reliance on external directives. This internal orientation not only enhances individual performance but also contributes positively to organizational culture by promoting accountability and ethical conduct. Moreover, employees with a strong internal locus of control are more likely to engage in innovative behaviors, as they believe their efforts can lead to meaningful change. Conversely, those with an **external locus of control** may perceive outcomes as being influenced by external forces such as luck, fate, or organizational politics, which can diminish initiative and motivation.

Daft (2022) states that locus of control is how each individual sees an event and has perspective on it, whether he or she can or cannot control the events occurred. Thus, locus of control is the reason how each individual sees an event happened in his/her life, thereby causing responsibility for him/herself or others. Caliendo et al. (2024) also believes that the locus of control is a reflection of how each individual has learned to understand what has happened to him/her. However, according to Rulinawaty et al. (2022), locus of control is an individual

personality that is able to distinguish between how they associate their responsibilities to every event with themselves (internal locus of control) and with external factors (external locus of control). Internal locus of control is an individual's belief that he or she has the highest power and control over positive and negative situations. Internal locus of control has inverse relationship with depression, as like an employee getting a lower workload than other employees (Kalargyrou et al., 2022).

Locus of control is a fundamental psychological construct that significantly influences how individuals perceive their ability to influence the events and outcomes in their lives. According to Daft (2022), it refers to an individual's perception of whether they have control over the events that occur to them. This perception shapes their sense of responsibility—whether they see themselves as the primary agents responsible for their successes and failures or attribute these outcomes to external forces beyond their influence. Caliendo et al. (2024) further elaborate that locus of control reflects the way individuals have learned to interpret and understand life events.

Rulinawaty et al. (2022) classify locus of control as a personality trait that enables individuals to distinguish between internal and external attributions of responsibility. Those with an internal locus of control believe they possess the power and agency to influence both positive and negative circumstances through their efforts, decisions, and actions. Conversely, individuals with an external locus of control tend to attribute outcomes to external factors such as luck, fate, or the influence of others, which diminishes their sense of personal responsibility. An important aspect of internal locus of control is its positive relationship with mental health, particularly its inverse correlation with depression. For instance, Kalargyrou et al. (2022) highlight that employees who perceive themselves as having control over their workload and work environment often experience lower levels of stress and depressive symptoms. This sense of empowerment fosters resilience, enhances motivation, and promotes proactive coping strategies in challenging situations.

Locus of control is a vital psychological attribute that shapes how individuals interpret their experiences and responsibilities. Developing an internal locus of control can contribute to better mental health, greater professional responsibility, and overall personal growth. Organizations and leaders can foster this mindset through empowerment strategies, supportive environments, and encouraging self-efficacy, thereby cultivating a more resilient and proactive workforce.

Research by Siwy et al. (2025) shows that work stress occurs at various companies, either it is high or low, and which in turn affects employee performance. Moreover, research conducted by Buccioli and Trucchi (2021) proves that through the locus of control, each individual shows an attitude of bargaining, interacting with each other, and trying to influence each other. Meanwhile, Research by Padmanabhan (2021)' shows that locus of control has positive and significant effects on employee performance and work stress. In contrast to the research conducted by Padmanabhan (2021), it proves that locus of control has a significant negative effect on employee performance, but it has a positive effect on work stress.

For this reason, hypotheses can be made as follows:

H₁ Locus of control has a positive and significant effect on employee performance.

H₂ Locus of control has a negative and significant effect on work stress.

H₃ Work stress mediates the effect of locus of control on employee performance.

Organizational Citizenship Behavior

Arkorful and Hilton (2021) were the first to study organizational citizenship behavior by considering matters related to innovation and behavior. Esquivel and Solis (2020) states that

innovative behavior and the behavior of each individual are related to other individuals who are in line with the goals of the organization that houses them. Wibowo et al. (2023) state that organizational citizenship behavior is something that is usually shown by every individual to achieve organizational goals. Waqiah et al. (2021) state that organizational citizenship behavior is an effort to achieve the best results for the success of the company, thus it requires high commitment from employees and organization to achieve the goals of the organization itself. Organizational citizenship behavior is a behavior carried out by each individual, whether working individually or in a team, to achieve organizational goals. This research is one of many topics been widely researched in the fields of organizational behavior and industrial psychology (Bolino et al., 2024).

Research by Arifah (2022) shows that work stress has a positive effect on organizational citizenship behavior. However, research by Amin et al. (2020) shows that work stress does not affect organizational citizenship behavior. The result of the research conducted by Cek and Eyupoglu (2020), Abdel-Aziz (2021), and Gupta et al. (2022) shows that organizational citizenship behavior has a significant positive effect on employee performance. In the contrary, research by Sitepu et al. (2024) shows that organizational citizenship behavior does not have a direct correlation with employee performance. For this reason, hypotheses can be made as follows:

H₃ Organizational citizenship behavior has a positive and significant effect on employee performance.

H₄ Organizational citizenship behavior has a negative and significant effect on work stress.

H₉ Work stress mediates the effect of organizational citizenship behavior on employee performance.

Reward

According to Kartini et al. (2024), a reward is something given by an organization, either tangible or intangible to employees as a reward for the performance the employee has achieved. Thus, the employee is regarded as a successful individual at achieving the performance standards set by the organization so that they can meet their needs. In other words, reward is an award for every employee who has succeeded in achieving the performance set by the organization (Cai et al., 2020; Kamselem et al., 2022). Another opinion states that reward is an award or appreciation aiming to ensure that each employee makes every effort at work (Dewi et al., 2022). Therefore, Armstrong and Taylor (2020) believes that rewards consist of core values, structures, and processes where the core values must represent the company's philosophy to select and distribute the rewards, criteria and mechanisms for distributing it.

Rewards are recognized as incentives provided by organizations to their employees, which can be either tangible—such as monetary bonuses, promotions, or benefits—or intangible, like recognition, praise, or additional responsibilities. According to Kartini et al. (2024), rewards serve as a form of acknowledgment for employees who have demonstrated satisfactory performance, thereby positioning them as successful individuals in meeting the organizational standards. In essence, when employees achieve or surpass the performance goals set by their organization, they are rewarded as a form of recognition for their accomplishments.

Cai et al. (2020) and Kamselem et al. (2022) emphasize that rewards function as formal awards or incentives given to employees who have successfully met or exceeded performance expectations. These rewards not only acknowledge past achievements but also motivate continued effort and engagement in their roles. Dewi et al. (2022) add that rewards are essentially expressions of appreciation aimed at encouraging employees to put forth their best efforts consistently in the workplace.

Furthermore, Armstrong and Taylor (2020) provide a broader perspective by asserting that rewards comprise core values, organizational structures, and processes. The core values reflect the company's philosophy and principles that guide the selection and distribution of rewards, ensuring alignment with organizational culture and goals.

Rewards are incentives provided to employees who achieve or surpass organizational performance standards. These rewards serve to recognize individual or team accomplishments, motivate ongoing high performance, and reinforce the organizational culture and values. An effective reward system integrates both tangible and intangible incentives, aligned with organizational philosophy, and involves clear policies and communication strategies to ensure fairness and motivation across the workforce.

The result of the research conducted by Li et al. (2023) shows that rewards can increase productivity and employee performance in an organization because it can improve the welfare of employees. Furthermore, research by Kartini et al. (2024) shows the correlation of performing-based rewards in conditions of good employee performance and low uncertainty. (Klenowski et al., 2023; Ryvkin et al., 2024)'s research shows that rewards have a significant effect on work stress, but (Buccioli & Trucchi, 2021; Yi et al., 2023)'s shows that rewards do not have a positive effect on work stress because stress can blunt rewards sensitivity. For this reason, hypotheses can be made as follows:

H₅ Rewards have a negative and significant effect on work stress.

H₆ Rewards have a positive and significant effect on employee performance.

H₁₀ Work stress mediates the effect of rewards on employee performance.

Work Stress.

Work stress is a condition where every individual faces opportunities, demands, or resources whose uncertain and important results (Robbins & Judge, 2019). According to (Morán et al., 2023; Mansor et al., 2023), work stress is a common thing that every employee certainly face at work, thus (Morán et al., 2023) believe that workload should be reduced to reduce stress at work by improving working conditions, work quality, and benefits. Based on these definitions, work stress is a matter that organizations need to pay attention to so as to avoid conflict and to achieve organizational goals.

The result of the research conducted by Mansor et al. (2023) shows that work stress has a positive and significant effect on employee performance. Mansor et al. (2023) state that excessive workload can increase work stress and reduce work quality. In contrast to (Wibowo et al., 2024)'s research, work stress has a negative and insignificant effect on employee performance. In addition, Abdullah (2020) shows that work stress does not have a positive and significant effect but has impact on employee performance. The result of research conducted by Morán et al. (2023) shows that excessive workload can worsen employee. Research by (Palumbo et al., 2023) affirms that employee involvement can worsen psychosocial stress in the workplace, while research by (Padmanabhan, 2021) also proves that work stress is negatively correlated with employee performance. Can employee involvement increase sources of psychosocial stress in the workplace, and increase individual job demands which ultimately can reduce employee performance? For this reason, a hypothesis can be made:

H₇ Work stress has a negative and significant effect on employee performance.

Employee Performance

Employee performance is an achievement corresponding to the organization's goals reached by each employee (Carvalho et al., 2020; Maley et al., 2021). Good employee performance is a goal that every organization wants to achieve (Diamantidis & Chatzoglou,

2019). The employee performance factor in the POST-COVID-19 is crucial thus strategic management development is much needed to improve organizational performance so that companies can survive facing increasingly fierce business competition. Based on the definitions of the experts, employee performance is the effort made by an organization to achieve its goals.

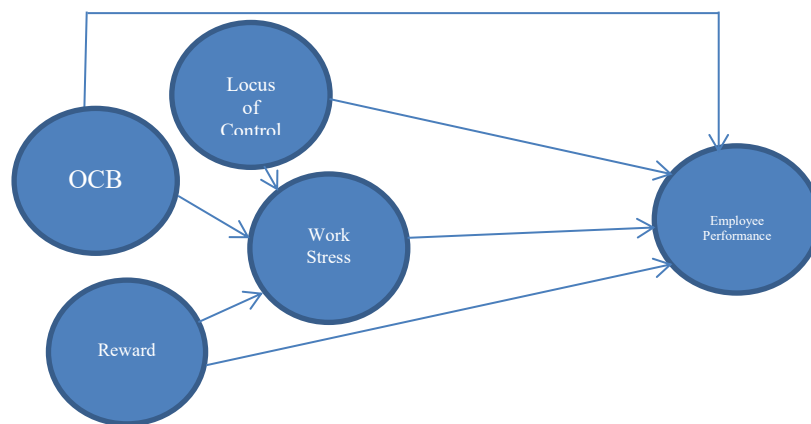


Figure 1. Research Model, 2022
 Source: Authors

RESEARCH METHOD

Samples were taken randomly from the population of four-star hotels in the Tangerang area and three-star hotels in the Yogyakarta area, totaling 187 people who have worked for a minimum of 2 (two) years from staff to manager level. The sampling techniques of integration in this research are based on area (*cluster random sampling*). The questionnaires were distributed to be filled out by 187 hotel employees for the employees at 1 (one) hotel in Tangerang and 2 (two) hotels in Yogyakarta. Data was subsequently analyzed using path analysis statistical tools. The analysis was carried out based on previous research and the theories underlying it.

Table 1. Definitions of Variables

| No | Variables | Definitions | Indicators | Scales | Sources |
|----|-------------------------------------|---|--|--------|---|
| 1 | Locus of Control | An individual personality that is able to distinguish between how they associate their responsibilities to every event with themselves (internal locus of control) and with external factors (external locus of control). | 1. Responsibility (LC1) 2. Attitude (LC2) 3. Internal locus of control (LC3) 4. External locus of control (LC 4) | Likert | (Palau-Saumell et al., 2021; Rulinawaty et al., 2022) |
| 2 | Organizational Citizenship Behavior | An effort to achieve the best results for the success of the company, thus it requires high commitment from employees and the organization to achieve the goals of the organization itself. | 1. Altruism (OCB1) 2. Courtesy (OCB 2) 3. Civic Virtue (OCB 3) 4. Conscientiousness (OCB 4) 5. Sportsmanship (OCB 5) | Likert | (Waqiah et al., 2021; Kaur & Kang, 2023) |

| | | | | | |
|---|----------------------|---|--|--------|--|
| 3 | Reward | An award or appreciation that aims to ensure that each employee puts in as much effort as possible at work. | 1. Salary (R1) 2. Welfare (R2) 3. Career development (R3) 4. Awards (R4) | Likert | (Dewi et al., 2022) |
| 4 | Work Stress | A condition where every employee faces opportunities, demands, or resources. | 1. Workload (WS1) 2. Role conflict (WS2) 3. Organizational environment (WS3) 4. Job security (WS4) 5. Shift work (WS5) | Likert | (Morán et al., 2023; Mansor et al., 2023) |
| 5 | Employee Performance | An achievement corresponding to organization's goals reached by each employee. | 1. Satisfaction with the work environment (EP1) 2. Task performance (EP2) 3. Contextual performance (EP3) 4. Adaptive performance (EP4) | Likert | (Carvalho et al., 2020; Siwy et al., 2025) |

Source: Research papers, 2022-2023

Measurement

All items of the questionnaire in this research were measured by using five-point Likert scale ranged from 5 (five) strongly agree to 1 (one) strongly disagree. This research uses path analysis. Hair et al. (2021) explained the selection of path analysis in consideration of this research is to identify the main determinant variables.

Table 2. Respondent Characteristics

| Respondent Profile | Total | Percentage |
|---|-------|------------|
| Gender | | |
| 1. Male | 95 | 50,80% |
| 2. Female | 92 | 49,20% |
| Age | | |
| 1. 21-35 years old | 137 | 73,26% |
| 2. 36-50 years old | 32 | 17,11% |
| 3. > 51 years old | 18 | 9,63 % |
| Level of Education | | |
| 1. Graduated from junior high school. | 12 | 6,42 % |
| 2. Graduated from high school / vocational high school. | 150 | 80,22% |
| 3. Graduated from undergraduate education. | 25 | 13,36% |

Source: Survey results, 2023

Validity and reliability results in Table 3 show that all of loading factor values are above 0.70, while the overall construct AVE value is also greater than 0.5, thus meeting the convergent validity criteria. Meanwhile, CR and CA values for all constructions are above the smallest value of 0.70. It shows that the overall construct meets the elements of reliability as shown in Table 3.

Table 3. Loading Factor, Composite Reliability (CR), Average Variance Extracted (AVE) & Cronbach Alpha (CA)

| Factor Loading, Composite Reliability (CR) | | | | | |
|---|------|-------|-------|-------|-------|
| Average Variance (AVE), Cronbach Alpha (CA) | | | | | |
| Locus of Control | LC1 | 0.771 | 0.702 | 0,904 | 0,857 |
| | LC2 | 0.811 | | | |
| | LC3 | 0.900 | | | |
| | LC4 | 0.866 | | | |
| Organizational Citizenship Behavior | OCB1 | 0.790 | 0.649 | 0.902 | 0.863 |
| | OCB2 | 0.722 | | | |
| | OCB3 | 0.762 | | | |
| | OCB4 | 0.865 | | | |
| | OCB5 | 0.879 | | | |
| Reward | R1 | 0.761 | 0.670 | 0.89 | 0.835 |
| | R2 | 0.841 | | | |
| | R3 | 0.847 | | | |
| | R4 | 0.823 | | | |
| Working Stress | WS1 | 0.724 | 0.529 | 0.849 | 0.777 |
| | WS2 | 0.700 | | | |
| | WS3 | 0.734 | | | |
| | WS4 | 0.770 | | | |
| | WS5 | 0.720 | | | |
| Employee Performance | EP1 | 0.904 | 0.762 | 0.927 | 0.895 |
| | EP2 | 0.903 | | | |
| | EP3 | 0.832 | | | |
| | EP4 | 0.850 | | | |

Evaluation of discriminant validity through the square root of AVE in Table 4 shows that the correlation of the observation variables with its constructs is higher than with the other constructs.

Table 4. Discriminant Validity

| | LC | OCB | R | WS | EP |
|-----|----------------|----------------|----------------|----------------|----------------|
| LC | (0.838) | 0.355 | 0.665 | -0.782 | 0.715 |
| OCB | 0.355 | (0.806) | 0.337 | -0.517 | 0.326 |
| R | 0.665 | 0.337 | (0.819) | -0.719 | 0.616 |
| WS | -0.782 | -0.517 | -0.719 | (0.727) | -0.77 |
| EP | 0.715 | 0.326 | 0.616 | -0.77 | (0.873) |

Source: Authors

The R^2 and Q^2 values in Table 5 show that all the constructions in this research can predict the model very well. The Tenenhaus GoF (GoF) index in this research produces a value of 0.703. It shows that the value is greater than 0.36. Thus, based on the Tenenhaus GoF (GoF) index, the PLS model in this research is stated to have high predictive power.

Table 5. Values of R^2 dan Q^2

| Variable | R^2 | Q^2 |
|----------------------|-------|-------|
| Working Stress | 0.761 | 0.763 |
| Employee Performance | 0.732 | 0.688 |

Source: Authors

RESULTS AND DISCUSSION

The result of direct hypothesis testing as shown in Table 6 shows that there are two variables: Organizational citizenship behavior and rewards, which do not have a significant effect on employee performance. Thus, this research does not support the third and sixth hypotheses (H3 and H6), while locus of control and working stress have a significant effect on employee performance, thereby supporting the first and seventh hypotheses (H1 and H7). All exogenous variables in this research, which are locus of control, organizational citizenship behavior, and reward have significant effects on working stress, thus the results of this research support the second, fourth, and fifth hypotheses (H2, H4, and H5). For the structural model test as shown in Figure 2, only the first hypothesis (H1) has a positive and significant correlation, while the others, the second hypothesis (H2) has a negative and significant correlation, the third hypothesis (H3) has a positive and insignificant correlation, the fourth hypothesis (H4) has a negative and significant correlation, the fifth hypothesis (H5) has a negative and significant correlation, the sixth hypothesis (H6) has a negative and insignificant correlation, the seventh hypothesis (H7) has a negative and significant correlation.

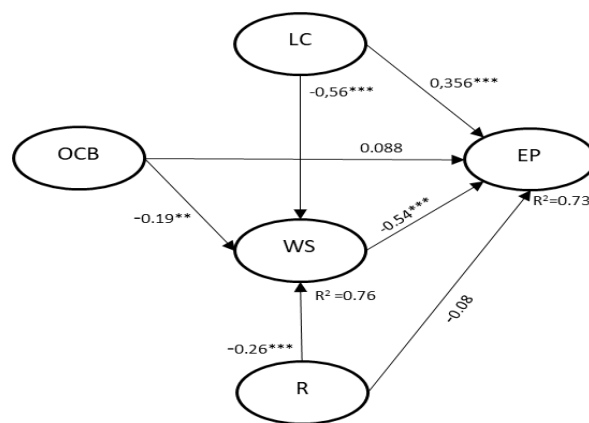


Figure 2. Structural Model
 Source: Authors

Table 6. Hypothesis Test for Direct Effect

| Hypothesis | The Tested Result of Hypothesis | | |
|------------|---------------------------------|---------|---------------|
| | Direct Effect | P-Value | Test Result |
| H1 | LC → EP | < 0.001 | Supported |
| H2 | LC → WS | < 0.001 | Supported |
| H3 | OCB → EP | 0.112 | Not Supported |
| H4 | OCB → WS | 0.004 | Supported |
| H5 | R → WS | < 0.001 | Supported |
| H6 | R → EP | 0.454 | Not Supported |
| H7 | WS → EP | < 0.001 | Supported |

Source: Authors

Mediation testing in this research refers to (Baron & Kenny, 1986). The test results in Table 7 show that working stress fully mediates the effect of organizational citizenship behavior and rewards on employee performance, while working stress only partially mediates the effect of locus of control on employee performance.

Table 7. Hypothesis Test for Indirect and Mediating Effects

| Hypothesis | Mediating Test | | | | | | |
|------------|----------------|---------|-------------|-----------------|---------|-------------|----------------|
| | Direct Effect | P-Value | Test Result | Indirect Effect | P-Value | Test Result | Mediation Test |
| | | | | | | | |

| | | | | | | | |
|-----|----------|---------|---------------|---------------|---------|-----------|-------------------|
| H8 | LC → EP | < 0.001 | Supported | LC → WS → EP | < 0.001 | Supported | Partial Mediation |
| H9 | OCB → EP | 0.112 | Not Supported | OCB → WS → EP | 0.021 | Supported | Full Mediation |
| H10 | R → EP | 0.454 | Not Supported | R → WS → EP | 0.003 | Supported | Full Mediation |

Source: Authors

The first variable, locus of control, has a positive and significant effect on employee performance. The results of this study confirm the findings of Siwy et al. (2025), which indicate that employees' self-awareness of their duties and responsibilities improves their performance.

Locus of control has a negative and significant effect on work stress. This phenomenon shows that the more hotel employees are aware of their responsibilities in carrying out their work optimally according to their work targets, the more these employees will not face or feel stress at work. These results are not in line with (Padmanabhan, 2021)'s research. This research reveals that hospitality industry players need to develop a good recruitment system to get the "right person in the right position". Employees who are aware of their potential, confident, and responsible will have lower stress level and can improve their performance.

Meanwhile, organizational citizenship behavior as the next variable does not affect employee performance. It is not accordance with Sitepu et al. (2024)'s research that organizational citizenship behavior has a direct correlation with employee performance. This happens because the level of employee discipline, the ability of employees to solve problems, and the responsibility of each employee from the hotel industry as a research object are still suboptimal.

Organizational citizenship behavior has a negative and significant effect on work stress. It shows that the low level of employee awareness and commitment to produce good quality work means that employee's stress levels are higher because the employee's level of discipline, ability to solve problems, and responsibility are suboptimal. Then, rewards have a negative and significant effect on work stress. It also indicates the low rewards will increase work stress. In other words, to reduce work stress, one can give as many rewards as possible. These results are in line with the findings of Buccioli and Trucchi (2021) and Yi et al. (2023) which show that rewards do not have a positive effect on work stress because stress can blunt rewards sensitivity. Organizational citizenship behavior (OCB) has a significant and negative impact on work stress, meaning that the higher the employees' awareness and willingness to engage in voluntary behaviors beyond their formal job responsibilities, the lower their levels of work-related stress tend to be. Conversely, when OCB levels are low—indicating a lack of discipline, problem-solving abilities, and a sense of responsibility—employees are more likely to experience increased stress. This is because employees with low OCB often face greater challenges in managing their tasks effectively, feel less supported, and carry heavier workloads, which collectively contribute to higher overall stress levels.

Furthermore, rewards do not affect employee performance. These results are not in line with the findings of (Li et al., 2023; Kartini et al., 2024). Hotel employees feel they do not deserve rewards because they have not been able to work optimally. This outcome contrasts with the results reported by Li et al. (2023) and Kartini et al. (2024), who found a positive correlation between rewards and performance levels. In this context, hotel employees perceive that they do not deserve rewards because they feel they have not been able to perform at their optimal level. This perception may stem from various factors, such as lack of confidence, dissatisfaction with their work, or external influences that diminish their motivation to seek or accept recognition and rewards. As a result, the expected motivational effect of rewards appears to be diminished among these employees, highlighting the need to explore underlying issues

affecting their perceptions and performance. The finding that rewards do not significantly impact employee performance presents an intriguing paradox, especially considering the widespread belief in positive reinforcement as a key motivator in organizational settings. This outcome diverges from prior research by Li et al. (2023) and Kartini et al. (2024), who demonstrated a clear link between reward systems and enhanced employee productivity. The discrepancy invites a deeper examination of the contextual and psychological factors that shape employee responses to rewards, particularly within the hospitality industry.

One critical factor influencing this dynamic is the perception of deservingness among hotel employees. Many staff members feel they do not merit rewards due to their own assessments of their performance. This sense of inadequacy may stem from various sources, including high job demands, insufficient training, or personal self-efficacy issues. When employees believe they have not performed well enough to warrant recognition, rewards can lose their motivational power and even generate feelings of guilt or unworthiness. Consequently, instead of fostering motivation, rewards may inadvertently reinforce negative self-perceptions, leading to disengagement or apathy. Moreover, the cultural and organizational environment plays a significant role in shaping employee attitudes towards rewards.

From an organizational perspective, these findings underscore the importance of understanding employee perceptions and intrinsic motivators rather than relying solely on traditional reward systems. Managers should consider personalized approaches that recognize individual efforts and address perceived shortcomings. Building a culture of trust, providing opportunities for professional growth, and encouraging open communication can help employees feel more deserving and receptive to rewards in the future.

The limited impact of rewards on employee performance in this context highlights the complex interplay between psychological perceptions, cultural factors, and organizational practices. Recognizing and addressing these underlying issues can lead to more effective motivation strategies, ultimately improving performance and job satisfaction within the hospitality sector.

The last variable, work stress, has a negative and significant effect on employee performance. This research proves that work stress must be managed very well so that employee performance remains good. It turns out that these results are in line with the findings of (Padmanabhan, 2021; Palumbo et al., 2023; Morán et al., 2023; Wibowo et al., 2024). In this regard, Mansor et al. (2023) provide research results that there is a significant but weak correlation between workload and employee performance and excessive workload can make employee performance poor. For this reason, hotel employees can work according to the targets set before and not overdo it to achieve maximum employee performance. Work stress has emerged as a critical factor influencing employee performance, particularly within the demanding environment of the hotel industry. The research findings clearly demonstrate that work stress has a negative and significant impact on employee performance. When employees experience high levels of stress, their ability to perform effectively diminishes, which can lead to decreased service quality, lower productivity, and increased turnover. These results underscore the importance of effective stress management strategies to maintain optimal employee performance. Stress can impair cognitive functions such as concentration, decision-making, and problem-solving, which are essential in delivering high-quality hospitality services. Furthermore, prolonged stress may lead to burnout, absenteeism, and a decline in morale, ultimately affecting the overall performance of hotel staff.

Research by Mansor et al. (2023) further clarifies that there is a significant but weak correlation between workload and employee performance. This indicates that while workload

influences performance, other factors also play a role in determining employee effectiveness. Excessive workload, in particular, has been identified as a key contributor to poor performance, as it overwhelms employees and hampers their ability to perform tasks efficiently. Therefore, managing workload and ensuring employees are not overburdened is vital for sustaining high performance levels.

Practical strategies for hotel management include setting realistic targets that employees can achieve without undue stress. Encouraging employees to work within their capacity, providing adequate support, and fostering a healthy work environment are essential steps. Work stress is a significant barrier to optimal employee performance in the hotel industry. Proper management of workload and stress levels is crucial for ensuring that employees can perform at their best, thereby enhancing service quality and organizational success. Recognizing the importance of a supportive work environment can lead to healthier, more productive staff who contribute positively to the hotel's reputation and growth. Work stress significantly influences employee performance, especially in the hospitality sector where service quality is directly linked to employee well-being. Research consistently shows that high levels of work stress have a negative and significant effect on employee performance. When employees are overwhelmed by stress, their ability to deliver excellent service diminishes, which can harm customer satisfaction and the hotel's reputation. Therefore, effective stress management is essential to sustain high levels of performance.

These findings align with prior studies by Padmanabhan (2021), Palumbo et al. (2023), Morán et al. (2023), and Wibowo et al. (2024), all of which highlight that excessive stress hampers cognitive functioning, decision-making, and overall productivity. Moreover, chronic stress can lead to health issues such as anxiety, depression, and burnout, impacting on employees' long-term health and organizational sustainability. In addition to performance, managing work stress is vital for safeguarding employee well-being. Overwork and persistent stress not only reduce efficiency but also diminish job satisfaction and morale, potentially leading to higher turnover rates.

Research by Mansor et al. (2023) indicates that while workload has a weak but significant correlation with performance, excessive workload specifically can impair employee effectiveness. This highlights the importance of setting realistic targets and ensuring employees are not overburdened, which helps prevent stress accumulation. Practical measures include implementing workload management practices, offering support resources, and fostering a positive work environment. Encouraging open communication about stress and providing stress reduction programs can further enhance employee resilience. Ultimately, hotel management must recognize that investing in employee well-being and workload balance is crucial for sustainable performance and organizational growth. Managing work stress is essential not only for maintaining high employee performance but also for safeguarding their health and ensuring the hotel's sustainable operation. Proactive stress management strategies create a healthier workplace, leading to better service, higher employee retention, and improved organizational outcomes.

Work stress successfully mediates locus of control with employee performance. It proves that every hotel employee has good awareness of the tasks given by the hotel management and they do not feel stressed. In fact, the more the hotel management monitors their employees, they will continue to work well. An interesting finding from the study is that work stress can serve as a mediating factor between locus of control and employee performance. In this context, a balanced level of supervision helps employees stay focused and committed, ultimately leading to improved performance. This highlights the importance of management practices that

foster a supportive environment—where employees feel accountable without being excessively stressed—thus promoting sustained high performance.

This research reveals that work stress can act as a mediator influencing the relationship between locus of control and employee performance. Specifically, hotel employees who possess a strong internal locus of control and are able to manage their work-related stress effectively tend to perform better. These findings underscore the importance of maintaining a balance between oversight and autonomy, as well as implementing effective stress management strategies to promote optimal performance among hotel staff.

Work stress has proven to be able to mediate the effect of organizational citizenship behavior on employee performance. Work stress is a matter that hotel management needs to pay attention to so that its goals can be achieved optimally. Work stress mediates organizational citizenship behavior on employee performance because if hotel employees are given maximum targets at work, they will help each other in the team so that they can further improve employee performance. This proves that the increasing, complex and fast-paced demands of work require every hotel employee to be able to multitask and be efficient with time and energy as well as to be able to manage the stress arising in each of them so that it does not affect desired work output quality by working together in a team so that the employee performance can reach to the maximum.

In the hospitality industry, organizational success and goal achievement greatly depend on employee performance. Numerous factors influence this performance, including organizational citizenship behavior (OCB) and work-related stress. Recent research indicates that work stress not only impacts employee performance directly but also acts as a mediator linking OCB to overall employee effectiveness. This discovery enhances our understanding of how psychological and behavioral factors interact within the dynamic and challenging hotel environment.

The findings reveal that work stress plays a crucial mediating role between organizational citizenship behavior and employee performance. Generally, OCB refers to voluntary actions by employees that are not explicitly required but benefit the organization, such as helping colleagues, displaying a positive attitude, or taking initiative. When employees demonstrate these behaviors, they contribute to a positive work atmosphere and improve team efficiency.

However, these positive behaviors do not operate in isolation—they are influenced by the level of stress experienced at work. The study suggests that employees who can manage their stress effectively will see their OCBs translate into better performance. Conversely, if stress is unmanaged, it can diminish the positive effects of OCB and potentially lower overall performance. Hotels are highly competitive and fast-paced environments that often demand employees to work under significant pressure. Ambitious targets and high customer expectations make the job complex and constantly changing. Therefore, hotel management must pay serious attention to work stress among employees. If not properly managed, stress can lead to burnout, reduced motivation, and compromised service quality. Interestingly, the research also shows that work stress can act as a motivator when employees are given challenging goals. Under these circumstances, employees tend to support each other and collaborate to meet their targets. This implies that high demands and pressures can foster teamwork and solidarity, ultimately boosting employee performance.

The findings underscore that work stress plays an important mediating role in the relationship between organizational citizenship behavior and employee performance in hotel settings. Hotel management should focus on creating an environment that supports stress management, promotes teamwork, and sets achievable yet challenging targets. By doing so, employee performance can be maximized, leading to the achievement of organizational goals.

Such strategies not only enhance productivity and service quality but also contribute to the long-term well-being of employees.

Work stress is proven to be able to mediate the effect of rewards on employee performance. Rewards have a significant effect on employee performance in the presence of work stress because the more rewards given by hotel management to employees who have worked in accordance with high management demands and targets, the more optimal employee performance will be. This proves that rewards are important if hotel employees' work in according to the performance standards set by hotel management so that employee performance is maximized.

CONCLUSION

This study contributes to the organizational behavior literature by emphasizing the mediating role of work stress in explaining how organizational and individual factors influence employee performance in the hospitality sector. The findings suggest that work stress functions as an important psychological mechanism that links rewards and organizational citizenship behavior to employee performance. By positioning work stress as a mediator, this study provides a more nuanced understanding of how workplace conditions shape employee outcomes in service-oriented organizations.

Nevertheless, several limitations should be acknowledged. First, the empirical data were collected from only three hotels, one in Tangerang and two in Yogyakarta which may limit the generalizability of the findings to other regions or hospitality contexts. Future studies should involve a broader sample across different geographical locations and hotel categories to enhance external validity. Second, this study employed a cross-sectional research design, which restricts the ability to capture causal relationships and changes over time. Longitudinal research could provide deeper insights into how work stress and employee performance evolve in dynamic work environments. Third, this study focused on a limited number of predictors of employee performance. Future research may extend the model by incorporating additional variables such as leadership style, organizational culture, job satisfaction, or employee engagement to develop a more comprehensive framework for understanding employee performance in the hospitality industry.

By addressing these limitations, future research can further refine theoretical models explaining employee performance and provide stronger empirical evidence for managing human resources in the hospitality sector.

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STRATEGI BERSAING UMKM KECANTIKAN BERBASIS KEARIFAN LOKAL: ANALISIS SWOT PADA YAKUZHA *BEAUTY AND HEALTH*

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ABSTRACT

In the background of global infrastructure construction and the transformation of the construction industry to an integrated service model, this study draws on strategic management theory, especially Porter's theory of competitive advantage and the resource-based view (RBV), to explore the research questions: 1. What are the strategic factors that contribute to the competitive advantage of CCC? 2. How are the strategic factors applied/implemented to contribute to the competitive advantage of CCC. And draw the competitive advantages of CCC to maintain its leading position in the highly competitive integrated building services field. This study is mainly based on interviews, through qualitative research and literature analysis, to explore the factors that CCC uses to build differentiated competitive advantages. The development of CCC in Indonesia shows that Chinese enterprises should pay attention to the comprehensive balance of technical capabilities, quality control, social responsibility and employee development in the process of "going out" to achieve a high-quality and responsible international development path. The researchers hope that this study can provide some reference for peer companies to enhance their competitive advantages, and at the same time provide strategic inspiration for international customers and other researchers to understand how Chinese integrated building service providers can gain competitive advantages in the evolving global infrastructure ecosystem.

Keywords: *Integrated Construction Services; Strategic Management; Competitive Advantages; Differentiated Competitive Advantages*

ABSTRAK

Dengan latar belakang konstruksi infrastruktur global dan transformasi industri konstruksi menjadi model layanan terintegrasi, penelitian ini mengacu pada teori manajemen strategis, terutama teori keunggulan kompetitif Porter dan pandangan berbasis sumber daya (*RBV*), untuk mengeksplorasi pertanyaan penelitian: 1. Apa saja faktor strategis yang berkontribusi pada keunggulan kompetitif CCC? 2. Bagaimana faktor strategis diterapkan/diimplementasikan untuk berkontribusi pada keunggulan kompetitif CCC. Dan menarik keunggulan kompetitif CCC untuk mempertahankan posisi terdapatnya di bidang layanan bangunan terpadu yang sangat kompetitif. Penelitian ini terutama didasarkan pada wawancara, melalui penelitian kualitatif dan analisis literatur, untuk mengeksplorasi faktor-faktor yang digunakan CCC untuk membangun keunggulan kompetitif yang berbeda. Perkembangan CCC di Indonesia menunjukkan bahwa perusahaan Tiongkok harus memperhatikan keseimbangan komprehensif antara kemampuan teknis, kontrol kualitas, tanggung jawab sosial dan pengembangan karyawan dalam proses "keluar" untuk mencapai jalur pembangunan internasional yang berkualitas tinggi dan bertanggung jawab. Para peneliti berharap bahwa penelitian ini dapat memberikan beberapa referensi bagi perusahaan sejawat untuk meningkatkan keunggulan kompetitif mereka, dan pada saat yang sama memberikan inspirasi strategis bagi pelanggan internasional dan peneliti lain untuk memahami bagaimana penyedia layanan bangunan terintegrasi Tiongkok dapat memperoleh keunggulan kompetitif dalam ekosistem infrastruktur global yang berkembang.

Kata Kunci: *Jasa Konstruksi Terintegrasi; Manajemen Strategis; Keunggulan Kompetitif; Keunggulan Kompetitif yang Berbeda*

PENDAHULUAN

Keberhasilan suatu perusahaan dalam menghadapi persaingan bisnis sangat ditentukan oleh kemampuan dalam merancang strategi yang tepat, adaptif, dan berkelanjutan. Perumusan strategi bisnis yang sistematis mampu menciptakan keunggulan kompetitif dan mendorong pertumbuhan perusahaan (Risnawaty & Mulyanti, 2023). Terkait kajian manajemen strategis, salah satu pendekatan yang banyak digunakan adalah analisis SWOT (*Strengths, Weaknesses, Opportunities, Threats*). Analisis ini membantu perusahaan memetakan kekuatan, kelemahan, peluang, dan ancaman sebagai dasar pengambilan keputusan strategis (Jannah *et al.*, 2024). Pendekatan deskriptif kualitatif digunakan untuk menggali informasi melalui wawancara, observasi, dan berbagai sumber data yang relevan (Kamaluddin, 2020).

Industri kecantikan di Indonesia, khususnya pada sektor perawatan diri, menunjukkan perkembangan pesat dalam beberapa tahun terakhir. Kementerian Koordinator Bidang Perekonomian Republik Indonesia (2024) mencatat bahwa pada tahun 2022 nilai pasar kosmetik di Indonesia mencapai miliaran dolar, dengan dominasi produk *personal care* sebesar USD 3,18 miliar, diikuti *skincare* USD 2,05 miliar, kosmetik USD 1,61 miliar, dan wewangian USD 39 juta. Perkembangan ini menunjukkan peluang pasar yang besar sekaligus persaingan yang semakin kompetitif bagi perusahaan besar maupun UMKM. Persaingan dalam industri kecantikan semakin kompleks seiring dengan perubahan perilaku konsumen. Konsumen Indonesia cenderung memiliki loyalitas rendah dan sering melakukan *brand switching* untuk mencoba produk baru (Rabiah & Stefany, 2022). Kondisi ini menuntut pelaku usaha meningkatkan kualitas produk, harga kompetitif, dan strategi pemasaran yang efektif. Salah satu daerah yang memiliki potensi pasar dalam sektor kecantikan adalah Kabupaten Wajo, Sulawesi Selatan. Pertumbuhan ekonomi, peningkatan pendapatan, dan kesadaran masyarakat terhadap perawatan diri mendorong tingginya permintaan produk kecantikan. Badan Pusat Statistik (2024) mencatat bahwa pada tahun 2023 jumlah penduduk Kabupaten Wajo mencapai 386,54 ribu jiwa dengan pendapatan per kapita Rp63 juta. Kondisi ini menunjukkan potensi pasar lokal yang besar, termasuk bagi produk berbahan alami. Salah satu UMKM yang bergerak di sektor tersebut adalah Yakuzha *Beauty and Health*, yang berdiri sejak akhir tahun 2020 di Kabupaten Wajo. Usaha ini menawarkan berbagai produk perawatan tradisional berbahan alami, seperti lulur mandi, *handbody lotion*, minyak pijat, serta jamu tradisional. Keunggulan Yakuzha terletak pada penggunaan bahan alami dan kearifan lokal sebagai nilai tambah. Segmen pasar utama Yakuzha adalah masyarakat yang peduli pada kesehatan dan kecantikan alami, mencakup wanita dewasa berusia 20–60 tahun serta pria dewasa berusia 30 tahun ke atas yang mulai memperhatikan kesehatan dan perawatan tubuh.

Meskipun memiliki potensi pada aspek produk alami dan nilai kearifan lokal, strategi pemasaran yang digunakan Yakuzha masih konvensional, salah satunya penyebaran brosur. Strategi ini memiliki keterbatasan karena membutuhkan biaya relatif besar dan jangkauan pasar yang terbatas. Perubahan perilaku konsumen menuntut pemanfaatan pemasaran digital melalui media sosial, *e-commerce*, dan kolaborasi *influencer*.

Data penjualan Yakuzha sepanjang tahun 2024 menunjukkan adanya fluktuasi yang cukup signifikan, dengan beberapa bulan mengalami peningkatan penjualan dan beberapa bulan lainnya mengalami penurunan tajam. Kondisi ini menunjukkan adanya pengaruh faktor internal dan eksternal terhadap kinerja penjualan perusahaan. Fluktuasi penjualan berpotensi memengaruhi pendapatan, biaya operasional, dan arus kas perusahaan. Oleh karena itu, Yakuzha *Beauty and Health* memerlukan strategi bisnis yang lebih terarah dan berbasis analisis yang komprehensif agar mampu meningkatkan daya saing dan mempertahankan keberlanjutan usaha. Sebagian penelitian sebelumnya masih berfokus pada identifikasi faktor SWOT tanpa

integrasi dengan alat analisis strategis yang lebih komprehensif, sehingga terdapat kesenjangan penelitian pada UMKM berbasis kearifan lokal.

Berdasarkan kesenjangan tersebut, penelitian ini bertujuan mengidentifikasi faktor internal dan eksternal yang memengaruhi kinerja *Yakuzha Beauty and Health* serta merumuskan strategi bisnis untuk meningkatkan daya saing dan pertumbuhan usaha secara berkelanjutan melalui integrasi analisis SWOT, IFAS, EFAS, matriks IE, dan *Grand Strategy*. Penelitian ini memiliki kebaruan pada penerapan analisis strategi yang mengintegrasikan beberapa alat analisis dalam konteks UMKM kecantikan berbasis kearifan lokal. Secara teoritis, penelitian ini berkontribusi pada pengembangan kajian manajemen strategis UMKM, sedangkan secara praktis memberikan rekomendasi strategi bisnis bagi *Yakuzha Beauty and Health* dalam meningkatkan daya saing dan keberlanjutan usaha.

TINJAUAN PUSTAKA

Strategi Bisnis

Strategi bisnis merupakan konsep fundamental dalam manajemen strategis yang berfungsi sebagai pedoman bagi organisasi untuk mencapai keunggulan kompetitif di pasar. Handayani dan Sarwono (2021) menyatakan bahwa strategi bisnis merupakan pendekatan yang diterapkan pada tingkat unit usaha dengan tujuan utama membangun posisi kompetitif yang kuat dalam industri atau segmen pasar tertentu. Konteks UMKM, penerapan strategi bisnis menjadi semakin penting dalam pengembangan usaha. Integrasi strategi bisnis dan transformasi digital mampu meningkatkan efisiensi operasional serta memperluas akses pasar bagi UMKM, khususnya pada sektor produk tradisional dan berbasis bahan alami (Safitri *et al.*, 2024). Dengan demikian, strategi bisnis dapat dipahami sebagai pendekatan terstruktur untuk menciptakan keunggulan kompetitif melalui pemanfaatan sumber daya internal, analisis peluang eksternal, serta inovasi adaptif terhadap perubahan lingkungan bisnis.

Perumusan Strategi Bisnis

Menurut David (2020) aktivitas manajemen strategis, termasuk perumusan, implementasi, dan evaluasi dilaksanakan pada tiga tingkatan utama, yaitu strategi korporasi (*corporate level*), strategi unit bisnis atau divisional (*business level*), serta strategi fungsional (*functional level*). 1) Strategi korporasi, pada level tertinggi berfokus pada pengelolaan organisasi secara keseluruhan yang mencakup pilihan strategi pertumbuhan, stabilitas, penciutan, dan kombinasi (Omsa *et al.*, 2024). Strategi pertumbuhan dilakukan melalui ekspansi internal (peningkatan kapasitas produksi, inovasi, dan penetrasi pasar) maupun eksternal (merger, akuisisi, dan *joint venture*). Pertumbuhan ini bisa berbentuk konsentrasi (vertikal maupun horizontal) atau diversifikasi (konsentrik maupun konglomerat). Strategi stabilitas dipilih ketika perusahaan ingin mempertahankan kinerja tanpa perubahan besar. Strategi penciutan dilakukan ketika perusahaan menghadapi tekanan dengan langkah seperti *turnaround*, divestasi, atau likuidasi. Strategi kombinasi merupakan perpaduan beberapa strategi yang diterapkan pada unit bisnis dengan kondisi berbeda. 2) Strategi unit bisnis, menargetkan keunggulan kompetitif dengan mengidentifikasi kekuatan unik organisasi terhadap pesaing di industri yang sama (Putri & Wibowo, 2025). Rothaermel (2021) menyatakan bahwa keunggulan kompetitif dapat dicapai melalui strategi kepemimpinan biaya, diferensiasi, dan fokus pada segmen pasar tertentu yang berkaitan dengan pengelolaan fungsi organisasi seperti pemasaran, keuangan, operasional, dan sumber daya manusia. meliputi ekspansi pasar dan pengembangan produk. Strategi keuangan berkaitan dengan pengelolaan

modal dan investasi. Strategi operasional berfokus pada efisiensi produksi dan pengelolaan rantai pasok. Strategi SDM meliputi rekrutmen dan pengembangan kapasitas tenaga kerja.

Analisis Lingkungan Internal dan Eksternal

Analisis lingkungan internal bertujuan untuk mengidentifikasi kekuatan dan kelemahan perusahaan. Kekuatan mencerminkan kemampuan perusahaan menjalankan fungsinya secara optimal, sedangkan kelemahan muncul akibat keterbatasan sumber daya, kompetensi, atau kemampuan operasional (Handayani & Sarwono, 2021). Analisis internal dapat dilakukan melalui *Resource Based Approach* (RBA), yang menilai aset berwujud, aset tidak berwujud, kemampuan organisasi, dan sumber daya manusia, serta *Value Chain Analysis* (VCA), yang membagi aktivitas perusahaan menjadi aktivitas utama dan aktivitas pendukung (Omsa *et al.*, 2024). Hasil kajian menunjukkan bahwa faktor internal seperti kemampuan manajerial, kepemimpinan, inovasi produk, dan pengelolaan keuangan memiliki peran signifikan dalam menentukan keberhasilan suatu usaha (Akmalia *et al.*, 2025). Analisis lingkungan eksternal menekankan faktor-faktor di luar perusahaan yang memengaruhi peluang dan ancaman (Anwar, 2020). Lingkungan eksternal terdiri dari lingkungan fisik yaitu iklim, bencana, sumber daya alam, lingkungan sosial yaitu politik, ekonomi, sosial budaya, teknologi, ekologi, hukum (Omsa *et al.*, 2024), dan lingkungan industri yang mencakup pendatang baru, pemasok, pembeli, produk substitusi, dan persaingan (Omsa *et al.*, 2024). Analisis internal dan eksternal membantu perusahaan memahami kondisi bisnis untuk menyusun strategi yang efektif.

Analisis SWOT

Menurut Suwatno (2021) SWOT digunakan untuk menilai kekuatan internal, kelemahan internal, peluang eksternal, dan ancaman eksternal, dengan tujuan memaksimalkan keunggulan dan meminimalkan risiko. Sunarsi (2024) menyatakan bahwa SWOT menilai empat aspek fundamental: *strengths* (kekuatan), *weaknesses* (kelemahan), *opportunities* (peluang), dan *threats* (ancaman) dalam suatu inisiatif bisnis atau investasi. Menurut Angelita (2025) analisis SWOT sebagai pendekatan kualitatif yang mendeteksi faktor internal dan eksternal perusahaan untuk pengembangan inovasi dengan kekuatan (*strengths*) dan peluang (*opportunities*) dimanfaatkan secara efisien, sementara kelemahan (*weaknesses*) dan ancaman (*threats*) dikelola secara strategis guna menciptakan inovasi berkelanjutan yang menyesuaikan dinamika pasar. Menurut Anwar (2020) manfaat analisis SWOT termasuk menafsirkan kondisi internal dan eksternal organisasi, menilai posisi organisasi dibanding pesaing, dan meningkatkan daya saing perusahaan di pasar. Analisis SWOT membantu mengevaluasi kondisi internal dan eksternal organisasi secara sistematis, mengidentifikasi kekuatan dan kelemahan sumber daya internal, serta peluang dan ancaman lingkungan eksternal, sehingga memungkinkan pengukuran dampak individu dan faktor strategis terhadap kinerja organisasi secara keseluruhan (Sari *et al.*, 2024).

Matriks IFAS dan EFAS

Matriks *Internal Factor Analysis Summary* (IFAS) digunakan untuk mengevaluasi faktor-faktor internal perusahaan yang mencakup kekuatan dan kelemahan. Menurut Putri dan Wibowo (2025) penyusunan matriks IFAS dilakukan melalui tahap identifikasi faktor internal signifikan (kekuatan dan kelemahan), penetapan bobot berdasarkan tingkat kepentingan (total bobot = 1,00), penilaian peringkat respons perusahaan (skala 1–4, dimana 1=buruk hingga 4=sangat baik), dan perhitungan skor tertimbang (bobot × peringkat) untuk mengevaluasi posisi strategis internal. Skor tertimbang yang dihasilkan mencerminkan seberapa besar pengaruh relatif suatu faktor terhadap posisi strategis perusahaan. Semakin tinggi skor total

yang diperoleh, semakin baik pula perusahaan dalam memanfaatkan kekuatan internal dan mengatasi kelemahan yang ada. Sementara, *External Factor Analysis Summary* (EFAS) digunakan untuk menilai faktor eksternal berupa peluang dan ancaman yang dihadapi perusahaan. Matriks ini disusun dengan metodologi yang serupa dengan IFAS, setiap faktor eksternal diberi bobot, peringkat, dan skor tertimbang untuk menunjukkan tingkat kepentingan serta kemampuan perusahaan dalam merespons lingkungan eksternalnya.

Matriks IE

Matriks *Internal-External* (IE) merupakan pengembangan analisis IFAS dan EFAS yang digunakan untuk menentukan posisi strategis perusahaan secara visual. Skor total IFAS digunakan sebagai sumbu horizontal (internal), sedangkan skor total EFAS ditempatkan pada sumbu vertikal (eksternal). Kombinasi kedua skor tersebut menempatkan perusahaan pada salah satu dari sembilan sel dalam matriks IE. Menurut Munir (2022) matriks IE membagi strategi ke dalam tiga kelompok besar. Pertama, kuadran I, II, dan IV menunjukkan strategi *grow and build*, yaitu strategi agresif untuk mendukung pertumbuhan bisnis, misalnya penetrasi pasar, pengembangan produk, dan integrasi. Kedua, kuadran III, V, dan VII menunjukkan strategi *hold and maintain*, yaitu strategi mempertahankan posisi dengan fokus pada penguatan kemampuan internal dan efisiensi operasional. Ketiga, kuadran VI, VIII, dan IX menunjukkan kondisi kritis yang mendorong perusahaan untuk mengambil strategi *harvest* atau *divest*, termasuk mempertimbangkan pengurangan unit bisnis, menjual sebagian aset, atau bahkan menutup usaha jika diperlukan.

Matriks SWOT

Matriks *Strengths, Weaknesses, Opportunities, and Threats* (SWOT) merupakan salah satu alat analisis strategis yang digunakan untuk mengidentifikasi dan mengombinasikan faktor internal maupun eksternal dalam perumusan strategi. Menurut Noorcahyo dan Ali (2025) penyusunan matriks SWOT dimulai dengan identifikasi faktor internal (kekuatan dan kelemahan) dari matriks IFAS serta faktor eksternal (peluang dan ancaman) dari matriks EFAS, yang kemudian dipetakan ke dalam empat kuadran strategi: SO, ST, WO, dan WT. Strategi SO (*Strength-Opportunity*) memanfaatkan kekuatan perusahaan untuk menangkap peluang yang ada, strategi ST (*Strength-Threat*) menggunakan kekuatan internal untuk menghadapi ancaman eksternal, strategi WO (*Weakness-Opportunity*) bertujuan meminimalkan kelemahan dengan memanfaatkan peluang, sedangkan strategi WT (*Weakness-Threat*) bersifat defensif dengan meminimalkan kelemahan dan menghindari ancaman. Analisis SWOT memungkinkan UMKM merancang strategi yang realistis, meningkatkan daya saing, dan beradaptasi dengan dinamika pasar tanpa memerlukan sumber daya besar, sehingga mendukung pertumbuhan berkelanjutan (Maulana, 2025).

Matriks Grand Strategy

Matriks Grand Strategy merupakan alat analisis yang digunakan untuk menentukan arah strategi utama perusahaan dengan mempertimbangkan kombinasi antara faktor internal dan eksternal. Menurut Purwanto dan Afandi (2021) matriks ini terbagi ke dalam empat kuadran strategis. Kuadran I, menunjukkan perusahaan dengan kekuatan internal dan peluang eksternal tinggi sehingga menerapkan strategi pertumbuhan agresif seperti ekspansi pasar dan pengembangan produk. Kuadran II, menunjukkan perusahaan dengan kekuatan internal namun menghadapi ancaman eksternal sehingga strategi yang digunakan adalah diversifikasi produk atau pasar. Kuadran III menunjukkan peluang eksternal besar tetapi memiliki kelemahan internal sehingga diperlukan *turnaround strategy* melalui perbaikan internal dan efisiensi

operasional. Keempat, kuadran IV menunjukkan kondisi kelemahan internal dan ancaman eksternal tinggi sehingga perusahaan menerapkan *defensive strategy* seperti efisiensi biaya, fokus pada inti bisnis, atau restrukturisasi.

Penelitian Terdahulu

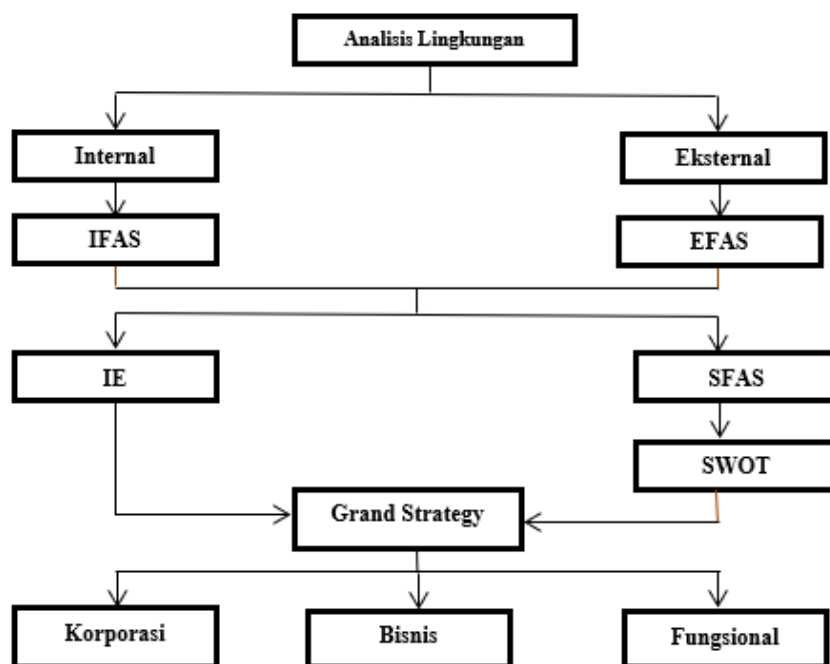
Tabel 1. Penelitian Terdahulu

| No | Peneliti dan Tahun | Judul Penelitian | Metode/Alat Analisis | Hasil Penelitian |
|----|------------------------------|---|---|--|
| 1 | Azzahra <i>et al.</i> (2025) | Analisis <i>Quality in Use</i> dan SWOT Produk <i>Skincare</i> Lokal dan Global Berdasarkan Sentimen Pengguna | Analisis <i>Quality in Use</i> dan SWOT dengan data ulasan pengguna | Produk <i>skincare</i> lokal unggul pada harga dan kesesuaian dengan iklim tropis, namun memiliki kelemahan pada konsistensi hasil. Produk global lebih inovatif tetapi kurang terjangkau. Analisis SWOT digunakan untuk merumuskan strategi peningkatan kualitas produk lokal. |
| 2 | Cholistiana (2024) | Peran Analisis SWOT dalam Perumusan Strategi Bisnis untuk UKM dalam Menghadapi Persaingan Global | Analisis SWOT | Penelitian menunjukkan bahwa kekuatan UKM seperti kualitas produk, inovasi, dan layanan pelanggan dapat dimanfaatkan untuk bersaing dengan perusahaan besar. Strategi yang disarankan meliputi diversifikasi usaha, peningkatan akses pendanaan, serta pengembangan sumber daya manusia. |
| 3 | Hidayah <i>et al.</i> (2024) | Strategi Perencanaan dan Pengembangan Bisnis untuk Meningkatkan Penjualan pada Salon Kecantikan | Studi literatur dan Analisis SWOT | Hasil penelitian menunjukkan kekuatan salon terletak pada layanan berbasis produk organik dan tenaga kerja terampil. Strategi pengembangan meliputi pemanfaatan media sosial, peningkatan kompetensi SDM, serta inovasi layanan untuk meningkatkan penjualan. |

Beberapa penelitian terdahulu menunjukkan bahwa analisis SWOT sering digunakan sebagai alat untuk merumuskan strategi bisnis pada berbagai sektor usaha. Namun, sebagian penelitian masih terbatas karena hanya menggunakan analisis SWOT tanpa mengintegrasikan alat analisis strategis lainnya secara komprehensif. Selain itu, penelitian yang secara khusus mengkaji strategi bisnis pada usaha kecantikan dan kesehatan berbasis herbal yang memanfaatkan kearifan lokal masih terbatas. Oleh karena itu, penelitian ini mengintegrasikan beberapa alat analisis strategis, yaitu IFAS, EFAS, SFAS, analisis SWOT, matriks IE, dan *Grand Strategy Matrix* untuk menghasilkan perumusan strategi bisnis yang lebih komprehensif. Kebaruan penelitian ini terletak pada integrasi berbagai alat analisis dalam merumuskan strategi bisnis pada UMKM kecantikan dan kesehatan berbasis herbal kearifan lokal.

Kerangka Penelitian

Kerangka penelitian digunakan untuk merumuskan strategi bisnis secara sistematis. Penelitian dimulai dengan analisis lingkungan internal melalui IFAS dan lingkungan eksternal melalui EFAS, setiap faktor dinilai berdasarkan bobot dan rating untuk menentukan tingkat kepentingannya. Hasil IFAS dan EFAS kemudian dipetakan ke dalam Matriks IE untuk mengetahui posisi strategis perusahaan. Selanjutnya dilakukan analisis SWOT untuk mengevaluasi faktor internal dan eksternal secara komprehensif. Berdasarkan analisis tersebut, matriks *Grand Strategy* disusun dengan mengintegrasikan strategi korporasi, bisnis, dan fungsional, sehingga menghasilkan strategi bisnis yang siap diimplementasikan untuk mencapai tujuan organisasi secara efektif dan berkelanjutan.



Gambar 1. Kerangka Penelitian

METODE PENELITIAN

Penelitian ini menggunakan pendekatan kualitatif deskriptif dengan metode studi kasus untuk memahami perumusan strategi bisnis pada Yakuzha *Beauty and Health* yang berlokasi di Kabupaten Wajo, Provinsi Sulawesi Selatan. Penelitian dilaksanakan pada bulan Maret hingga Oktober 2025. Rentang waktu ini dipilih untuk memperoleh data yang memadai mengenai aktivitas operasional usaha, perilaku pelanggan, serta dinamika pasar yang terjadi dalam beberapa periode penjualan. Penentuan responden menggunakan teknik *purposive sampling* yang terdiri dari pemilik usaha, 5 karyawan, dan 62 pelanggan tetap, sehingga total responden berjumlah 68 orang. Pelanggan tetap dipilih dengan kriteria pernah melakukan pembelian lebih dari tiga kali serta menggunakan produk Yakuzha *Beauty and Health* guna memperoleh perspektif mengenai kepuasan dan preferensi konsumen terhadap produk yang ditawarkan.

Pengumpulan data dilakukan melalui wawancara semi-terstruktur, kuesioner, dan analisis dokumen internal usaha. Wawancara dilakukan kepada pemilik dan karyawan untuk memperoleh informasi mengenai kondisi internal dan eksternal Perusahaan. Sementara itu, kuesioner disebarkan dalam bentuk *Google Form* kepada pemilik, karyawan, dan pelanggan tetap untuk mengukur tingkat kepuasan pelanggan, preferensi konsumen, serta faktor-faktor yang memengaruhi performa usaha dengan menggunakan skala *Likert* 1–4 untuk mengukur tingkat kepentingan setiap faktor. Validitas data diperkuat melalui triangulasi sumber dengan membandingkan informasi dari pemilik, karyawan, dan pelanggan, triangulasi metode melalui kombinasi wawancara, kuesioner, dan analisis dokumen, serta *peer checking* melalui diskusi dengan rekan peneliti guna meminimalkan bias interpretasi data.

Analisis data dilakukan melalui beberapa tahapan yang terintegrasi dalam proses perumusan strategi bisnis. Tahap awal dilakukan dengan mengidentifikasi faktor-faktor strategis internal berupa kekuatan dan kelemahan serta faktor eksternal berupa peluang dan ancaman. Faktor-faktor tersebut dianalisis untuk dimasukkan dalam matriks IFAS dan EFAS

untuk menentukan bobot, rating, dan skor tertimbang, kemudian dirangkum dalam matriks SFAS untuk menentukan prioritas strategi. Selanjutnya disusun matriks SWOT untuk menghasilkan alternatif strategi, yang kemudian dipetakan dalam matriks IE untuk menentukan posisi strategis perusahaan. Tahap akhir menggunakan Grand Strategy Matrix untuk menentukan arah strategi utama perusahaan. Hasil analisis tersebut digunakan untuk merumuskan strategi bisnis pada tingkat korporasi, bisnis, dan fungsional.

HASIL DAN PEMBAHASAN

Analisis faktor internal Yakuzha *Beauty and Health* menggunakan pendekatan *Resource Based Approach* (RBA) untuk mengidentifikasi sumber daya dan kapabilitas usaha. Perusahaan memiliki aset berwujud berupa fasilitas produksi dan layanan yang memadai meski masih bersifat manual, serta lokasi usaha yang mudah dijangkau pelanggan lokal namun kurang strategis untuk ekspansi pasar. Aset tidak berwujud meliputi: merek berbasis kearifan lokal, penggunaan bahan alami khas, serta formula turun-temurun yang menjadi keunikan produk. Kelemahan utama terletak pada belum adanya perlindungan hukum dan sertifikasi resmi. Secara organisasi, budaya kerja berorientasi pada pelayanan ramah dan kualitas bahan alami, namun belum didukung SOP tertulis dan strategi pemasaran digital yang optimal. Secara umum, kekuatan utama terletak pada keunikan produk lokal, citra positif, dan layanan personal, sedangkan kelemahan mencakup keterbatasan legalitas, kapasitas produksi, serta promosi digital.

Analisis faktor lingkungan eksternal meliputi aspek fisik, sosial, dan lingkungan tugas. Kondisi geografis Kabupaten Wajo mendukung ketersediaan bahan baku herbal lokal dengan harga stabil, meskipun terdapat resiko cuaca ekstrem dan kendala distribusi. Sisi politik dan ekonomi, dukungan pemerintah melalui program KUR dan pameran UMKM menjadi peluang, sedangkan regulasi ketat dan fluktuasi daya beli menjadi tantangan. Aspek sosial budaya menunjukkan peluang dari tingginya kepercayaan masyarakat terhadap pengobatan herbal dan tren hidup sehat. Sisi teknologi, pemanfaatan *e-commerce* dan pemasaran digital masih terbatas, sementara aspek lingkungan belum sepenuhnya menerapkan kemasan ramah lingkungan. Keterbatasan legalitas juga menjadi hambatan hukum utama. Hasil analisis *Porter's Five Forces* menunjukkan ancaman kuat dari pendatang baru, daya tawar pembeli besar, serta produk substitusi modern. Secara keseluruhan, peluang utama meliputi dukungan pemerintah, tren hidup sehat, dan digitalisasi UMKM, sedangkan ancaman mencakup regulasi ketat, fluktuasi ekonomi, serta persaingan dengan produk modern bersertifikasi.

Berdasarkan hasil analisis faktor-faktor internal dan eksternal Yakuzha *Beauty and Health* selanjutnya disusun dalam Matriks IFAS dan EFAS. Analisis faktor internal disusun melalui Matriks IFAS dengan memberikan bobot berdasarkan tingkat kepentingan faktor serta *rating* yang mencerminkan kondisi perusahaan terhadap faktor yang meliputi kekuatan dan kelemahan. Matriks IFAS disajikan pada Tabel 2.

Tabel 2. Matriks IFAS

| Faktor Internal Strategi | Bobot | Rating | Skor Tertimbang | Komentar | |
|-------------------------------|------------------------------|--------|-----------------|----------|---|
| Kekuatan (<i>Strengths</i>) | | | | | |
| S1 | Merek lokal berbasis herbal. | 0,0745 | 3,7 | 0,2732 | Identitas kearifan lokal dan bahan alami. |
| S2 | Bahan baku unik dan alami. | 0,0821 | 3,8 | 0,3145 | Alami, segar, dan jarang digunakan pesaing. |

| | | | | | |
|---------------------------------|-------------------------------------|--------|-----|--------|---|
| S3 | Formula turun-temurun. | 0,0718 | 3,5 | 0,2513 | Ciri khas yang sulit ditiru. |
| S4 | Harga terjangkau. | 0,0697 | 3,3 | 0,2323 | Sesuai daya beli masyarakat. |
| S5 | Produk dikenal dan bermanfaat. | 0,0728 | 3,3 | 0,2426 | Memberikan khasiat. |
| S6 | Budaya kerja ramah dan SDM terampil | 0,0718 | 3,3 | 0,2393 | Pelayanan ramah dan terampil dalam perawatan tradisional. |
| S7 | Kombinasi produk dan layanan. | 0,0694 | 3,3 | 0,2313 | Dua jenis usaha dalam satu bisnis. |
| S8 | Home <i>service</i> tersedia. | 0,0708 | 3,5 | 0,2478 | Kemudahan jangkauan bagi pelanggan. |
| Total Kekuatan | | 0,5828 | | 2,0323 | |
| Kelemahan (<i>Weaknesses</i>) | | | | | |
| W1 | Lokasi kurang strategis. | 0,048 | 2,5 | 0,1199 | Distribusi pasar kurang optimal. |
| W2 | Produksi terbatas. | 0,0513 | 3 | 0,1538 | Peralatan masih manual. |
| W3 | Belum ada izin dan HKI. | 0,0581 | 2,7 | 0,155 | HKI dan izin resmi (BPOM/PIRT). |
| W4 | SOP belum tertulis. | 0,041 | 1,8 | 0,0752 | SOP kerja dan kualitas produk. |
| W5 | Pemasaran dan digital minim. | 0,0513 | 2,8 | 0,1453 | Promosi tanpa riset, brosur, dan media sosial sederhana. |
| W6 | Keuangan sederhana. | 0,041 | 1,5 | 0,0615 | Pencatatan belum terintegrasi sistem modern. |
| W7 | SDM tanpa pelatihan formal. | 0,0342 | 1,8 | 0,0627 | Bergantung pengalaman tanpa dasar ilmiah. |
| W8 | Modal promosi terbatas. | 0,0581 | 2,3 | 0,1356 | Promosi dalam skala besar. |
| W9 | Karyawan terbatas. | 0,0342 | 1,3 | 0,0456 | Sulit ekspansi usaha. |
| Total Kelemahan | | 0,4172 | | 0,9547 | |
| Total Keseluruhan | | 1,0000 | | 2,9870 | |

Sumber: Data diolah, 2025.

Hasil penyusunan Matriks IFAS pada *Yakuzha Beauty and Health* diperoleh total skor tertimbang sebesar 2,9870. Nilai tersebut menunjukkan bahwa kondisi internal perusahaan relatif seimbang antara kekuatan dan kelemahan, dengan dominasi kekuatan yang masih lebih besar. Beberapa kekuatan utama yang dimiliki perusahaan antara lain penggunaan bahan baku alami yang unik, keberadaan formula turun-temurun, serta identitas merek lokal berbasis herbal. Keunggulan tersebut memberikan diferensiasi produk yang cukup kuat dibandingkan dengan pesaing yang menawarkan produk kecantikan berbasis bahan kimia atau produk massal. Namun demikian, perusahaan masih menghadapi beberapa kelemahan, antara lain keterbatasan kapasitas produksi, belum optimalnya pemasaran digital, serta belum tersedianya Standar Operasional Prosedur (SOP) yang terdokumentasi secara formal. Selain itu, aspek legalitas produk seperti perlindungan Hak Kekayaan Intelektual (HKI) dan izin resmi juga masih perlu diperkuat agar perusahaan dapat memperluas jangkauan distribusi dan meningkatkan kepercayaan konsumen. Temuan ini menunjukkan bahwa meskipun perusahaan memiliki potensi internal yang cukup baik, masih perlu melakukan penguatan pada aspek manajerial, pemasaran, dan legalitas produk untuk meningkatkan daya saing usaha secara berkelanjutan.

Analisis faktor eksternal dilakukan melalui matriks EFAS untuk mengetahui tingkat pengaruh masing-masing faktor terhadap strategi perusahaan. Hasil matriks EFAS yang meliputi peluang dan ancaman. Matriks EFAS disajikan pada Tabel 3.

Tabel 3. Matriks EFAS

| Faktor Eksternal Strategi | Bobot | Rating | Skor Tertimbang | Komentar | |
|--------------------------------|---------------------------------------|--------|-----------------|----------|---|
| 1 | 2 | 3 | 4 | 5 | |
| <i>Peluang (Opportunities)</i> | | | | | |
| O1 | Dukungan pemerintah. | 0,0581 | 3,2 | 0,1840 | Program KUR, bantuan peralatan, pameran. |
| O2 | Program digitalisasi dan sertifikasi. | 0,0557 | 3,8 | 0,2134 | Pendampingan digitalisasi dan sertifikasi produk. |
| O3 | Budaya mendukung herbal. | 0,0485 | 3,7 | 0,1778 | Masyarakat masih menggunakan obat herbal tradisional. |
| O4 | Tren hidup sehat. | 0,0529 | 3,8 | 0,2029 | Meningkatnya minat produk alami. |
| O5 | Bahan baku stabil dan murah. | 0,0533 | 3,2 | 0,1686 | Ketersediaan bahan stabil dengan harga terjangkau. |
| O6 | Media sosial dan <i>e-commerce</i> . | 0,0581 | 3,7 | 0,2130 | Memanfaatkan media sosial untuk distribusi luas. |
| O7 | Kemitraan luas. | 0,053 | 3,3 | 0,1766 | Petani lokal, <i>reseller</i> , distributor, atau klinik/spa. |
| O8 | Segmen generasi muda potensial. | 0,0494 | 2,8 | 0,1400 | Apabila produk dikemas dengan desain menarik. |
| Total Peluang | | 0,4289 | | 1,4763 | |
| <i>Ancaman (Threats)</i> | | | | | |
| T1 | Regulasi izin ketat. | 0,0387 | 3,3 | 0,1291 | Membatasi pemasaran. |
| T2 | Fluktuasi ekonomi. | 0,3849 | 3,2 | 1,2187 | Menurunkan daya beli konsumen. |
| T3 | Cuaca ekstrem dan harga naik. | 0,0436 | 2,3 | 0,1017 | Meningkatkan biaya produksi. |
| T4 | Persaingan ketat. | 0,0315 | 3,2 | 0,0996 | Produk modern, izin lengkap, dan digital marketing kuat. |
| T5 | Konsumen kurang loyal. | 0,0483 | 3,2 | 0,1528 | Mudah beralih ke produk modern. |
| T6 | Pesaing lebih inovatif. | 0,0242 | 1,7 | 0,0403 | Cepat meluncurkan produk baru. |
| Total Ancaman | | 0,5711 | | 1,7423 | |
| Total Keseluruhan | | 1,0000 | | 3,2186 | |

Sumber: Data diolah, 2025.

Sebagaimana terlihat pada Tabel 3 matriks EFAS hanya menampilkan faktor peluang dan ancaman, karena kedua faktor tersebut merupakan komponen utama dalam analisis lingkungan eksternal perusahaan. Sementara itu, faktor kekuatan dan kelemahan dianalisis secara terpisah dalam matriks IFAS yang menggambarkan kondisi internal perusahaan. Berdasarkan hasil penyusunan Matriks EFAS, diperoleh total skor tertimbang sebesar 3,2186, yang menunjukkan bahwa perusahaan memiliki kemampuan yang cukup baik dalam merespons dengan peluang yang tersedia di lingkungan bisnis relatif lebih besar dibandingkan dengan ancaman yang dihadapi. Beberapa peluang utama yang dapat dimanfaatkan oleh perusahaan antara lain meningkatnya tren gaya hidup sehat, dukungan pemerintah terhadap pengembangan UMKM, serta pemanfaatan media sosial dan platform *e-commerce* sebagai sarana pemasaran produk. Namun, perusahaan juga menghadapi beberapa ancaman yang perlu

diantisipasi, seperti persaingan yang semakin ketat, fluktuasi kondisi ekonomi, regulasi perizinan produk yang semakin tegas, dan perubahan preferensi konsumen terhadap produk modern. Oleh karena itu, perusahaan perlu memperkuat inovasi produk dan strategi pemasaran untuk memepertahankan daya saing di pasar. Setelah dilakukan analisis melalui matriks IFAS dan EFAS, selanjutnya menyusun *Strategic Factor Analysis Summary* (SFAS) yang digunakan untuk merangkum faktor-faktor strategis utama, dipilih dari hasil analisis IFAS dan EFAS, kemudian diberi bobot dan rating untuk menentukan tingkat pengaruhnya terhadap strategi perusahaan. Hasil SFAS disajikan pada Tabel 4.

Tabel 4. Matriks SFAS

| Faktor Strategi | Bobot | Rating | Skor | Durasi | | | Komentar | |
|--------------------------------|---------------------------------------|--------|------|--------|----------|---------|--|--|
| | | | | Pendek | Menengah | Panjang | | |
| <i>Kekuatan (Strength)</i> | | | | | | | | |
| S1 | Merek lokal berbasis herbal. | 0,10 | 3,7 | 0,37 | | ✓ | Identitas lokal dan herbal | |
| S2 | Bahan baku unik dan alami. | 0,15 | 3,8 | 0,58 | ✓ | | Bahan baku jarang digunakan pesaing. | |
| S3 | Formula turun-temurun. | 0,10 | 3,5 | 0,35 | | ✓ | Formula khas dan sulit ditiru. | |
| <i>Kelemahan (Weaknesses)</i> | | | | | | | | |
| W2 | Produksi terbatas. | 0,08 | 3,8 | 0,31 | ✓ | | Peralatan masih manual. | |
| W3 | Belum ada izin dan HKI. | 0,08 | 3,5 | 0,28 | ✓ | | Legalitas (HKI/izin) belum lengkap | |
| W5 | Pemasaran dan digital minim. | 0,08 | 3,3 | 0,27 | ✓ | | Promosi sederhana dan pemanfaatan digital minim. | |
| <i>Peluang (Opportunities)</i> | | | | | | | | |
| O2 | Program digitalisasi dan sertifikasi. | 0,07 | 3,7 | 0,26 | | ✓ | Program pendampingan | |
| O4 | Tren hidup sehat. | 0,06 | 3,5 | 0,21 | | ✓ | Meningkatkan minat produk alami. | |
| O6 | Media sosial dan e-commerce. | 0,08 | 3,3 | 0,27 | ✓ | | Membuka peluang distribusi lebih luas. | |
| <i>Ancaman (Threats)</i> | | | | | | | | |
| T1 | Regulasi izin ketat. | 0,08 | 3,8 | 0,31 | | ✓ | (Perizinan, BPOM/PIRT) membatasi pemasaran. | |
| T2 | Fluktuasi ekonomi. | 0,05 | 3,5 | 0,18 | | ✓ | Menurunkan daya beli konsumen. | |
| T5 | Konsumen kurang loyal. | 0,07 | 3,3 | 0,23 | | ✓ | Mudah beralih ke produk modern. | |
| Total | | 1,00 | | 3,60 | | | | |

Sumber: Data diolah, 2025.

Hasil penyusunan Matriks SFAS menunjukkan total skor tertimbang sebesar 3,60. Nilai ini menunjukkan bahwa Yakuzha *Beauty and Health* memiliki posisi strategis yang relatif kuat dalam menghadapi dinamika lingkungan bisnis. Dominasi skor tersebut berasal dari kekuatan internal perusahaan, seperti penggunaan bahan baku alami yang unik, keberadaan formula turun-temurun, serta identitas merek berbasis kearifan lokal yang menjadi pembeda utama dibandingkan dengan pesaing. Kelemahan yang perlu ditangani mencakup ketiadaan izin resmi dan keterbatasan kapasitas produksi. Selain itu, peluang eksternal seperti meningkatnya tren gaya hidup sehat, dukungan pemerintah terhadap UMKM dan berkembangnya pemasaran digital juga memberikan potensi besar bagi perusahaan untuk memperluas jangkauan pasar. Sementara ancaman utama meliputi ketatnya regulasi, rendahnya loyalitas pelanggan, dan fluktuasi harga bahan baku. Secara keseluruhan, hasil SFAS menunjukkan bahwa perusahaan berada pada posisi strategis yang cukup baik dengan dominasi kekuatan dan peluang yang mendukung perumusan strategi pertumbuhan berkelanjutan.

Setelah faktor-faktor dirangkum dalam matriks SFAS, tahap selanjutnya adalah mengintegrasikan faktor-faktor strategis utama ke dalam matriks SWOT untuk menghasilkan beberapa alternatif strategi yang disajikan pada Gambar 2.

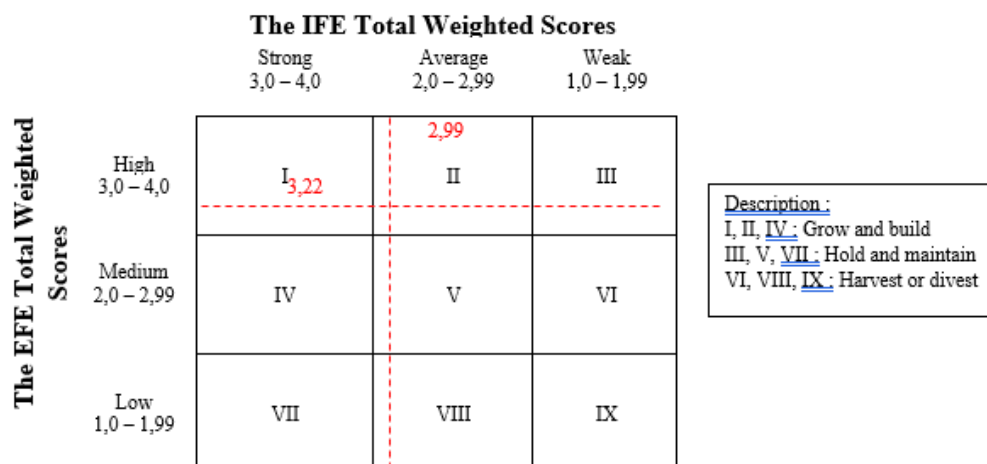
| | | |
|---|--|---|
| FAKTOR INTERNAL (IFAS) | Kekuatan (S) | Kelemahan (W) |
| FAKTOR EKSTERNAL (EFAS) | S1 Merek lokal berbasis herbal. S2 Bahan baku unik dan alami. S3 Formula turun-temurun. | W2 Produksi terbatas. W3 Belum ada izin dan HKI. W5 Pemasaran dan digital minim. |
| Peluang (O) | Strategi (SO) | Strategi (WO) |
| O2 Program digitalisasi dan sertifikasi. O4 Tren hidup sehat. O6 Media sosial dan e-commerce. | 1. Membangun citra produk herbal sehat dengan memanfaatkan tren hidup sehat dan media sosial (S1;S2;O4;O6). 2. Menggabungkan nilai tradisi dan sertifikasi resmi untuk meningkatkan kepercayaan konsumen (S3;O2). 3. Memperluas pasar melalui penjualan <i>online</i> dan <i>e-commerce</i> (S1;O6). | 1. Mengikuti program sertifikasi dan digitalisasi untuk mengatasi keterbatasan produksi dan legalitas (W2;W3;O2). 2. Memanfaatkan media sosial dengan biaya rendah sebagai sarana promosi (W5;O6). 3. Bekerja sama dengan pemerintah atau lembaga pendamping UMKM untuk pelatihan dan promosi (W3;O2;O6). |
| Ancaman (T) | Strategi (ST) | Strategi (WT) |
| T1 Regulasi izin ketat. T2 Fluktuasi ekonomi. T5 Konsumen kurang loyal. | 1. Menonjolkan keunikan bahan alami dan warisan tradisi untuk meningkatkan keterikatan emosional pelanggan (S2;S3;T5). 2. Membangun program loyalitas pelanggan dan komunikasi aktif untuk menjaga pelanggan agar tidak beralih ke produk lain. (S1;T5). 3. Menggunakan bahan baku lokal yang murah untuk tetap kompetitif saat terjadi fluktuasi ekonomi (S2;T2). | 1. Segera mengurus izin resmi (PIRT/BPOM) dan HKI agar dapat bersaing secara legal (W3;T1). 2. Meningkatkan efisiensi biaya produksi dengan peralatan sederhana yang lebih modern (W2;T2). 3. Memaksimalkan pemasaran digital untuk menjaga loyalitas dan memperkuat hubungan dengan pelanggan. (W5;T5). |

Gambar 2. Matriks SWOT Yakuzha *Beauty and Health*
 Sumber: Data diolah, 2025.

Hasil analisis matriks SWOT pada Yakuzha *Beauty and Health* menunjukkan kombinasi faktor internal dan eksternal yang menjadi dasar perumusan strategi pengembangan usaha.

Berdasarkan matriks SWOT, diperoleh empat strategi utama, yaitu SO, WO, ST, dan WT. Strategi SO menekankan pemanfaatan kekuatan berupa merek lokal berbasis herbal, penggunaan bahan alami unik, serta formula produk yang diwariskan secara turun-temurun untuk menangkap peluang pasar yang muncul dari meningkatnya tren gaya hidup sehat, program sertifikasi, serta perkembangan *e-commerce* dan media sosial. Sementara itu, strategi WO difokuskan pada upaya memanfaatkan peluang eksternal guna mengatasi kelemahan seperti keterbatasan kapasitas produksi, belum optimalnya legalitas produk, serta terbatasnya pemanfaatan pemasaran digital. Peluang berupa dukungan program pemerintah terhadap pengembangan UMKM dan berbagai program pelatihan kewirausahaan dapat dimanfaatkan untuk meningkatkan kapasitas produksi, memperkuat legalitas usaha, serta meningkatkan kemampuan promosi digital. Strategi ST diarahkan pada pemanfaatan keunggulan produk alami untuk menghadapi ancaman berupa regulasi ketat, loyalitas konsumen yang rendah, dan fluktuasi ekonomi dengan membangun loyalitas pelanggan serta efisiensi bahan baku lokal. Adapun strategi WT lebih bersifat defensif, yaitu dengan memperkuat melalui legalisasi produk, peningkatan kualitas peralatan produksi, serta optimalisasi pemasaran digital agar mampu bertahan di tengah persaingan pasar yang semakin ketat. Secara keseluruhan, hasil analisis SWOT menunjukkan bahwa strategi yang paling potensial bagi Perusahaan adalah strategi SO, yang memanfaatkan kekuatan produk herbal berbasis kearifan lokal untuk menangkap peluang pasar yang terus berkembang.

Setelah melakukan penyusunan matriks SWOT, selanjutnya menentukan posisi strategis perusahaan menggunakan Matriks *Internal-External* (IE) yang memetakan posisi perusahaan berdasarkan hasil skor total matriks IFAS dan EFAS, disajikan pada Gambar 3.



Gambar 3. Matriks IE Yakuzha *Beauty and Health*
 Sumber: Data diolah, 2025.

Berdasarkan hasil Matriks IE menunjukkan bahwa Yakuzha *Beauty and Health* memperoleh skor total tertimbang IFE sebesar 2,99 dan EFE sebesar 3,22, sehingga berada pada Kuadran II (*Growth and Build*). Posisi ini menandakan perusahaan memiliki kekuatan internal dan mampu merespons peluang eksternal dengan baik. Walaupun masih terdapat kelemahan pada legalitas, promosi, dan pengelolaan SDM, perusahaan tetap dapat memanfaatkan peluang seperti dukungan pemerintah terhadap UMKM, meningkatnya tren hidup sehat, serta perkembangan teknologi digital dan *e-commerce*. Berdasarkan posisi tersebut, strategi yang direkomendasikan meliputi penetrasi pasar, pengembangan pasar, dan

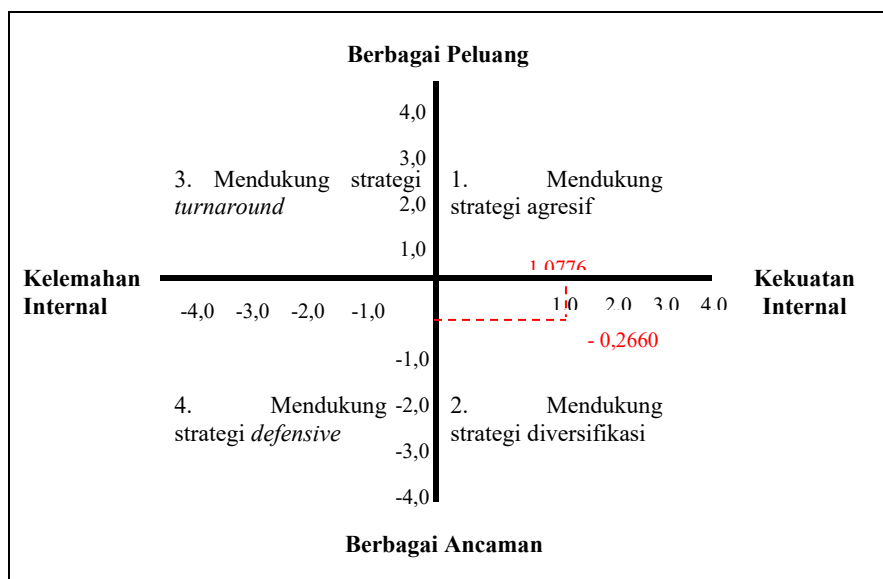
inovasi produk herbal berbasis sumber daya lokal. Perusahaan juga perlu memperkuat legalitas, mengoptimalkan pemasaran digital, serta meningkatkan kapasitas produksi dan kompetensi SDM. Penerapan strategi ini diharapkan memperkuat daya saing dan mendorong pertumbuhan usaha berkelanjutan pada industri kecantikan dan kesehatan herbal.

Setelah posisi strategis ditentukan melalui Matriks IE, analisis dilanjutkan dengan Matriks *Grand Strategy* untuk memetakan kondisi perusahaan. Posisi pada Matriks *Grand Strategy* ditentukan dari selisih kekuatan dan kelemahan (S-W) serta peluang dan ancaman (O-T). Nilai tersebut digunakan sebagai koordinat untuk menentukan posisi Yakuzha *Beauty and Health* dalam kuadran. Hasil perhitungan disajikan pada Tabel 5 dan pemetaan posisi perusahaan dalam Matriks *Grand Strategy* ditunjukkan pada Gambar 4.

Tabel 5. Perhitungan Matriks *Grand Strategy*

| Faktor Analisis | Sub Total | Selisih |
|-----------------|-----------|--------------------------|
| Kekuatan (S) | 2,0323 | S-W |
| Kelemahan (W) | 0,9547 | 2,0323-0,9547 = 1,0776 |
| Peluang (O) | 1,4763 | O-T |
| Ancaman (T) | 1,7423 | 1,4763-1,7423 = (0,2660) |

Sumber: Data diolah, 2025



Gambar 4. Matriks *Grand Strategy*
 Sumber: Data diolah, 2025.

Hasil analisis Matriks *Grand Strategy* menunjukkan bahwa Yakuzha *Beauty and Health* berada pada Kuadran II, dengan selisih faktor internal (S-W) 1,0776 dan eksternal (O-T) sebesar -0,2660. Posisi ini menunjukkan perusahaan memiliki kapasitas internal untuk berkembang namun perlu menyesuaikan strategi dalam menghadapi ancaman bisnis adalah strategi diversifikasi, baik dalam bentuk diversifikasi produk maupun diversifikasi pasar. Temuan ini konsisten dengan hasil penelitian Agustina (2024) yang menunjukkan posisi perusahaan berada pada Kuadran II dalam Matriks *Grand Strategy*, dan strategi yang direkomendasikan adalah diversifikasi melalui pemanfaatan kekuatan internal untuk menangkap peluang jangka panjang.

Diversifikasi produk dapat dilakukan melalui pengembangan varian produk herbal baru yang tetap memertahankan keunikan bahan alami dan nilai tradisional, namun dikemas secara modern dan sesuai dengan preferensi konsumen masa kini. Sementara itu, diversifikasi pasar dapat dilakukan dengan memperluas jangkauan distribusi melalui pemanfaatan media sosial, platform *e-commerce*, dan kemitraan dengan klinik kecantikan, toko herbal, maupun komunitas kesehatan. Selain itu, perusahaan juga dapat mengembangkan layanan pendukung seperti layanan *home service* perawatan herbal, edukasi atau pelatihan kecantikan berbasis bahan alami. Melalui penerapan strategi ini, perusahaan diharapkan mampu memperluas peluang pasar, meningkatkan nilai tambah produk, serta memperkuat daya saing usaha secara berkelanjutan. Oleh karena itu, hasil analisis Matriks *Grand Strategy* tersebut menjadi dasar dalam perumusan strategi bisnis Yakuzha *Beauty and Health* pada tingkat korporasi, unit bisnis, dan fungsional.

Tabel 6. Rekomendasi Strategi

| Tingkat Strategi | Jenis Strategi | Rincian Strategi |
|----------------------|--|--|
| Strategi Korporasi | Strategi Pertumbuhan (<i>Growth Strategy</i>) Diversifikasi Konsentris | i) Melakukan diversifikasi produk dengan menambah varian produk herbal baru untuk perawatan tubuh dan kesehatan berbasis bahan alami lokal (seperti lulur, masker, <i>skincare</i>) ii) Pengembangan pasar, fokus pada segmen digital (<i>marketplace</i> , <i>e-commerce</i> , dan media sosial) serta menjangkau konsumen generasi muda tanpa meninggalkan pelanggan loyal. iii) Peningkatan legalitas dan standar produk dengan mengupayakan sertifikasi resmi (BPOM/PIRT, HKI) untuk memperkuat citra produk dan memperluas akses pasar formal. iv) Mengikuti program pelatihan, pendampingan, dan pendanaan pemerintah/UMKM guna memperkuat kapasitas dan daya saing usaha. |
| Strategi Unit Bisnis | Diferensiasi dan Aliansi strategis | i) Diferensiasi: Menekankan keunikan bahan alami, formula tradisional, dan nilai kearifan lokal. ii) Aliansi dan Kemitraan: Menjalin kerja sama dengan petani herbal lokal, <i>reseller</i> , serta klinik/spa; fokus pada segmen generasi muda dan pelanggan spa/klinik herbal untuk memperkuat rantai pasok dan distribusi. iii).Fokus pasar tertentu: Mengarahkan promosi ke segmen konsumen muda dan pelanggan yang peduli produk alami dan ramah lingkungan. |
| Strategi Fungsional | Pemasaran SDM (Sumber Daya Manusia) Keuangan Produksi dan Operasional | Digital marketing (media sosial dan <i>marketplace</i>), <i>storytelling</i> berbasis kearifan lokal, program loyalitas pelanggan, kolaborasi dengan konten kreator/ <i>influencer</i> , serta menetapkan strategi harga penetrasi untuk menarik pelanggan baru di awal peluncuran produk baru. Pelatihan keterampilan perawatan tradisional dan digitalisasi bisnis, peningkatan profesionalitas SDM dengan pendampingan UMKM, penerapan insentif berbasis kinerja. Pencatatan keuangan terintegrasi dengan aplikasi/ <i>software</i> akuntansi; memanfaatkan program pendanaan pemerintah (KUR/hibah UMKM); penyusunan rencana keuangan jangka menengah untuk pertumbuhan berkelanjutan. Modernisasi peralatan produksi sederhana, menjaga kualitas bahan baku herbal dengan standar seleksi, melakukan riset tren konsumen, penyusunan SOP tertulis terkait produksi dan pelayanan. |

Hasil integrasi Matriks IE dan *Grand Strategy* menunjukkan Yakuzha *Beauty and Health* berada pada Kuadran II dengan strategi direkomendasikan diversifikasi konsentris. Strategi ini dipilih, karena memungkinkan pengembangan produk baru yang tetap berkaitan dengan kompetensi inti, seperti penggunaan bahan herbal alami dan citra merek berbasis kearifan lokal. Posisi tersebut menunjukkan perusahaan memiliki kekuatan internal, namun menghadapi persaingan industri dan perubahan tren pasar. Selain itu, strategi yang paling relevan adalah pendekatan strategi SO (*Strength–Opportunity*), yaitu memanfaatkan kekuatan internal perusahaan untuk menangkap peluang pasar yang tersedia, khususnya melalui pemanfaatan citra merek berbasis kearifan lokal, penggunaan bahan herbal alami, serta formula tradisional yang menjadi keunggulan produk. Hasil penelitian Yani *et al.* (2023) menyatakan bahwa strategi SO paling layak diterapkan karena memanfaatkan kekuatan internal secara optimal untuk mengeksplorasi peluang eksternal.

Pada tingkat korporasi, strategi difokuskan pada diversifikasi produk herbal seperti lulur, masker, dan *skincare* alami. Dinillah (2024) menyatakan bahwa posisi perusahaan berdasarkan Matriks IE berada pada Kuadran II (*grow and build*), sehingga strategi yang direkomendasikan adalah strategi tumbuh dan berkembang melalui integrasi, penetrasi pasar, dan pengembangan produk. Penelitian pada UMKM di Indonesia menemukan bahwa strategi diversifikasi produk horizontal (menambah varian produk) meningkatkan daya saing UMKM (Hariyanti *et al.*, 2023). Pengembangan pasar dilakukan melalui pemasaran digital menggunakan *e-commerce* dan media sosial. Langkah ini perlu didukung oleh penguatan legalitas usaha dan peningkatan kapasitas manajerial UMKM.

Pada tingkat unit bisnis, pendekatan strategi diferensiasi menjadi fokus utama dengan menonjolkan keunikan bahan alami, nilai tradisional, serta identitas sebagai elemen pembeda produk di pasar. UMKM perlu memanfaatkan keunggulan unik seperti diferensiasi produk, nilai budaya lokal, serta pemanfaatan teknologi digital untuk memperluas jangkauan pasar (Maksum & Annisa, 2022). Selain itu, perusahaan dapat membangun aliansi strategis melalui kemitraan dengan petani lokal, *reseller*, serta klinik kecantikan atau spa herbal guna memperkuat rantai pasok sekaligus memperluas jaringan distribusi produk. Sementara itu, pada tingkat fungsional, implementasi strategi difokuskan pada penguatan berbagai aspek operasional perusahaan. Pada bidang pemasaran, strategi difokuskan pada optimalisasi digital marketing, *storytelling* berbasis kearifan lokal, serta kolaborasi dengan *influencer* untuk meningkatkan visibilitas merek. UMKM di Indonesia membuktikan bahwa pemasaran melalui *influencer* dan media sosial meningkatkan *brand awareness* (Ramdani & Fietroh, 2025). Pada bidang sumber daya manusia, perusahaan perlu meningkatkan kompetensi melalui pelatihan keterampilan tradisional dan pengembangan kemampuan digital dalam pengelolaan usaha. Sedangkan pada bidang keuangan, pengelolaan usaha dapat diperkuat melalui aplikasi akuntansi sederhana dan pemanfaatan program pembiayaan UMKM. Orientasi wirausaha dan inovasi (termasuk sistem keuangan dan proses) berdampak pada keunggulan bersaing serta kinerja keuangan UMKM (Susbiyani *et al.*, 2021). Sementara itu, pada aspek produksi dan operasional, perusahaan perlu melakukan modernisasi peralatan produksi secara bertahap, menjaga kualitas bahan baku herbal melalui standar seleksi yang lebih ketat, melakukan riset tren konsumen secara berkala, serta menyusun standar operasional prosedur (SOP) tertulis terkait proses produksi dan pelayanan untuk memastikan konsistensi kualitas produk. Melalui penerapan strategi yang terintegrasi pada tingkat korporasi, unit bisnis, dan fungsional, Yakuzha *Beauty and Health* diharapkan mampu meningkatkan daya saing usaha, memperluas jangkauan pasar, serta mendorong pertumbuhan bisnis yang berkelanjutan dalam industri kecantikan dan kesehatan berbasis herbal. Temuan penelitian ini menunjukkan bahwa pemanfaatan keunggulan produk yang berbasis kearifan lokal, yang didukung oleh strategi

digital serta penguatan kemitraan usaha, dapat menjadi pendekatan yang efektif dalam meningkatkan daya saing UMKM pada industri kecantikan dan kesehatan herbal.

Penelitian ini memiliki beberapa keterbatasan. Pertama, penelitian menggunakan pendekatan studi kasus pada satu unit usaha sehingga hasil penelitian bersifat kontekstual dan belum dapat digeneralisasikan secara luas pada seluruh sektor UMKM. Kedua, strategi yang dihasilkan dalam penelitian ini masih berada pada tahap perumusan dan belum diuji efektivitas implementasinya dalam jangka panjang. Oleh karena itu, penelitian selanjutnya disarankan untuk menguji implementasi strategi yang dihasilkan dalam penelitian ini guna mengevaluasi dampaknya terhadap peningkatan kinerja bisnis dengan beberapa objek penelitian.

KESIMPULAN DAN SARAN

Penelitian ini bertujuan merumuskan strategi bisnis bagi Yakuzha *Beauty and Health* melalui integrasi beberapa alat analisis strategis, yaitu IFAS, EFAS, SFAS, SWOT, IE, dan Grand Strategy. Hasil penelitian menunjukkan bahwa integrasi berbagai alat analisis tersebut dapat digunakan secara sistematis untuk mengidentifikasi faktor internal dan eksternal perusahaan serta menentukan arah strategi bisnis yang tepat. Berdasarkan hasil analisis, Yakuzha *Beauty and Health* berada pada posisi berada pada Kuadran II (*growth/build*), yang diperkuat oleh hasil pemetaan pada Matriks *Grand Strategy* Kuadran II (*diversifikasi*). yang mengindikasikan perlunya strategi pertumbuhan melalui diversifikasi konsentris. Kondisi ini menunjukkan bahwa perusahaan memiliki potensi pertumbuhan yang cukup besar dengan memanfaatkan kekuatan internal perusahaan dan peluang pasar yang tersedia, namun perlu mengembangkan strategi diversifikasi untuk memperkuat daya saingnya. Oleh karena itu, strategi yang direkomendasikan adalah diversifikasi konsentris, yaitu pengembangan produk baru yang masih berkaitan dengan kompetensi inti perusahaan dalam bidang herbal dan kesehatan.

Secara teoritis, penelitian ini memberikan kontribusi terhadap pengembangan kajian manajemen strategis pada sektor UMKM dengan menunjukkan bahwa penggunaan berbagai alat analisis strategis secara terintegrasi dapat membantu merumuskan strategi bisnis yang lebih komprehensif. Temuan ini juga memperkaya literatur mengenai penerapan analisis strategi pada usaha berbasis kearifan lokal, khususnya dalam industri kecantikan dan kesehatan berbasis bahan herbal. Terkait sisi praktis, penelitian ini memberikan implikasi manajerial bagi pengelola Yakuzha *Beauty and Health* maupun pelaku UMKM sejenis dalam merumuskan strategi pengembangan usaha. Strategi yang direkomendasikan antara lain pengembangan produk herbal inovatif, penguatan legalitas dan sertifikasi produk untuk meningkatkan kepercayaan konsumen, serta pemanfaatan digital marketing guna memperluas jangkauan pasar. Selain itu, pengembangan kemitraan strategis dengan petani herbal, pelaku industri kecantikan, serta lembaga pendukung UMKM juga penting untuk memperkuat rantai pasok dan meningkatkan kapasitas produksi.

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THE ANTECEDENTS OF DIGITAL ENTREPRENEURIAL INTENTION AMONG MANAGEMENT STUDENTS IN BANTEN

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ABSTRACT

The aim of this research is to analyze the influence of entrepreneurial education and the theory of planned behavior on digital entrepreneurial intention at universities in Banten. The method used in this research is quantitative with a purposive sampling method. In this research, the subjects were 230 respondents consisting of active management students. Data analysis in this study used the Smart PLS application Version 4.0. and used partial least squares-structural equation modeling (PLS-SEM). This research has the results that Attitude toward Behavior 0.167, Subjective Norm 0.158, Perceived Behavioral Control 0.132, and Entrepreneurial Education 0.163, have a positive and significant influence on Digital Entrepreneurial Intention. R^2 is 0.130 in low category. According to the managerial implication Universities located in Banten can provide facilities that bring together fellow management students interested in Digital Entrepreneurship, also can provide students with more knowledge about Digital Entrepreneurship, such as seminars.

Keywords: Attitude Toward Behavior; Subjective Norm; Perceived Behavioral Control; Entrepreneurial Education; Digital Entrepreneurial Intention

INTRODUCTION

Currently, technology has developed rapidly, and humanity has entered the digital era. The digital era is a time when humans have utilized digital systems in their daily lives (Rahayu, 2019). The digital era can provide new opportunities for entrepreneurs and even pose new challenges for them (Zulkifli et al., 2023). Technological developments can help both small and large companies reach a wider customer base (Sartono, 2021). The digital era is marked by the emergence of the internet and, in particular, information technology (Nikijuluw et al., 2020). Using mobile devices, the majority of Indonesians can access the internet (Iskandar & Isnaeni, 2019). Based on data obtained by internetworldstats in March 2021, Indonesia had 212.35 million internet users, ranking Indonesia third in Asia in terms of the number of internet users, out of a total of 2.77 billion internet users in Asia (Figure 1).

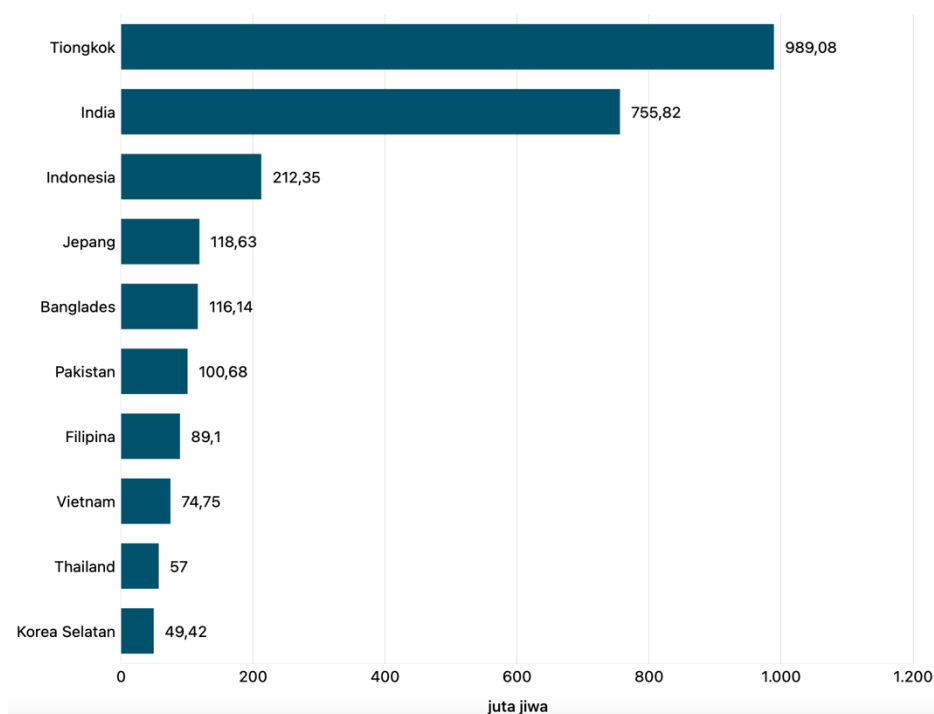


Figure 1. Number of Internet Users
Source: databoks.katadata.co.id (2021).

Digital entrepreneurship has grown worldwide, including in Indonesia (Santoso, 2021). Entrepreneurship in Indonesia is growing through e-commerce, enabling small and medium-sized businesses to compete in the globalization era (Harini & Handayani, 2019). Based on data from Lidwina (2020), Indonesia's online business sector is predicted to grow 3.7-fold compared to 2018 by 2025 (Figure 2).

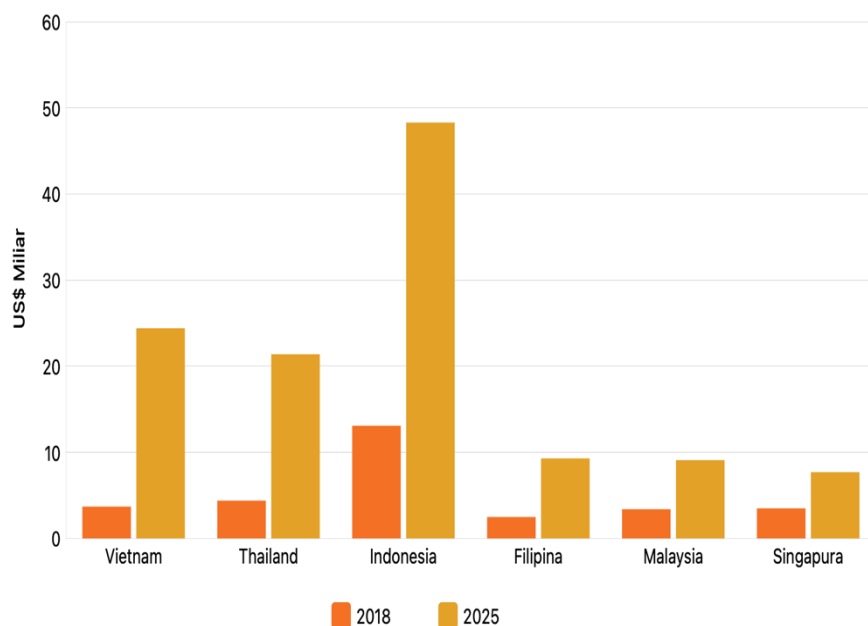


Figure 2. The Rise of the Online Business Sector.
 Source: databoks.katadata.co.id (2025)

Entrepreneurial education is a solution to increase the number of entrepreneurs in Indonesia (Kodrati & Christina, 2020). According to data from the higher education statistics report, the management study program ranked first in the category of the largest number of students in 2020, with 956,563 students (Figure 1.3). The high number of management students in Indonesia means that many young people in Indonesia have an understanding of management that can be used to start businesses.

Table 1. Number of Students by Study Program

| No. | Nama Data | Nilai / Mahasiswa |
|-----|------------------------|-------------------|
| 1 | Manajemen | 956.563 |
| 2 | Pendidikan Guru SD | 441.098 |
| 3 | Akuntansi | 395.255 |
| 4 | Ilmu Hukum | 338.573 |
| 5 | Teknik Informatika | 257.938 |
| 6 | Administrasi Negara | 234.313 |
| 7 | Pendidikan Agama Islam | 192.425 |
| 8 | Ilmu Komunikasi | 186.378 |
| 9 | Teknik Sipil | 155.466 |

| | | |
|----|------------------|---------|
| 10 | Sistem Informasi | 153.645 |
|----|------------------|---------|

Source: databoks.katadata.co.id (2025)

Based on the three data above, this study was conducted to determine whether entrepreneurial education and the theory of planned behavior have an influence on the interest in digital entrepreneurship among 212.35 million internet users in Indonesia so that the prediction that Indonesia will experience a 3.7-fold increase in the online business sector can be realized.

LITERATURE REVIEW

Entrepreneurial Education

Entrepreneurial education is an activity aimed at instilling entrepreneurial thinking, enhancing entrepreneurial intentions, competencies, and attitudes, enabling individuals to enhance their potential by fostering innovative and creative behavior (Indriyani & Christina, 2023). Entrepreneurship education is an effort to instill entrepreneurial values in students to achieve educational goals. Entrepreneurship education aims to teach students how to become independent business owners and how to maintain a learning environment using entrepreneurial behaviors such as creative thinking and responsibility (Hasan, 2020).

Theory of Planned Behavior

According to the theory of planned behavior, an individual's intention describes the individual's desire to perform a certain behavior (Hutabarat, 2020). In the theory of planned behavior, there are three factors that can influence intention towards an action: attitude toward behavior, subjective norms, and perceived behavioral control.

Attitude toward Behavior

Attitude toward behavior is derived from a person's belief in the consequences of performing a particular action (Iskandar & Isnaeni, 2019). Attitude toward behavior can trigger intention (Santosa et al., 2023). Intention indicates the extent to which an individual will attempt a behavior and the amount of effort they will expend.

Subjective Norm

Subjective Norm is the social pressure exerted on an individual to perform a behavior (Wiwoho & Riptiono, 2022). Subjective norm is formed by two factors: Firstly, normative beliefs, beliefs in others about whether or not a subject should perform a behavior, or normative beliefs about others' expectations of them about what they should. Secondly, compliance motivation, motivation aligned with normative beliefs or aligned with a reference group.

Relationship between Variables

Attitude toward Behavior towards Digital Entrepreneurial Intention

Attitude toward behavior significantly influences the entrepreneurial intentions of informatics students in Pontianak, with confidence levels reaching 95% and 99%. Both studies are also supported by research by Ikhwan et al. (2021), which states that attitude toward behavior has a positive and significant influence on the entrepreneurial intentions of students in the Faculty of Agriculture at Tidar University. This shows that the more positive students' views toward entrepreneurship, the greater their entrepreneurial intentions.

H1: Attitude toward behavior has a positive influence on digital entrepreneurial intention

Subjective Norm Towards Digital Entrepreneurial Intention

A study by Al Hafiz et al. (2022) found that subjective norms significantly influence entrepreneurial intention in management students at Harapan University, Medan. This is because the greater a person's motivation to comply with others' views on entrepreneurship, the greater their entrepreneurial interest. Another study by Anam et al. (2021) on active students at the State Islamic Institute in Salatiga demonstrated that the amount of support provided to students can increase their entrepreneurial interest.

H2: Subjective norm has a positive influence on digital entrepreneurial intention

Perceived Behavioral Control Towards Digital Entrepreneurial Intention

In a study by Fitria et al. (2022) conducted on 12th-grade SMKN students majoring in Accounting in Kuningan Regency, it was found that perceived behavioral control has a positive influence on entrepreneurial intention. Research conducted by Susanti and Nugraha (2022) also stated that perceived behavioral control has a positive influence on entrepreneurial intention of students at SMKN 1 in Lamongan. Research by Indriyani and Christina (2023) also stated that perceived behavioral control has a positive influence on entrepreneurial intention of Management study program students in Surabaya. This is because when students have control in deciding to become entrepreneurs, the tendency will manifest in entrepreneurial actions.

H3: Perceived behavioral control has a positive influence on digital entrepreneurial intention

Entrepreneurial Education Towards Digital Entrepreneurial Intention

Research by Reffandi and Sulistyowati (2023) found that entrepreneurial education positively impacts the entrepreneurial intentions of students at an Online Business and Marketing Vocational School in Surabaya. This is because students are introduced to tips and knowledge for starting a business. Research conducted by Setiawan and Lestari (2021) also found that entrepreneurial education significantly impacts the entrepreneurial intentions of 134 active students at four private universities in Tangerang. Both studies are also supported by Gunawan (2022), who found that entrepreneurial education influences entrepreneurial intentions.

H4: Entrepreneurial education has a positive influence on digital entrepreneurial intention

Conceptual Framework



Figure 3. Conceptual Framework

RESEARCH METHOD

The type of research chosen for this study is quantitative research. Quantitative research is considered a scientific method because it meets scientific requirements, namely, it must be empirical, objective, systematic, measurable, and rational. Because the data to be collected is in numerical form, a quantitative research method will be used in this study. Data analysis will be performed on the collected data to demonstrate the relationships between variables and draw conclusions for this study. The researcher chose digital entrepreneurial intention as the research object because technology is currently developing rapidly and humans have entered the digital era. This study was conducted so that researchers could determine whether variables from the theory of planned behavior, such as attitude toward behavior, subjective norms, and perceived behavior, can influence students' digital entrepreneurial intentions. The subjects selected for this study were active students in the management study program.

The population of this study is active students at a university located in Banten. The sample is a subset of the population that will serve as the source of the actual data (Amin et al., 2023). The sample used for this study is active management students in Tangerang aged 18 to 24 years. Sekaran and Bougie (2021) suggest that a sample size in a study is 30 to 500 samples. Hair et al. (2019) states that the number of indicators multiplied by a number between 5 and 10 will provide an appropriate sample size. Therefore, the 23 indicators in this study will be multiplied by the maximum number, namely 10, resulting in 230 samples.

Purposive sampling is a sampling technique that researchers can use when certain considerations are needed to determine the sample for a specific purpose (Sekaran & Bougie,

2021). Purposive sampling was chosen in this study because the researchers only selected respondents who met the established criteria, so not everyone could be a respondent.

The number of respondents obtained by the researcher was 230, which met the researcher's requirements, namely that the respondents were active students at universities in Banten. The researcher will use Smart-PLS 4.0 software for data processing and hypothesis testing based on the actual data obtained.

RESULTS AND DISCUSSION

Respondent Profile

The respondent profile explains the personal information of the respondent, including age, year of study, and university.

Table 2. Respondent's Age.

| Age | Respondent | Percentage |
|-------|------------|------------|
| 18-21 | 63 | 27.39 |
| 21-24 | 161 | 70% |
| >24 | 6 | 2.61% |
| Total | 230 | 100% |

Source: Data is processed using Smart PLS 4.0 (2026).

From table 2, it can be seen the age of the respondents, and the largest age of the respondents is 21-24 years with a percentage of 70%.

Table 3. Respondent's Batch

| Batch | Respondent | Percentage |
|-------|------------|------------|
| 2018 | 20 | 8.7% |
| 2019 | 53 | 23.04% |
| 2020 | 40 | 17.39% |
| 2021 | 69 | 30% |
| 2022 | 34 | 14.78% |
| 2023 | 14 | 6.09% |
| Total | 230 | 100% |

Source: Data is processed using Smart PLS 4.0 (2026).

From table 3, it can be seen that the respondent generation and the largest number of respondent generations are 2021 with a percentage of 30%.

Table 4. Respondent's University

| University | Student | Percentage |
|----------------------------------|---------|------------|
| Universitas Pelita Harapan | 139 | 60.43% |
| Universitas Bunda Mulia | 18 | 7.83% |
| Universitas Multimedia Nusantara | 17 | 7.39% |
| Universitas Prasetya Mulia | 11 | 4.78% |
| Universitas Pradita | 27 | 11.74% |
| Universitas Gunadarma | 18 | 7.83% |
| Total | 230 | 100% |

Source: Data is processed using Smart PLS 4.0 (2026).

From table 4, it can be seen which universities the respondents came from and the university with the most respondents was Universitas Pelita Harapan with a percentage of 60.43%.

Descriptive Statistic

The following are the results of calculating descriptive statistical data from these variables:

Table 5. Descriptive Statistic Results

| Indicator | Min | Max | Mean |
|--|-----|-----|-------|
| ATB1 | 3 | 5 | 4.578 |
| ATB2 | 3 | 5 | 4.830 |
| ATB3 | 2 | 5 | 4.643 |
| Rata-rata Variable <i>Attitude Toward Behavior</i> | | | 4.683 |

Source: Data is processed using Smart PLS 4.0 (2026)

Table 5 shows that the average value of the attitude toward behavior variable is 4.683, which falls into the strongly agreed category. The lowest average value is found in ATB1, at 4.578, which falls into the strongly agree category, and the highest average value is found in ATB2, at 4.830, which falls into the strongly agreed category.

Subjective Norm

In this study, the subjective norm variable has 4 indicators, the following are the results of calculating descriptive statistical data from this variable:

Table 6. Descriptive Statistic Subjective Norm

| Indicator | Min | Max | Mean |
|--|-----|-----|-------|
| SN1 | 3 | 5 | 4.326 |
| SN2 | 3 | 5 | 4.261 |
| SN3 | 3 | 5 | 4.387 |
| SN4 | 3 | 5 | 4.387 |
| Average of variable <i>Subjective Norm</i> | | | 4.340 |

Source: Data is processed using Smart PLS 4 (2026).

Reliability Test

At this stage, the researcher will discuss the results of Cronbach's alpha and composite reliability from the data results of 230 respondents.

Table 7. Cronbach's Alpha and Composite Reliability Actual Test

| Indicator | Cronbach's Alpha | Composite Reliability |
|-----------|------------------|-----------------------|
| ATB | 0.717 | 0.840 |
| EE | 0.771 | 0.850 |
| DEI | 0.877 | 0.908 |
| PBC | 0.829 | 0.883 |
| SN | 0.839 | 0.890 |

Source: Data is processed using Smart PLS 4.0 (2026).

Table 7 shows that all variables have Cronbach's alpha values above 0.7, thus confirming the validity of the Cronbach's alpha results from the actual test (Hair et al., 2019). Table 4.12

also shows that all variables have composite reliability values above 0.7, thus confirming the reliability of the composite reliability results from the actual test (Hair et al., 2019).

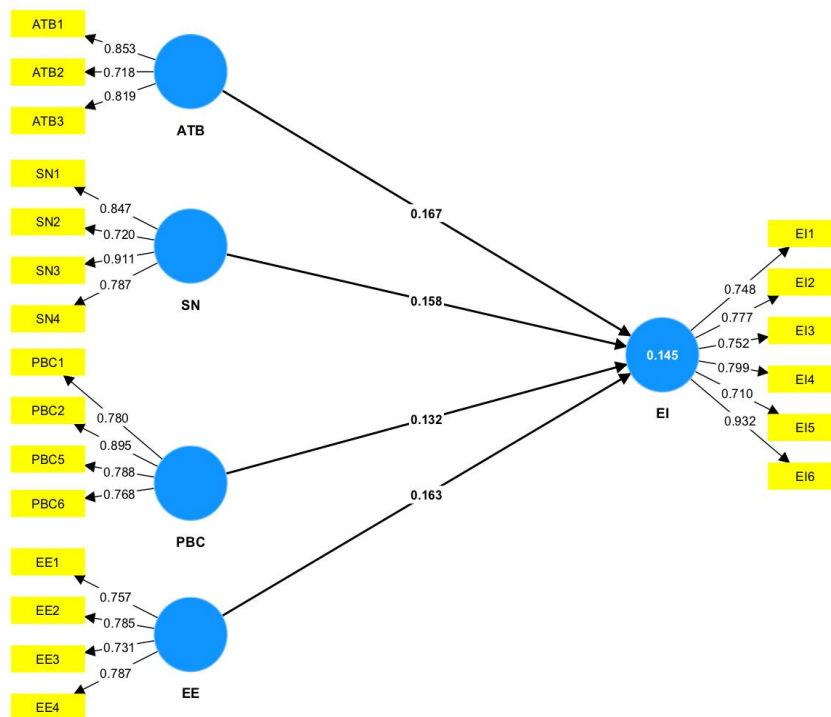


Figure 4. Outer Model

Source: Data is processed using Smart PLS 4.0 (2026)

Coefficient Determinant Test

Table 8. Coefficient Determinant Test Uji (R^2)

| | R- Square Adjusted | Category |
|-----|--------------------|----------|
| DEI | 0.130 | Low |

Source: Data is processed using Smart PLS 4.0 (2026).

Table 8 shows that the coefficient of determination for the actual test is 0.130, which is considered low but still acceptable given the good values of other statistics (Ozili, 2023). Therefore, the coefficient of determination affects the EI variable by 13%.

Hypotheses Test

To test the Path Coefficient of this study, researchers will use Smart-PLS software to perform one-tailed bootstrapping. This actual study will use a significance level of 0.05 and a critical t-statistic value of 1.645, and p-values must be less than 0.05. If the results of the p-values and t-statistics do not meet the criteria, then the hypothesis is rejected.

Table 9. Path Hypothesis Results- Actual Test

| | | Original Sample | T-Statistics | P Values | Result |
|----|------------|-----------------|--------------|----------|---------|
| H1 | ATB -> DEI | 0.167 | 2.349 | 0.009 | Support |
| H2 | EE ->DEI | 0.163 | 2.558 | 0.005 | Support |

| | | | | | |
|----|------------|-------|-------|-------|---------|
| H3 | PBC -> DEI | 0.132 | 2.189 | 0.014 | Support |
| H4 | SN -> DEI | 0.158 | 2.149 | 0.016 | Support |

Source: Data is accessed using Smart PLS 4.0 (2026).

CONCLUSION

Attitude toward Behavior has a positive and significant effect on Digital Entrepreneurial Intention among active management students in Banten. This research is supported by research by Herdiansyah (2020), which states that Attitude toward Behavior has a significant effect on Entrepreneurial Intention. Subjective Norm has a positive and significant effect on Digital Entrepreneurial Intention among active management students in Banten. This research is supported by research by Isma (2022), which states that Subjective Norm has a positive and significant effect on Digital Entrepreneurial Intention. Perceived Behavioral Control has a positive and significant effect on Digital Entrepreneurial Intention among active management students in Banten. This research is supported by research by Srikalimah et al. (2023), which states that Perceived Behavioral Control has a positive and significant effect on Digital Entrepreneurial Intention. Entrepreneurial Education has a positive and significant effect on Digital Entrepreneurial Intention among active management students in Banten. This research is supported by research by Santoso and Tanoto (2020) which states that Entrepreneurial Education has a positive and significant effect on Digital Entrepreneurial Intention.

MANAGERIAL IMPLICATION

Attitude toward Behavior has a positive and significant effect on Digital Entrepreneurial Intention. Universities located in Banten can support active management students through events that can increase their interest in Digital Entrepreneurship. Subjective Norm has a positive and significant effect on Digital Entrepreneurial Intention. Universities located in Banten can provide facilities that bring together fellow management students interested in Digital Entrepreneurship, allowing them to meet and interact with other students with similar interests. This creates a new, supportive environment. Perceived Behavioral Control has a positive and significant effect on Digital Entrepreneurial Intention. Universities located in Banten can host events that give students the opportunity to start Digital Entrepreneurship, such as online bazaars. This way, students gain hands-on experience to prepare themselves for the process of becoming Digital Entrepreneurs. Entrepreneurial Education has a positive and significant effect on Digital Entrepreneurial Intention. Universities located in Banten can provide students with more knowledge about Digital Entrepreneurship, such as seminars.

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