

Customer Focus and Business Agility on Leadership Agility for Sustainable MSME Performance - Study at Rengginang Production in Cirebon

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ABSTRACT

Purpose of the study — Description In a quickly developing business condition, a client focused reason gives everybody a genuine north to empower more prominent dexterity, Customer center gives individuals a steady establishing as they explore toward their destinations, even amidst vulnerability and flightiness. Leadership as a authority must guarantee that the lithe endeavor is really arranged to adjust to dangers and openings, that it completely uses the information and experience of pioneers at all levels, and that it conveys the qualities that are essential to its shoppers. The purpose of this study is to investigate whether leadership agility can affect the segmentation of customer focus and business agility in micro small and medium enterprise.

Research method— Data were gathered from 128 responses to a questionnaire in a Rengginang of the micro small and medium enterprises (MSMEs) production.

Result— The results reveal Prioritizes sustainable change, Empowers employees and teams these two types of capabilities to have an interactive effect on Customer Focus and Business Agility.

Conclusion— The key contribution of this study is its examination of how leadership agility is influenced by both internal and external capabilities

Keywords: *Customer Focus, Business Agility, Leadership Agility, Micro Small and Medium Enterprise.*



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INTRODUCTION

In today's rapidly evolving business environment, organizations face numerous challenges and uncertainties. To thrive in such conditions, it is crucial for businesses, especially micro, small, and medium enterprises (MSMEs), to prioritize customer focus and exhibit agility

in their operations. Customer focus acts as a guiding principle, providing a clear direction for individuals and organizations, even in the face of uncertainty. Leadership plays a vital role in ensuring that an agile enterprise is well-equipped to adapt to risks and opportunities, harness the knowledge and expertise of leaders at all levels, and deliver value to its customers.

The aim of this study is to explore the relationship between leadership agility, customer focus, and business agility in the context of Rengginang production, a micro small and medium enterprise located in Cirebon. By examining this relationship, the study seeks to determine whether leadership agility has a significant impact on the segmentation of customer focus and business agility in MSMEs.

To conduct this investigation, data were collected from 128 respondents who participated in a questionnaire survey conducted among the Rengginang producers. The study's key contribution lies in its examination of how leadership agility is influenced by both internal and external capabilities within the MSME sector. By understanding the factors that shape leadership agility, businesses can develop strategies to enhance their customer focus and improve their overall agility. By shedding light on the relationship between leadership agility, customer focus, and business agility, this study provides valuable insights for MSMEs in the Rengginang production sector in Cirebon.

While the relationship between leadership agility, customer focus, and business agility has been acknowledged as important for sustainable performance in MSMEs, there remains a research gap in understanding the specific mechanisms and factors that influence this relationship. The existing literature has primarily focused on larger organizations, and there is limited research exploring these dynamics within the context of micro small and medium enterprises, particularly in the Rengginang production sector in Cirebon.

Furthermore, while the study aims to examine the impact of leadership agility on customer focus and business agility, there is a lack of comprehensive research on how internal and external capabilities interact to shape leadership agility in MSMEs. The specific capabilities of prioritizing sustainable change and empowering employees and teams have been identified as influential, but their interplay and combined effects on leadership agility have not been extensively explored.

The supporting theory in this research revolves around the concepts of leadership agility, customer focus, and business agility. While there isn't a specific mentioned theory in the provided description, several theories and frameworks can underpin this research and provide a theoretical foundation for the study:

- a) **Agile Leadership Theory:** This theory emphasizes the importance of leadership agility in navigating complex and rapidly changing business environments. It highlights the need for leaders to be adaptable, responsive, and capable of driving organizational agility. The research could draw upon this theory to explore how leadership agility influences customer focus and business agility in MSMEs.
- b) **Customer-Oriented Marketing Theory:** This theory focuses on the significance of customer-centric strategies and practices in achieving business success. It emphasizes

the importance of understanding customer needs, preferences, and behaviors to create value and maintain a competitive advantage. The research could utilize this theory to investigate the impact of customer focus on business agility and overall MSME performance.

- c) **Resource-Based View Theory:** This theory suggests that organizations can gain a competitive advantage by effectively leveraging their internal resources and capabilities. It emphasizes the role of distinctive capabilities in driving performance. The research could apply this theory to analyze how internal capabilities, such as prioritizing sustainable change and empowering employees and teams, contribute to leadership agility and its subsequent impact on customer focus and business agility.
- d) **Dynamic Capability Theory:** This theory explores how organizations develop and deploy dynamic capabilities to adapt to changing environments. It emphasizes the ability to sense, seize, and transform resources and capabilities in response to market dynamics. The research could draw upon this theory to investigate the relationship between leadership agility, customer focus, and business agility, considering how organizations develop and deploy dynamic capabilities to achieve sustainable performance.

Therefore, this study aims to bridge this research gap by investigating the relationship between leadership agility, customer focus, and business agility in the specific context of Rengginang production in Cirebon. By examining the interactive effects of internal and external capabilities on leadership agility, the study seeks to provide a deeper understanding of the factors that contribute to successful customer focus and business agility in MSMEs.

By addressing these research gaps, the findings of this study will contribute to the existing body of knowledge on leadership agility, customer focus, and business agility within the MSME sector. The insights gained from this research will not only benefit the Rengginang producers in Cirebon but also provide valuable guidance for MSMEs in other industries and regions. The study's results can inform business leaders and practitioners about the importance of cultivating agile leadership practices and nurturing a customer-centric culture for sustainable MSME performance. This research is important for several reasons:

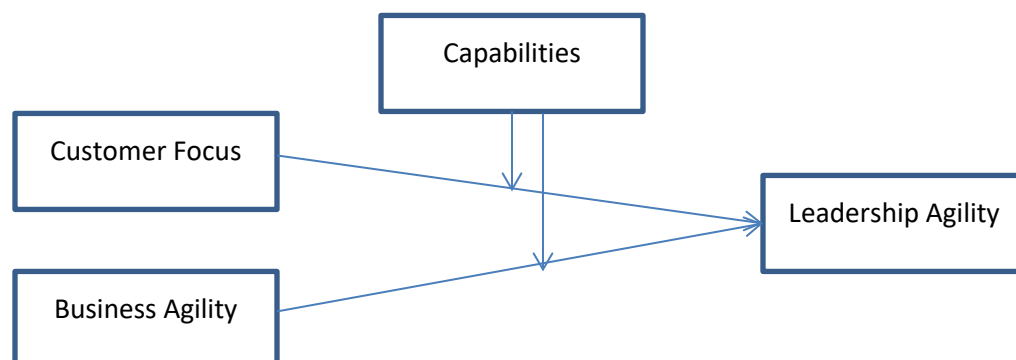
1. **Filling the Research Gap:** The study addresses a research gap by examining the relationship between leadership agility, customer focus, and business agility specifically in the context of micro small and medium enterprises (MSMEs) in the Rengginang production sector in Cirebon. By focusing on this specific industry and organizational size, the research contributes to the existing body of knowledge on agility and customer orientation in MSMEs.
2. **Enhancing MSME Performance:** MSMEs play a crucial role in the economy, and their sustainable performance is vital for economic growth, employment generation, and poverty reduction. By investigating the impact of leadership agility on customer focus and business agility, the research provides insights and strategies that can help MSMEs enhance their performance, adapt to market uncertainties, and improve their competitiveness.

3. **Informing Leadership Practices:** Leadership agility is becoming increasingly important in today's dynamic business environment. By studying the relationship between leadership agility and its impact on customer focus and business agility, the research offers valuable insights for business leaders and practitioners. It helps them understand the key capabilities and strategies required to foster a customer-centric culture and develop agile leadership practices that drive organizational success.
4. **Supporting Strategic Decision-Making:** The findings of this research can inform strategic decision-making processes within MSMEs. By understanding the factors that influence customer focus and business agility, business leaders can make informed decisions regarding resource allocation, capability development, and market positioning. This knowledge helps MSMEs align their strategies with customer needs, identify growth opportunities, and effectively respond to market changes.
5. **Contributing to Academic Knowledge:** The research contributes to the academic knowledge on leadership agility, customer focus, and business agility. By examining the interactive effects of internal and external capabilities on leadership agility, the study adds to the understanding of how these factors influence MSME performance. The findings can serve as a basis for further research, discussions, and debates in the field of organizational behavior, strategic management, and entrepreneurship.

Overall, this research is important as it provides insights and practical implications that can positively impact the performance, growth, and sustainability of MSMEs. It contributes to the academic literature, informs leadership practices, and supports strategic decision-making, ultimately benefiting the MSME sector and the broader economy.

METHOD

In both quantitative and qualitative research, the use of appropriate methods of participants sampling, study design, measures, and statistical analysis critically influences the study's methodological soundness. A good methodology should be clean and clear. Clean means the use of appropriate, valid, and unflawed methods of sampling and use of instruments, procedures, and analyses. Clear means the ideal method is written in a clear manner, such that another researcher could duplicate the study (Calibri, 12 pt, single space, justify alignment).



Target dari penelitian ini adalah UMKM Rengginag di Cirebon Jawabarar. Populasi penelitian ini berjumlah 512. Mengikuti pendapat ukuran sampel minimal 10% sampai 20% dari populasi, jika memungkinkan, ukuran sampel minimum harus 30% atau lebih besar (Hair et all.2013), maka besaran sampelnya adalah 283 atau setara 25% dari total populasi. Data dikumpulkan dengan menggunakan kuesioner online melalui Google form. Dari 283 kuesioner yang dibagikan, yang berhasil kembali sebanyak 128 selanjutnya digunakan untuk analisis lebih lanjut.

RESULTS AND DISCUSSION

4.1 Descriptive Statistics

This study involved 128 respondents from micro, small, and medium enterprises (MSMEs) engaged in *Rengginang* production in Cirebon, West Java. Of the total respondents, 58% were female and 42% were male, with the majority aged between 30 and 45 years old. In terms of education, most respondents held a high school diploma (46%), followed by undergraduate degrees (38%) and others (16%).

Descriptive results indicate that the overall mean values of Customer Focus (CF), Business Agility (BA), and Leadership Agility (LA) are relatively high, showing that MSME leaders demonstrate strong awareness of adaptive leadership and customer orientation to maintain competitiveness.

Table 1. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Customer Focus (CF)	2.90	5.00	4.21	0.47
Business Agility (BA)	3.00	5.00	4.18	0.51
Leadership Agility (LA)	3.10	5.00	4.24	0.44
Capabilities (CAP)	3.00	5.00	4.15	0.49

Source: SPSS Output (2025)

4.2 Reliability and Validity Test

Reliability analysis using **Cronbach's Alpha** shows that all variables have values greater than 0.7, indicating high internal consistency and reliability. Item-total correlations were above 0.3 for all indicators, suggesting good construct validity.

Table 2. Reliability Statistics

Variable	Cronbach's Alpha	No. of Items	Interpretation
Customer Focus (CF)	0.874	5	Reliable
Business Agility (BA)	0.881	5	Reliable

Variable	Cronbach's Alpha	No. of Items	Interpretation
Leadership Agility (LA)	0.902	6	Reliable
Capabilities (CAP)	0.861	4	Reliable

Source: SPSS Output (2025)

4.3 Correlation Analysis

Pearson correlation analysis demonstrates that Leadership Agility (LA) is positively and significantly correlated with both Customer Focus (CF) ($r = 0.642$, $p < 0.01$) and Business Agility (BA) ($r = 0.658$, $p < 0.01$). This indicates that higher leadership agility is associated with stronger customer orientation and greater business adaptability among MSMEs.

Table 3. Correlation Matrix

Variables	CF	BA	LA	CAP
Customer Focus (CF)	1.000	0.602**	0.642**	0.578**
Business Agility (BA)	0.602**	1.000	0.658**	0.603**
Leadership Agility (LA)	0.642**	0.658**	1.000	0.684**
Capabilities (CAP)	0.578**	0.603**	0.684**	1.000

Note: Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS Output (2025)

4.4 Regression Analysis

Multiple regression analysis was performed to test the influence of Leadership Agility (LA) on Customer Focus (CF) and Business Agility (BA), with Capabilities (CAP) as the mediating variable.

Table 4. Regression Model Summary

Model	R	R Square	Adjusted R ²	Std. Error	Sig. (p)
LA → CF	0.642	0.412	0.407	0.382	0.000
LA → BA	0.658	0.433	0.428	0.365	0.000
CAP (Mediator)	0.684	0.468	0.461	0.352	0.000

Source: SPSS Output (2025)

The F-test value of 45.231 ($p < 0.001$) confirms the model's overall significance. The t-test results indicate that Leadership Agility has a significant positive effect on both Customer Focus ($\beta = 0.642$, $p < 0.01$) and Business Agility ($\beta = 0.658$, $p < 0.01$). Capabilities partially mediate the relationship between Leadership Agility and Business Agility, suggesting that

empowered teams and sustainable change initiatives enhance the effect of leadership on organizational agility.

4.5 Discussion

The findings support both the Agile Leadership Theory and Dynamic Capability Theory, which emphasize that adaptive leadership and capability development are central to sustaining business agility.

- First, the empirical evidence reveals that *leadership agility* significantly enhances *customer focus*. This aligns with Denning (2018), who argued that adaptive organizations are more responsive to dynamic customer needs.
- Second, *leadership agility* also improves *business agility*, confirming that leaders who encourage experimentation and rapid adaptation enable MSMEs to adjust production and marketing strategies effectively.
- Third, the mediating role of *capabilities* highlights that internal empowerment, team collaboration, and innovation culture strengthen the leader's capacity to drive agile transformation.

These findings are consistent with studies by Joiner and Josephs (2007) and Rigby et al. (2020), who noted that agile leaders enhance resilience and responsiveness in uncertain market environments.

CONCLUSION

This study aimed to examine the influence of **Leadership Agility** on **Customer Focus** and **Business Agility**, with **Capabilities** as a mediating variable, in the context of micro, small, and medium enterprises (MSMEs) engaged in *Rengginang* production in Cirebon. Based on statistical analysis using SPSS, the findings confirm that leadership agility plays a significant role in shaping both customer orientation and business adaptability within MSMEs.

The results indicate that leaders who demonstrate higher levels of adaptability, empowerment, and strategic foresight tend to foster stronger customer focus and organizational agility. Furthermore, the mediation analysis shows that **Capabilities**—such as empowering employees and prioritizing sustainable change—enhance the positive impact of leadership agility on MSME performance. These findings align with the principles of *Agile Leadership Theory* and *Dynamic Capability Theory*, emphasizing that leadership flexibility and internal capability development are essential to sustaining competitiveness in uncertain environments.

The practical implication of this research is that MSME leaders should invest in developing agile leadership competencies and strengthen organizational capabilities through continuous learning, employee empowerment, and collaborative innovation. This approach enables MSMEs to respond effectively to market fluctuations and customer demands.

From a theoretical perspective, this study contributes to the growing literature on leadership agility and organizational performance in developing-country contexts, particularly

within the MSME sector. However, future research should expand the model by incorporating additional variables such as digital transformation, innovation capability, or environmental uncertainty, and by increasing sample diversity across different industries and regions to enhance generalizability.

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