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UNVEILING DYNAMICS: THE MEDIATING ROLE OF DISTRIBUTION IN LEADERSHIP, PARTNERSHIP, ENTREPRENEURSHIP, AND BUSINESS PERFORMANCE IN SHRIMP PASTE FACTORIES

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ABSTRACT

This research explores the intricate dynamics within shrimp paste factories in Sidoarjo, focusing on the mediating role of distribution in the relationships among leadership, partnership, entrepreneurship, and business performance. Employing a quantitative approach with purposive sampling, 60 shrimp paste distributor outlets collaborating with PT Gilang Jaya Raya for a minimum of 10 years were surveyed through questionnaires. Data analysis was conducted using SmartPLS version 2.0.m3. The findings underscore a direct and positive influence of effective leadership on distribution practices, emphasizing the pivotal role of strong leadership in achieving efficient distribution. Furthermore, positive impacts were observed in the realms of partnerships and entrepreneurship, highlighting their contributions to enhancing distribution channels. Significantly, the research reveals the substantial positive influence of distribution on business performance, underscoring the critical role of effective distribution strategies in overall business success. While effective leadership directly impacts business performance, partnerships and entrepreneurship do not exhibit a direct influence. However, the mediating role of distribution becomes evident, suggesting that the positive effects of partnerships and entrepreneurship on business performance are realized through their impact on distribution practices.

Keywords: *Transformational Leadership Style, Motivation, Job Satisfaction, Employee Performance, Path Analysis.*

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1. | INTRODUCTION

The agricultural sector is a very important economic sector in national development (Central Statistics Agency, 2018). One of the subsectors that plays a crucial role in supporting agricultural development is the fisheries sector (Haryanto, 2016). When talking about fisheries, it is inevitably linked to marine products. Various marine products can be utilized directly or used as raw materials for making shrimp paste (terasi). Shrimp paste can generally be classified into three types based on its raw materials, and the ones commonly traded in the market are shrimp paste, fish paste, and mixed shrimp-fish paste. Shrimp paste products have different characteristics depending on the region. Fish paste typically has a dark color, while shrimp paste has a reddish-brown color, and shrimp paste generally has a higher price compared to fish paste. Shrimp paste has a distinct pungent smell and is commonly used to make sambal terasi or can be found in various traditional Indonesian recipes. Until now, rebon shrimp has often been categorized as a shrimp for marginalized communities. When compared to other shrimp, rebon shrimp is much cheaper.

The nutritional elements contained in shrimp paste (*terasi*) are quite comprehensive and of considerable amounts, including: Protein: 0.24 mg Calcium: 726.00 mg Phosphorus: 3812 mg Iron: 9.90 gr Vitamin A: 2.90 gr Vitamin B1: 22.30 gr Vitamin C: 155.00 Kcal (Ministry of Health of the Republic of Indonesia, 2012) Additionally, shrimp paste contains a high amount of iodine derived from its raw materials. The production of shrimp paste is not only undertaken by large industries but also by small and medium-sized enterprises. The process is relatively simple, making it feasible for small entrepreneurs, especially since shrimp paste is a primary ingredient in household cooking. The main production center for shrimp paste in East Java is located in Tuban, Madura, Sidoarjo, and Jember. The Sidoarjo shrimp paste is particularly popular due to its unique aroma and taste—salty and fragrant. Market research indicates an increasing trend in the shrimp paste market and business value, both nationally and in East Java. Domestic competition has intensified, necessitating strategic efforts by shrimp paste producers to enhance the competitiveness of their products. Effective distribution channels play a crucial role in marketing performance. Haryanto (2016) emphasizes that no matter how good the product and how aggressive the promotion, without proper distribution, reaching the end consumer is challenging. Currently, distribution channels not only aim to meet customer needs but also contribute to cost reduction. Building and maintaining effective distribution channels are essential for companies to sustain and increase sales volume. Partnership, according to Johnson (1999), is a strategic approach that enhances business performance through variables such as dependence, flexibility, relationship quality, and information dissemination. Leadership, entrepreneurship, and partnership influence marketing strategies and overall business performance. Matsuno (2002) suggests that customer-oriented companies can drive performance improvement amid increasing business competition. Previous studies have shown a positive relationship between leadership, partnership, entrepreneurship, and distribution channel effectiveness. Fairoz (2010) explored the impact of entrepreneurial orientation (EO) on business performance in manufacturing SMEs. The study revealed a moderate level of EO, with proactiveness, innovation, and risk-taking showing a significant relationship with overall EO and market share growth. Rianto's (2014) research focused on distribution factors influencing company performance using broiler farmers in partnerships as the sample. The study found no significant positive influence of partnership on distribution channels, a positive and significant impact of entrepreneurship on distribution channels, and a positive and significant effect of distribution channels on business performance. Sucipto (2015) investigated the influence of leadership, partnership, and entrepreneurship on oyster mushroom business performance in Jember. Leadership and partnership were found to significantly impact business performance, while entrepreneurship did not show a significant effect. This research aims to analyze the role of distribution as a mediator between leadership, partnership, entrepreneurship, and business performance in shrimp paste factories in Sidoarjo.

2. | LITERATURE REVIEW

The Relationship between Leadership and Distribution

Tjipto (2001) emphasizes the significance of distribution strategies employed by manufacturers to effectively market goods and services, highlighting the relationship between distribution coverage and intensity. The three main distribution strategies include intensive distribution, where products are widely distributed through numerous retail outlets; exclusive distribution, where a single retailer or dealer in a trade area distributes the product, often for specialty goods; and selective distribution, representing a middle ground and applicable to shopping goods. This classification helps companies tailor their approach based on product characteristics and market demands. Etgar (1977) underscores the importance of leadership and strength within distribution channels, asserting that a company's power in the channel organization arises from various advantages such as business size, experience, and the ability to leverage environmental factors.

The strength of channel leadership is closely tied to competitive advantages and the surrounding business environment. Brown et al. (1995) further elaborate on the dynamic nature of power within channels, noting that members use their influence to differentiate marketing activities, coordinate company performance, and manage conflicts. They propose various conflict management strategies, including bargaining, boundary negotiation, interpenetration through informal interactions, and superorganizational approaches involving neutral third parties. Efficiency and effectiveness are critical dimensions in distribution channels, as highlighted by the authors. Focusing on transaction effectiveness and distribution efficiency, companies can develop tailored distribution strategies based on their product offerings and strengths within the distribution network. Identifying order frequencies to meet consumer needs becomes paramount in determining the effectiveness of distribution channels. Additionally, overcoming limitations in meeting consumer needs can be achieved through collaborative efforts among companies within the distribution channel, emphasizing the importance of synergy in optimizing overall distribution strategies.

The Relationship between Partnership and Distribution

Distribution channels and partnerships are integral components in long-term business endeavors, with Shipley et al. (2012) and Shipley and Egan (1992) defining partnerships as relationships that coordinate behavioral needs, facilitate communication, and promote social interaction. Partnerships are characterized by an informal nature where working partners effectively acknowledge and pursue shared interests. Instead of viewing members as adversaries, leaders consider them valuable contributors within the distribution channel, establishing trust, alignment, and cooperation for mutually beneficial outcomes.

Partnerships, viewed as quality relationships, require collaborative efforts from distributor organizations to provide materials and distribute products, creating value for sellers. Collaboration between distributors and sellers is seen as an extension of mutual recognition, emphasizing the importance of both parties for successful product distribution. Clearly defined responsibilities in contracts, including compensation, duration, dispute resolution, and other terms, contribute to the stability of partnerships. The establishment of a strong relationship is crucial, as leaders recognize the need to demonstrate support for members in achieving shared interests.

In addition to these elements, advice, motivation, evaluation of member behavior and performance, and control play vital roles in maintaining a successful distribution channel. Evaluation criteria encompass sales performance and commitment maintenance. The concept of control, occasionally enforced through contract termination or withdrawal, serves as a final resort sanction. Ultimately, partnerships enhance collaboration among channels, reducing conflicts based on power sources rather than coercion, thereby facilitating the effective functioning of distribution channels. According to Kotler (1997), the term distribution refers to the delivery of products from manufacturers or companies to end consumers, with the chosen distribution channel significantly impacting various marketing decisions. The selection of an appropriate distribution channel is crucial for the successful

delivery of goods and services, as errors in this decision can impede or disrupt the overall distribution effort.

The Relationship between Entrepreneurship and Distribution

Entrepreneurship can be interpreted as the willingness to take risks to independently operate a business by leveraging existing opportunities to create new ventures or through innovative approaches. The key elements of entrepreneurship involve risk-taking, independent business operations, utilization of opportunities, and the creation of innovative ventures that enable the managed business to grow independently in the face of competitive challenges (Jong and Wennekers, 2008). According to Kotler (2001), the current demand for various strategies in effective marketing at all levels necessitates a distinction between entrepreneurial marketing (EM) and existing marketing concepts.

Entrepreneurial Marketing (EM) is defined as an integrated construct within the marketing concept in an era characterized by change, complexity, contradictions, and limited resources. EM involves proactively identifying and exploring opportunities to achieve and retain customers, gaining advantages through innovative risk management, efficient resource utilization, and the development or creation of value. Building economic prosperity and improving the quality of social life, where marketing is an integral part, entrepreneurship becomes an influential instrument shaping the evolution of marketing functions across organizational and social levels. Entrepreneurship plays a role in influencing the evolution of marketing functions at various organizational and societal levels, emphasizing its inseparable connection with economic prosperity and social well-being (Kotler, 2001).

The Relationship between Distribution and Business Performance

Business performance, as defined by Ferdinand (2000), serves as a measure of a company's results and achievements over a specific period, allowing for an assessment of the positive impact of improvement efforts. Sunaryo (2002) emphasizes that service to retailers, measured through the timeliness of product distribution, sales accuracy, and prompt payment, reflects the effectiveness of a business's distribution channel. Cooper & Schindler (2006) outline physical distribution attributes such as stock availability, order cycle time, delivery frequency, on-schedule delivery, and reliability, contributing to distributor effectiveness by ensuring timely deliveries, product completeness, and meeting set targets (Avery et al., 1999).

Efficiency, denoted as "doing things right," underscores the importance of performing tasks correctly to maximize output. Poor distributor performance often stems from a lack of understanding of cost issues in marketing and product distribution. Distributors, even if knowledgeable about pricing, may struggle with cost control. Successful cost reduction in marketing and product distribution enhances distributor efficiency, contributing to competitiveness and pricing advantages (Avery et al., 1999). Furthermore, the advantages a company possesses can be leveraged to enhance business performance, leading in the market competition. Business performance, in the broader context, encompasses all activities aimed at improving overall organizational performance, including individual and workgroup contributions. This aligns with the concept of performance management (Simanjuntak, 2005). In summary, effective business performance measurement involves assessing distribution channel effectiveness, ensuring timely operations, and understanding cost control for overall efficiency and competitiveness in the market.

The Relationship between Leadership and Business Performance

According to Munson (1905), leadership is the ability to influence individuals in such a way that they achieve maximum results with minimal conflict and maximum cooperation. Fridayana (2013) adds that, through power, leaders can influence the behavior of their subordinates. Effective leadership involves not only evaluating one's own behavior to influence others but also understanding their positions and using power to achieve effective leadership. Power is often interpreted as influence or authority, indicating an individual's ability to affect others. Yulk (1981) emphasizes that the success of managing change and progress in an organization depends on

human resources. Cooperation between leaders and followers contributes to the overall effectiveness of leadership and organizational effectiveness. The three interconnected domains in leadership are the leader, the led, and the situation, with key elements being the characteristics of the leader, followers, and the situation (Sujatno, 2008). Successful leadership involves setting directions, engaging subordinates in policy implementation, acting as a spokesperson in decision-making for organizational interests, and being a coach through personal example (Sujatno, 2008). Ferdinand (2000) suggests that measuring marketing performance involves evaluating the impact of the company's applied strategies, focusing on factors like sales volume, sales growth rate, and financial performance.

Yukl (1981) asserts that the relationship between leadership and business performance depends on situational variables termed situational favorability or situational control. Favorability is measured in terms of the leader-member relationship, position power, and task structure. The more favorable the situation, the greater the advantage for the leader, especially when relationships are strong, there is substantial position power, and tasks are well-structured. High position power makes it easier for leaders to manage and monitor subordinates' performance. In conclusion, effective leadership involves understanding and utilizing power dynamics within the leader-follower-situation framework for successful organizational outcomes (Friedler, 1998; Yukl, 1998).

The Relationship between Partnership and Business Performance

In striving to achieve the goals of an organization, the terms effective and efficient are closely related and worthy of consideration. Efficiency must possess quantifiable, measurable qualities, while effectiveness is qualitative in nature. Being efficient in input utilization enhances productivity, a fundamental goal for any company. An activity is considered effective if a specific goal is ultimately achieved. However, if the attained results have a lesser value compared to unintended consequences, the activity can be deemed ineffective, leading to dissatisfaction despite its effectiveness. Conversely, if the unintended consequences have a lower value, the activity is deemed efficient (Prawirosentono, 1999).

Partnerships formed between distribution companies and sellers are based on mutual economic benefits. The development of network forms through cooperation centers on the dynamics of the relationship between the collaborating parties. In such strategic partnerships, indications of trust and commitment are found, leading to actions such as relationship investment, influence acceptance, communication openness, and control reduction. These actions reflect a commitment to building relationships within the partnership (Smith and Barclay, 1997). Marbun (1996) states that partnership is a concept derived from collaboration, a translation, or a section of a company having social responsibility towards its environment. This aligns with the target-based or participative management concept, emphasizing a company's responsibility in developing small businesses and its customer community. In the long run, partnership concepts are crucial for the sustained existence of large companies (Marbun, 1996).

The relationship between Entrepreneurship and Business Performance

Various companies employ different methods to measure their business performance. However, these can be broadly categorized into two fundamental measurement areas: financial performance measurement and marketing performance measurement. Farrell. M.A (2000) suggests two indicators for financial performance measurement: Return on Assets (ROA) and Return on Sales (ROS). ROA compares net profit to the total assets owned by the company, while ROS compares net profit to total sales achieved by the company. Entrepreneurship is the creative and innovative ability used as a foundation, strategy, and resource to seek opportunities for success. The essence of entrepreneurship lies in the ability to create something new and different through creative thinking and tangible actions (Baldacchino, 2009). According to Jong & Wennekers (2008), creativity involves developing new ideas and approaches to problem-solving, while innovation is the ability to apply creativity to solve problems and identify opportunities. In essence, innovation is the ability to do something new and different from others.

Entrepreneurs must be able to generate new ideas resulting from creativity. This creativity serves as the basis for entrepreneurial innovation. Companies that engage in innovation typically have a strong entrepreneurial orientation, allowing them to take risks and move beyond past strategies. Entrepreneurial orientation is crucial for a company's survival in a dynamic environment. Additionally, a company's ability to market its products towards improved business performance is linked to a high entrepreneurial orientation (Jala, 2018).

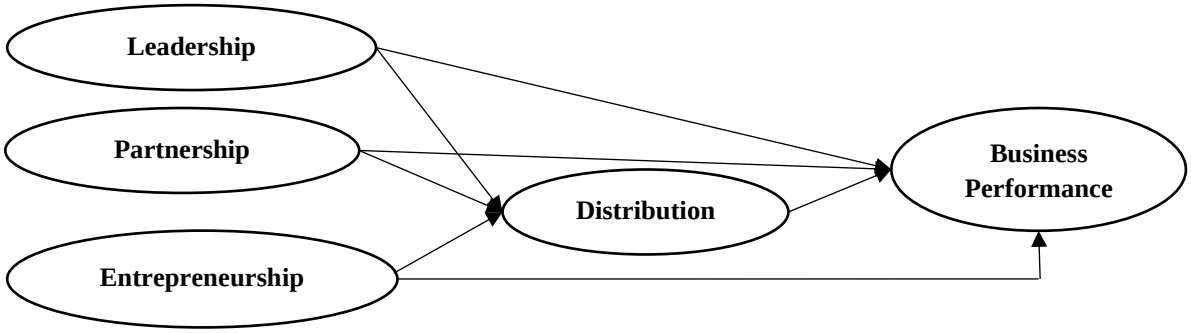

Figure 1. Research Model

The agricultural sector is a crucial part of national development for improving the income and living standards of the population. Within this sector, fisheries play a vital role and can contribute directly or as raw materials for various products, such as terasi. Based on Marketing Research (MARS) Indonesia data, the market and business value of terasi have shown an increase, particularly in East Java. Domestic competition has intensified, creating a highly competitive environment for companies. To enhance competitiveness, producers must strategize, and one effective approach is to improve marketing performance (Figure 1). Effective distribution channels significantly influence marketing performance, and achieving internal business goals relies heavily on trade partners. Various studies on business performance and distribution have been conducted globally, providing valuable insights for business practitioners and academic development. These studies, based on different contexts and timeframes, necessitate further research. The researcher develops a research model based on Shipley et al. (2012), Boorom et al. (1998), and Narver and Slater (1990). The hypotheses formulated for this study are as follows:

H1. Leadership significantly influences the distribution.
H2. Partnerships significantly influence the distribution.
H3. Entrepreneurship significantly influences the distribution.
H4. Distribution significantly influences the business performance.
H5. Leadership significantly influences the business performance.
H6. Partnerships significantly influence the business performance.
H7. Entrepreneurship significantly influences the business performance.
H8. Distribution significantly mediates the impact of leadership, partnerships, and entrepreneurship on the business performance.

3. | METHODS

This study is quantitative, focusing on measurable data expressed in numerical form. The primary data for the research were obtained through the distribution of questionnaires to respondents, specifically owners of terasi distributor outlets participating in a partnership with PT. Gilang Jaya Raya in Sidoarjo. The purposive sampling method was employed, selecting 60 outlets partnering with terasi factories in Sidoarjo based on specific considerations, ensuring ease for the researcher. The samples were distributed through questionnaires across various regions, with characteristics defined by the researcher, such as being affiliated with Mitra Terasi Surabaya, Sidoarjo, and Mojokerto, and having a minimum 10-year partnership with a terasi factory. The research variables, crucial for testing and investigation, are presented in Table 1.

Table 1. Variable Penelitian

Variable	Operational definition	Indikator	Measurement
Leadership (X1)	Leadership, is one of the channel members who has a source of influence that is able to control decision variables in marketing strategies towards other members.	Awards, sanctions, authority, expertise	Likert scale
Partnership (X2)	Partnership, the extent to which respondents assess the cooperative relationships owned by Distribution channels.	Prioritize relationships, forms of contracts, suggestions, motivation, evaluation	Likert scale
Entrepreneurship (X3)	Entrepreneurship is a method, practice and decision-making style used by company managers to create independence.	Innovation, risk taking, and proactiveness	Likert scale
Distribution (Y1)	Distribution, the extent to which respondents assess the effectiveness of distribution channels	Distribution channels, adequacy of quantity, delivery time	Likert scale
Business Performance (Y2)	Business Performance is the performance shown by the company	Repurchases, market growth, profit	Likert scale

The data collection method employed in this research is the Survey Method using questionnaires. Data collection involves providing a set of written questions or statements to respondents, known as questionnaires, distributed directly to them. Closed-ended questionnaires were utilized to gather data on the indicators of variables developed in this study. Respondents' perceptions of the questions or statements were measured, and a questionnaire was formulated to fulfill the value of respondents' perceptions. A numerical scale (Likert scale 1-5) was used to measure respondents' attitudes. The research utilized the SmartPLS version 2.0.m3 for data analysis, running on a computer. Partial Least Squares (PLS) structural equation modeling was employed for simultaneous testing of measurement and structural models. PLS is a soft modeling method, suitable for small sample sizes (below 100), and is effective for weak theory analysis and predictions. Several reasons justify the use of PLS in this research, including its suitability for analyzing smaller sample sizes, its applicability in prediction, and the efficiency of algorithm calculations based on ordinary least squares (OLS). Additionally, PLS assumes that all variance measures can be used to explain the model.

The research used reflective indicators, connecting latent variables with their indicators using the Outer model, employing three measurement methods for validity and reliability assessment. These methods include Convergent Validity, Discriminant Validity, and Composite Reliability. The reliability of the data was further confirmed with the Cronbach alpha test. To assess the structural model, Stone-Geisser Q-square test for predictive relevance and t-tests for the significance of structural path coefficient parameters were employed. The R-square (R^2) value was used to evaluate the model's structural effectiveness, indicating the influence of independent latent variables on dependent latent variables. The criteria for R^2 are as follows: substantial for 0.67, moderate for 0.33, weak for 0.19, and strong for values exceeding 0.7.

Lastly, the structural model's design for relationships among latent variables is based on the research problem or hypotheses. Hypothesis testing (Resampling Bootstrapping) involves comparing the T-table value with the T-statistic. If the T-statistic > the T-table value, the hypothesis is considered supported or accepted. SmartPLS version 2.0.m3 is used for PLS analysis in this research. For a 95% confidence level, the T-table value for one-tailed hypotheses is > 1.96.

4. | RESULTS AND DISCUSSION

Based on age and highest education level, the respondents are owners of partner outlets of PT. Gilang Jayaraya, with 32 respondents from Surabaya (53.3%), 16 from Sidoarjo (26.7%), and 12 from Mojokerto (20%). The majority of respondents fall within the age range of 20-40 years (48.3%), followed by 41-50 years (35%), and 51-60 years (16.7%). Most respondents hold a bachelor's degree (31 individuals), while the rest have completed high school or equivalent (20 individuals) and a diploma (9 individuals).

Convergent validity of the reflective measurement model with reflexive indicators is evaluated based on the correlation between item score and component score estimated with SmartPLS. Individual reflective measures are

considered high if they correlate above 0.70 with the measured construct. However, for the initial stages of scale development, loading values between 0.5 and 0.6 are considered adequate. In this study, a loading factor threshold of 0.50 is used, and the results indicate that all indicators meet the convergent validity requirement. Discriminant validity is then tested to ensure that each concept of latent variables differs from others. A model is considered to have good discriminant validity if the loading value of each indicator from one latent variable has the highest loading value compared to other latent variables. The discriminant validity test results are presented in Table 2.

Table 2. Cross Loading

	Leadership (X1)	Partnership (X2)	Entrepreneurship (X3)	Distribution (Y1)	Business Performance (Y2)
X1.1	0.848	0.809	0.751	0.795	0.874
X1.2	0.676	0.571	0.604	0.557	0.489
X1.3	0.804	0.578	0.548	0.598	0.542
X1.4	0.790	0.507	0.593	0.571	0.587
X2.1	0.419	0.714	0.569	0.532	0.445
X2.2	0.831	0.876	0.845	0.873	0.958
X2.3	0.689	0.863	0.715	0.706	0.653
X2.4	0.474	0.629	0.518	0.395	0.380
X2.5	0.695	0.889	0.814	0.769	0.676
X3.1	0.422	0.599	0.691	0.541	0.463
X3.2	0.821	0.911	0.940	0.841	0.813
X3.3	0.721	0.686	0.860	0.757	0.749
Y1.1	0.811	0.904	0.902	0.885	0.795
Y1.2	0.541	0.485	0.510	0.790	0.763
Y2.1	0.831	0.876	0.845	0.873	0.958
Y2.2	0.820	0.828	0.825	0.829	0.946
Y2.3	0.544	0.486	0.530	0.781	0.769

The results showed that each indicator within a construct differs from indicators in other constructs and clusters within the intended construct. The analysis results indicate that each indicator within a latent variable differs from indicators in other variables, as evidenced by higher loading scores in their respective constructs (highlighted in the largest yellow section of their construct). Another method to assess discriminant validity is by examining the square root of the average variance extracted (AVE), with suggested values above 0.5. The research findings for AVE are presented in Table 3. The AVE values above 0.5 are evident for all constructs in the research model. The lowest AVE value is 0.611 for the Leadership construct (X1).

Table 3. Composite Reability & Cronbachs Alpha

Variable	Composite Reliability	Cronbachs Alpha	AVE	Confirmation
Distribution (Y1)	0.825	0.786	0.704	Valid and Reliable
Partnership (X2)	0.897	0.859	0.641	Valid and Reliable
Leadership (X1)	0.862	0.789	0.611	Valid and Reliable
Entrepreneurship (X3)	0.873	0.782	0.700	Valid and Reliable
Business Performance (Y2)	0.922	0.871	0.801	Valid and Reliable

Furthermore, the method for assessing reliability involves determining a composite reliability value greater than 0.6, considered sufficiently reliable. Additionally, reliability can be examined through Cronbach's Alpha test results, as shown in Table 3. Indicators and variables in the study can be deemed good, with composite values > 0.6 and Cronbach's Alpha values > 0.5. All

variable scores range from 0.78 to 0.92, indicating satisfactory reliability levels for each variable. Furthermore, the testing of the structural model, also known as the inner model, involves examining the significance and R-square values to understand the relationships between constructs. The inner model is evaluated using R-square for dependent constructs, t-tests, and the significance of the structural path coefficient in the research model. Table 4 presents the R-square estimates using SmartPLS. The results show an R-square value of 0.811441 for the distribution variable (Y1), influenced by leadership (X1), partnership (X2), and entrepreneurship (X3). The interpretation is that 81.14% of the distribution variable is explained by leadership, partnership, and entrepreneurship, with the remaining 18.86% attributed to other unexamined variables. Additionally, the R-square value of 0.870307 indicates that 87.03% of the business performance variable (Y2) is explained by leadership, partnership, entrepreneurship, and distribution, with 12.96% attributed to other unexamined variables.

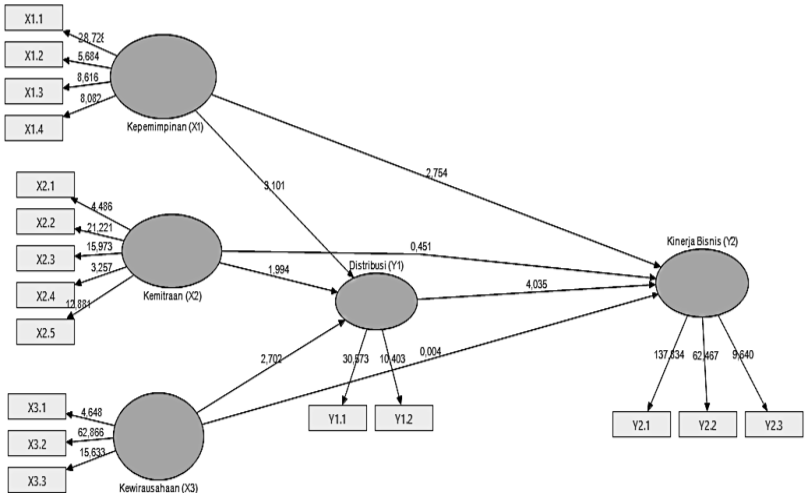

Figure 2. Structural Model (Inner Model)

In assessing the PLS model, the evaluation begins with examining the R-square for each dependent latent variable (Figure 2). Furthermore, hypothesis testing (Resampling Bootstrapping) is conducted by analyzing the measured relationships through calculating path coefficients for each path. This relationship analysis is initially performed with resampling using the bootstraping method on the sample. Bootstraping aims to minimize the issue of data non-normality in the research. Based on the data after bootstraping, the inter-variable relationships can be observed in Table 4. The test results indicate that the relationship between leadership and distribution shows a coefficient value of 0.273324 with a t-value of 3.101349. This value is greater than (1.960). This result means that leadership has a significant positive relationship with distribution, aligning with the first hypothesis. Thus, Hypothesis 1 is accepted. The accepted hypothesis states that the t-statistic of 3.101349 > t-table 1.96, indicating that leadership significantly influences the distribution. This finding aligns with previous research by Leithwood et al. (2020). The leadership variable, measured through indicators such as rewards/incentives (0.848), penalties/punishments (0.676), authority/rights (0.804), and expertise (0.790), all have a significant impact on distribution. Notably, rewards are the most significant indicator of leadership, followed by authority, expertise, and penalties. The analysis indicates that manufacturers utilizing non-coercive leadership are more productive than those employing coercive power. Obtaining a leadership role in distribution is a critical management issue. A company gains strength in the organization due to its advantages and specifications. Leaders use their power to differentiate who will perform marketing activities, coordinate company performance, and manage conflicts among themselves. Offering rewards when partners exceed booking targets can be in the form of bonuses, implying that the better the leadership by the producer, the better the distribution.

Table 4. Path Coefficients

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (|O/STERR|)
Leadership (X1) -> Distribution (Y1)	0.273	0.268	0.088	0.088	3.101
Partnership (X2) -> Distribution (Y1)	0.294	0.345	0.140	0.140	1.994
Entrepreneurship (X3) -> Distribution (Y1)	0.386	0.346	0.143	0.143	2.702
Distribution (Y1) -> Business Performance (Y2)	0.721	0.700	0.179	0.179	4.035
Leadership (X1) -> Business Performance (Y2)	0.182	0.184	0.066	0.066	2.754
Partnership (X2) -> Business Performance (Y2)	0.063	0.055	0.139	0.139	0.451
Entrepreneurship (X3) -> Business Performance (Y2)	0.001	0.035	0.265	0.265	0.004
R Square: Distribution (Y1)= 0.811; Business Performance (Y2)= 0.870					

The results of the second hypothesis testing indicate that the relationship between the partnership variable and distribution shows a path coefficient value of 0.294100 with a t-value of 1.993916. This value is > (1.960). The result means that partnership has a significant positive relationship with distribution, aligning with the second hypothesis. Thus, Hypothesis 2 is accepted. The accepted hypothesis states that the t-statistic of 2.701610 > t-table 1.96 indicates that partnership significantly influences the distribution. This finding aligns with previous research by Pramono et al. (2021) but contradicts the research by Rianto (2014). The partnership variable, measured through indicators such as prioritizing relationships (0.714), contract form (0.876), advice (0.863), motivation (0.629), and evaluation (0.889), has a significant impact on distribution. Notably, evaluation is the most significant indicator of partnership, followed by contract form, advice, and prioritizing relationships.

The third hypothesis testing results show that the relationship between entrepreneurship and distribution has a path coefficient value of 0.385589 with a t-value of 2.701610. This value is > (1.960). The result means that entrepreneurship has a significant positive relationship with distribution, aligning with the third hypothesis. Thus, Hypothesis 3 is accepted. The accepted hypothesis states that the t-statistic of 2.701610 > t-table 1.96 indicates that entrepreneurship significantly influences the distribution. This finding aligns with previous research by Rianto (2014). The entrepreneurship variable, measured through indicators such as innovation (0.691), risk-taking (0.940), and proactiveness (0.860), has a significant impact on distribution. Notably, risk-taking is the most significant indicator of entrepreneurship, followed by proactiveness and innovation. Building economic prosperity and improving social life quality, where marketing is an integral part, entrepreneurship is an instrument that influences the evolution of marketing functions at all levels of organization and society. The analysis results show that entrepreneurship will enhance distribution.

The fourth hypothesis testing results reveal that the relationship between the distribution variable and business performance shows a path coefficient of 0.721256 with a t-value of 4.035088. This value is > (1.960). The result implies that distribution has a significant positive relationship with business performance, supporting the fourth hypothesis. Thus, Hypothesis 4 is accepted. The accepted hypothesis states that the t-statistic of 4.035088 > t-table 1.96 indicates that distribution significantly influences the business performance. This finding aligns with previous research by Rianto (2014). The distribution variable, measured through indicators such as the sufficiency of quantity (0.811) and delivery time (0.790), significantly impacts business performance. Among these indicators, the sufficiency of the quantity has the most significant influence on distribution.

The fifth hypothesis testing results show that the relationship between leadership variable and business performance has a path coefficient of 0.181807 with a t-value of 2.754483. This value is > (1.960). The result means that leadership has a significant positive relationship with business performance, supporting the fifth hypothesis. Thus, Hypothesis 5 is accepted. The accepted hypothesis states that the t-statistic of 2.754483 > t-table 1.96 indicates that leadership significantly influences the business performance. This finding aligns with previous research by Edi Sucipto (2015). Leadership variable, measured through indicators such as rewards (0.848), penalties (0.676), authority/rights (0.804), and expertise (0.790), significantly impacts business performance. Among these indicators, the rewards have the most significant influence on leadership. Leaders with substantial position power have structured tasks. A positive leader-member relationship increases the likelihood of followers complying with leader requests. This implies that better leadership by the manufacturer enhances business performance.

The sixth hypothesis posits that partnership has a significant positive influence on the business performance. However, the test results show a path coefficient of 0.062586 with a t-value of 0.451436, which is < (1.960). This implies that Partnership does not have a significant positive relationship with business performance, contrary to the sixth hypothesis. Thus, Hypothesis 6 is rejected. The rejected hypothesis states that the t-statistic of 0.451436 < t-table 1.96 indicates that Partnership does not significantly influence business performance. This finding contrasts with Edi Sucipto's (2015) research. Partnership variables, measured through indicators such as prioritizing relationships (0.714), contract forms (0.876), advice (0.863), motivation (0.629), and evaluation (0.889), significantly impact Partnership. Among these indicators, the evaluation has the most significant influence on Partnership. The analysis shows that increasing indicators influencing Partnership does not affect business performance.

The seventh hypothesis, stating that entrepreneurship has a positive significant influence on the business performance, is tested. The results reveal a path coefficient of 0.000953 with a t-value of 0.003598, which is < (1.960). This suggests that Entrepreneurship does not have a significant positive relationship with business performance, contrary to the seventh hypothesis. Thus, the seventh hypothesis is rejected. The rejected hypothesis states that the t-statistic of 0.003598 < t-table 1.96 indicates that Entrepreneurship does not significantly influence business performance. This finding aligns with Edi Sucipto's (2015) research and contradicts Fauzul's (2010) findings. Entrepreneurship variables, measured through indicators such as innovation (0.691), risk-taking (0.940), and proactivity (0.860), significantly impact Entrepreneurship. Among these indicators, risk-taking has the most significant influence on Entrepreneurship. The analysis shows that increasing indicators influencing Entrepreneurship do not affect business performance. Lastly, the eighth hypothesis suggests that distribution significantly mediates the influence of leadership, partnership, and entrepreneurship on the business performance. The research results are available in Table 5, indicating the mediating role of distribution in this context.

Table 5. Direct and Indirect Effect

No	Relationship	Direct Effect	Indirect Effect
1	Leadership (X1) -> Distribution (Y1)	3.101	-
2	Partnership (X2) -> Distribution (Y1)	1.993	-
3	Entrepreneurship (X3) -> Distribution (Y1)	2.701	-
4	Distribution (Y1) -> Business Performance (Y2)	4.035	-
5	Leadership (X1) -> Business Performance (Y2)	2.754	2.733
6	Partnership (X2) -> Business Performance (Y2)	0.451	1.981
7	Entrepreneurship (X3) -> Business Performance (Y2)	0.003	2.319

The results showed that leadership has impact on business performance, mediated through distribution, has a t-statistic > 1.96, indicating a significant effect (hypothesis 8). The influence of leadership on distribution also surpasses 1.96, signifying a significant effect (hypothesis 1). Additionally, the impact of distribution on business performance, with a t-statistic > 1.96, is deemed significant (hypothesis 4). Further, the effect of leadership on business performance without mediation (distribution), with a t-statistic > 1.96, is found to be significant (hypothesis 5). being significant, partial mediation is established, indicating that distribution isn't the sole mediator between leadership and business performance; other mediating factors exist. Similarly, regarding Table 7, the variable partnership's impact on business performance, mediated through distribution, shows a t-statistic > 1.96, signifying a significant effect (hypothesis 8). The influence of leadership on distribution is also significant (hypothesis 2), as is the impact of distribution on business performance (hypothesis 4). Additionally, the effect of partnership on business performance without mediation (distribution), with a t-statistic < 1.96, is found to be not significant (hypothesis 6). This shows that distribution fully mediates the relationship between partnership and business performance. Overall, the analysis indicates that distribution significantly and positively mediates the impact of leadership, partnership, and entrepreneurship on the business performance. The business performance is measured through indicators such as repurchase (0.958), market growth (0.946), and asset return rate (0.769). This underscores the importance for producers to enhance leadership, partnership, and entrepreneurship to influence distribution, thus improving business performance.

5. | CONCLUSION

The research findings reveal significant insights regarding the relationship between leadership, partnerships, entrepreneurship, distribution, and business performance. First, effective leadership has a positive effect on distribution, which means there is a direct correlation between strong leadership and better distribution practices. Likewise, positive impacts are seen on partnerships and entrepreneurship in the distribution sector, indicating that fostering strong partnerships and cultivating an entrepreneurial attitude contributes to improving distribution channels. Furthermore, this research shows a noteworthy positive influence of distribution on business performance. This underscores the importance of an efficient distribution strategy in increasing overall business success. Interestingly, although leadership shows a direct positive impact on business performance, partnerships and entrepreneurship do not show a direct effect. However, the mediating role of distribution becomes clear, implying that the positive impact of partnerships and entrepreneurship on business performance is realized through their impact on distribution practices.

Based on these findings, practical recommendations emerge for both theoretical development and practical application. This theory must evolve to accommodate the various relationships found, especially the mediating role of distribution. For practitioners, the emphasis is on the realization that improvements in leadership, partnerships, and entrepreneurship must be aligned with improvements in distribution channels to effectively improve business performance. This study not only contributes to academic understanding but also provides actionable insights for businesses looking to optimize their operations and results.

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