



## The Effect of Entrepreneurial Orientation on Firm Performance: The Role of Networking Capability

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### ABSTRACT

This study aims to determine the effect of entrepreneurial orientation on company performance. This research was also conducted to determine the role of network capabilities as mediators in the relationship between entrepreneurial orientation and company performance. This research is quantitative research with an explanatory research approach which was conducted on women entrepreneurs at the Entrepreneurs Association of Batu City. The sampling method used in this study is a saturated sample of 88 female entrepreneurs. The research data is primary data obtained through the distribution of online and offline questionnaires. The data analysis used is SEM-PLS assisted by SmartPLS 3.3.3 software. The results of this study indicate that entrepreneurial orientation has no significant effect on company performance. Entrepreneurial orientation has a positive and significant effect on network capabilities and marketing capabilities. Network capabilities and marketing capabilities have a positive and significant impact on company performance. This study also found that networking skills and marketing skills act as perfect mediators in the relationship between entrepreneurial orientation and company performance. In future research, it is necessary to consider adding samples and independent variables outside of the study.

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## Introduction

Company performance is a complex term that describes different meanings and is always related to organizational performance, tasks, and results of activities in the company's business development. Good performance reflects the effective and efficient managerial management of the company in empowering company resources. (Homburg & Wielgos, 2022) describes a measure of company performance as it can be realized through several components such as product and service quality, customer loyalty, and customer satisfaction which are adjusted to the policy of determining active and dynamic market offers. The argument about decreasing contribution seeking expansion in controlling the market has been recognized as a new paradigm shift from the study of market economics in developing countries, including Indonesia. However, globalization and regionalization, which are spreading very quickly, form new obstacles to improving MSME performance (Yoon et al., 2018). Various programs were initiated to promote policies with an entrepreneurial approach among the main MSME players (Pratono & Mahmood, 2015). This is in line with the government's agenda of encouraging MSMEs to achieve independent economic growth (Susilo, 2022). This is the culmination of increasing emphasis on seeking expansion opportunities for the MSME market that can fulfill the components of international market supply (Claessens & Schmukler, 2007).

The concept of partners in the MSME integration system implemented in the city of Batu is the application of one of the resource-based theory (RBT) strategic management theories which believes that a company will achieve a competitive advantage if it has superior resources. This is following the philosophy of the city of Batu in utilizing human and natural resources in directing sustainable MSMEs (Sulvi Sofiana, 2021). The activities implemented in the design of RBT in UMKM in Batu city aim to minimize the existence of power in the economic field which is capitalist. Thus, investors who enter business opportunities in this small Switzerland, must have a commitment that focuses on equal business opportunities by building a network for MSMEs in the city of Batu.

The systemization of the movement to strengthen and develop the economy from the tourism sector also has an impact on consolidating the formation of MSME associations which make propositions according to business category. So far, this has been done as a form of real synergy between the government, stakeholders, and academics in embracing the dependence on forming entrepreneurial independence (Martin & Javalgi, 2016). Technical adoption of the offtake system for MSMEs requires designing MSME standardization, training, network strengthening, and trade mobility to strengthen MSMEs (Tria Adha, 2021). Thus, stakeholders are forced to always update their human resources so that they can adapt to playing a role in the era of industrial transformation and the economic era. Likewise (Mu et al., 2017) excellence can be created through the development of performance frameworks, models, and theoretical integration to analyze the needs of MSMEs, but the available empirical evidence is still limited (Boso et al., 2013).

One orientation that shows the readiness of MSMEs to enter the global market is by implementing an entrepreneurial orientation which is expected to be able to pressure resources to take independent, proactive, innovative, and risk-taking actions in taking advantage of market opportunities (Zahra & Garvis, 2000). In the context of competition, MSMEs need to increase contextual knowledge to understand business boundaries and characteristics so that they can adapt to market share (Lumpkin & Dess, 1996).

Unfortunately, the majority of MSMEs are less able to survive in the face of fast and dynamic changes. They must prepare themselves to face intense competition and take advantage of opportunities to enter new foreign markets (Khanna, 2015). In particular, entrepreneurial orientation contributes to sales growth (Miller, 2011) and can be said to automatically affect company growth (Yan, 2010) and overall performance (Mohamed & Hanafi, 2013). Interestingly another finding (Slater & Narver, 2000) also identified no significant relationship between entrepreneurial orientation and firm performance. On the other hand, there are opinions stating that entrepreneurial orientation and company performance are not significant because of the business cycle and non-linear relationships (Kreiser et al., 2013) or require a mediating role that understands the relationship between entrepreneurial orientation and company performance (Qureshi & Kratzer, 2011).

Recent literature suggests that entrepreneurial orientation is only a part that explains company performance (Mu et al., 2017) and there are even several other factors that are also important in enhancing entrepreneurial orientation performance such as business relationships and networks (Paul et al., 2017). Knowing the limited resources and lack of knowledge and access to enter new markets, MSMEs are required to have the ability to build networks (Mu et al., 2017). The combination of strategic orientation also highlights the need to obtain additional evidence about the influence of network capabilities on firm performance (Knight & Liesch, 2015). According to (Mort et al., 2006) the potential source of MSMEs is very important to have business partners in dealing with economic markets. Therefore, (Musteen & Butts, 2013) argues that the ability to manage a network is an important factor in determining business success. However, there is little evidence that considers network capabilities to be an orientation in improving performance, especially in SMEs.

In addition to building company performance through strengthening organizational networks, increasing the ability to play strategic postures in decision-making activities that lead to new market areas (Lumpkin & Dess, 1996) such as access to other markets, mindsets, and business models and characteristics must adapt to the new environment. (Khana, 2015). Compared to large-scale businesses, MSMEs suffer much from being new (Gupta & Batra, 2016) with limited resources and lack of experience (Karami & Tang, 2019). This requires MSMEs to highlight increased performance in achieving competitive advantage (Chetty & Karami, n.d.) and be able to create value in new markets with the help of entrepreneurial orientation.

Furthermore, the large amount of literature highlights the need to deepen the study of the interest in network capabilities from company performance both on a large business scale and SMEs (Musteen & Butts, 2013). This network capability is one of the factors that lead to the success of MSMEs (Pehrsson, 2016) this refers to the ability of MSMEs to utilize and develop relationships between organizations to gain access to some of the resources needed (Hakala, 2011). Therefore, the literature has an interest in testing the existence of strategic factors in the ability of networks to become frameworks and models in influencing company performance (Agen et al., 2017; Khanna, 2015). This combination design is also supported by (Paul et al., 2017) because of the scarcity of literacy that raises the scope of MSMEs.

Apart from starting from the problems of SMEs in the city of Batu, this research is also based on the inconsistency of previous research regarding the relationship between entrepreneurial orientation and MSME performance, so this research needs to be done. The renewal in this study is to accommodate the network capability variable as a mediating variable. This research is also expected to contribute both theoretically and managerially. Theoretical contribution to this study is the addition of literacy regarding the relationship between entrepreneurial orientation, network capabilities, and company performance. Meanwhile, managerial contributions are expected to contribute to MSME actors, so they can provide solutions related to performance improvement.



## Methods

The main objective of this study is to determine the relationship between entrepreneurial orientation, network capabilities, and company performance. The research population used in this study were women entrepreneurs in the Batu City Entrepreneurs Association of 88 business actors. The sampling technique used is saturated samples. A saturated sample is a sampling technique that uses the entire population as a sample (Uma Sekaran, 2016). The research data used in this study is primary data with data collection techniques through questionnaires. This research is quantitative research with an explanatory research approach. The data measurement scale used is a Likert scale of 1 (strongly disagree) to 5 (strongly agree). The data analysis used in this study is SEM-PLS assisted by SmartPLS 3.3.3 software. The indicators for measuring company performance variables adopted from research (Knight & Liesch, 2015), (Lumpkin & Dess, 1996), (Tuffour et al., 2020) are customer loyalty, customer satisfaction, and product and service quality. The research indicators for the entrepreneurial orientation variable adopted from (Kusumawardhani et al., 2009), (Sami Kajalo Arto Lindblom, 2015), (Katharina & Hofer, 2015), (Covin & Wales, 2018) are innovativeness, pro-active, risk-taking. Variable indicators in the study of network capability variables were adopted from research (Walter et al., 2006), (Pratono & Mahmood, 2015), (Becker et al., 2015) including coordination, relational skills, partner knowledge, and internal communication. Research indicators of marketing capability variables were adopted from research (Morgan et al., 2012), (Cantaleano et al., 2018), (Barney, 1991) product capabilities, marketing communication capabilities, selling capabilities, and marketing planning capabilities.

## Result and Discussion

### Evaluation of the Research Model

Outer model evaluation refers to the results of validity and reliability. The results of the validity and reliability tests are shown through the outer loading value in table 2. The validity test is seen based on the value of the loading factor of the research questionnaire items. Research questionnaire items are declared valid if the loading factor coefficient is above 0.60 (Santoso, 2018). However, if several items have a value below 0.6 then the questionnaire items below the factor loading limit should be eliminated so that the model can be carried out at the next stage of analysis (Chin, 1998). Table 2 shows overall the questionnaire items that have met the factor loading limit of 0.6 so that the questionnaire items can be declared valid. The results of the validity were strengthened by the AVE (Average Variable Extracted) test. This research indicator said that the AVE value was greater than 0.50 ( $> 0.50$ ) (Joe F. Hair & Brunsveld, 2019). Table 2 describes all the variables in the study including entrepreneurial orientation, network capabilities, and company performance that have an AVE (Average Variable Extracted) value above 0.50 so that the research variables meet the requirements of the AVE test.

**Table 1: Validity and Reliability**

Variable Latten	Items	Outer Loading	Cronbach's Alpha	CR	AVE	Explanation
<b>Entrepreneurial Orientation</b>	<b>X.1</b>	0.663	0.799	0.869	0.626	<b>Valid</b>
	<b>X.12</b>	0.805				
	<b>X.13</b>	0.817				
	<b>X.14</b>	0.866				
<b>Network Capabilities</b>	<b>Z1.1</b>	0.762	0.960	0.964	0.624	<b>Valid</b>
	<b>Z1.10</b>	0.762				
	<b>Z1.11</b>	0.804				
	<b>Z1.13</b>	0.833				
	<b>Z1.14</b>	0.826				
	<b>Z1.15</b>	0.823				
	<b>Z1.16</b>	0.764				
	<b>Z1.17</b>	0.744				
	<b>Z1.18</b>	0.732				
	<b>Z1.2</b>	0.769				
	<b>Z1.3</b>	0.765				
	<b>Z1.4</b>	0.796				
	<b>Z1.6</b>	0.806				
	<b>Z1.7</b>	0.815				
<b>Z1.8</b>	0.847					
<b>Z1.9</b>	0.782					
<b>Company Performance</b>	<b>Y.1</b>	0.802	0.948	0.957	0.738	<b>Valid</b>
	<b>Y.3</b>	0.867				
	<b>Y.4</b>	0.728				
	<b>Y.5</b>	0.863				
	<b>Y.6</b>	0.944				
	<b>Y.7</b>	0.890				
	<b>Y.8</b>	0.908				
	<b>Y.9</b>	0.849				

Reliability testing is carried out through composite reliability values. Exposure J. Hair et al. (2018) regarding composite reliability is calculated based on the assumption that each item must be rated in terms of individual specific item prowess. Research measurements are declared reliable if the composite reliability has a value of  $> 0.70$  (I. and H. L. Ghozali, 2015) and Cronbach alpha above 0.60 (Sarstedt et al., 2022). Table 2 shows that the composite reliability value for each latent variable is above 0.7 and the Cronbachs alpha value is above 0.6. The test results show that all indicators that measure the variables of entrepreneurial orientation, network capabilities, and company performance can be declared reliable. Testing the next research model is the coefficient of determination. The value of the coefficient of determination is shown through the value of  $R^2$  (see table 3). The  $R^2$  value of the network capability variable is 0.510 which explains that network ability is influenced by an entrepreneurial orientation by 50.6%, while the remaining 49.4% is another contribution that



is not described in this study. The  $R^2$  value of the company performance variable is 0.741 or as much as 74.1%, indicating that the company's performance is 74.1% influenced by network capabilities, while the remaining 25.9% are other variables not explained in this study.

**Table 2. Determination Coefficient Results ( $R^2$ ), Predictive Relevance ( $Q^2$ )**

Variable	$R^2$
Network Capabilities (Z2)	0.510
Company Performance (Y)	0.690

$$Q^2 = 1 - \left\{ (1 - \frac{R^2_{12}}{0.510}) (1 - \frac{R^2_{22}}{0.690}) \right\} = 0,848$$

(Source: (Research Data, 2022))

The results of the calculation of Q-Square predictive relevance ( $Q^2$ ) are used to see the observed value of a research model and its parameters (Table 3). A research model is declared relevant or called good if the value of Q-Square predictive relevance ( $Q^2$ ) is more than zero ( $Q^2 > 0$ ), and vice versa, the value of Q-Square predictive relevance ( $Q^2$ ) is less than zero ( $Q^2 < 0$ ) then the model and research parameters can be said to be less relevant (Chin W, 1998). The results of calculating the Q-Square value predictive relevance ( $Q^2$ ) show 0.848 or equivalent to 84.8%. This value indicates that this research model has a Q-Square predictive relevance ( $Q^2$ ) value of more than zero so it can be stated that this research model has relevant or good observations. Furthermore, the calculation of the Goodness of Fit Model (GoF) is used to show the feasibility of the model or the overall performance of the research model. The value of the Goodness of Fit Model (GoF) ranges from 0 to 1. The following criteria for measuring the value of the Goodness of Fit Model (GoF) are 0.36 (strong or large GoF); 0.25 (medium GoF); and 0.10 (small or weak GoF) (I. and H. L. Ghazali, 2015). The results of the calculation of the Goodness of Fit Model (GoF) show that the Goodness of Fit Model (GoF) has a value of 0.631. This value explains that the overall research model is strong or feasible because the Goodness of Fit Model (GoF) is more than 0.36.

$$GOF = \sqrt{AVE \times R^2}$$

$$GOF = \sqrt{0.663 \times 0.600}$$

$$GOF = \sqrt{0.398}$$

$$GOF = 0.631$$

**Testing Results**

The test results explain that the p-value of the effect of entrepreneurial orientation on company performance is 0.496. The test results explain that the effect of entrepreneurial orientation on company performance has a p-value  $> 0.05$ , so it can be said that entrepreneurial orientation has no significant effect on company performance, so H1 is rejected. The results of the H2 test explain that the p-value is  $0.000 < 0.05$  (see table 4). These results explain that entrepreneurial orientation has a significant effect on network capabilities, and H2 is accepted. The p-value of network capability on company performance is  $0.00 < 0.05$ , so it can be said that network capability has a significant effect on company performance, H3 is accepted. The mediation test conducted in this study shows that the significant value (p-value) of the influence of entrepreneurial orientation on company performance through network capabilities is  $0.000 > 0.05$  so that H4 of this study is accepted. Referring to Sarstedt et al., (2022) explain that the results of the tests carried out in this study are complete mediation, if (a) and (b) are significant but (c) are not significant.

**Table 3. Hypothesis Testing Results**

<b>Hypothesis</b>	<b>Description</b>	<b>Path Coefficient</b>	<b>SE</b>	<b>P-Value</b>	<b>Interpretation</b>
H1	<i>Entrepreneurship Orientation -&gt; Company performance</i>	0.072	0.106	0.496	Insignificant
H2	<i>Entrepreneurship Orientation -&gt; Network Capabilities</i>	0.714	0.100	0,000	Significant
H3	<i>Network Capabilities -&gt; Company performance</i>	0.778	0.077	0,000	Significant
H4	<i>Entrepreneurship Orientation -&gt; Network Capabilities -&gt; Enterprise Performance</i>	0,556	0.102	0,000	Significant

Source: (Research Data, 2022)

### **Discussion**

The results of the study show that the entrepreneurial orientation implemented by SMEs is not able to improve company performance. It can be said that entrepreneurial orientation does not always encourage companies to increase their performance capacity. In other words, every MSME actor has a point of view regarding the components of entrepreneurial orientation in implementing multidimensional constructs which are difficult to implement with limited human resource capabilities in different business environments.

The results of the study also explain that MSME actors in the Batu City Entrepreneurs Association understand the concept of renewing product and service innovation, but are less able to understand changes in customer product needs. This is reflected in the loading factor value (table 4.7) of the entrepreneurial orientation variable which is projected with the lowest value concept compared to the other factor values. The research results are also supported by field conditions, which show that the majority of MSMEs in the last 5 (five) years have not marketed new products, services, and services to customers. (Katharina & Hofer, 2015) explains that when MSME actors are less able to adapt and reflect customer needs, MSME actors will not offer updated products or services as superior. This is possible because MSME actors are less aware of the importance of product renewal and variant innovations that should be carried out and adapted to the trends and demands of the majority of customers. On the other hand, the tendency for MSME actors to only follow the prevailing trends (herding behavior) is considered a competitive action compared to introducing new ideas or decisions. Furthermore, MSME actors avoid competition rather than take the initiative to start strategies that have not been carried out by competitors. It is possible that MSME actors only pursue performance in terms of quantity achievement compared to the competitive increase in the business concept being implemented (Karami & Tang, 2019) so that it automatically has an impact on the decline in company resources.



The results of the study also mean that MSME actors in the Entrepreneurs Association of Batu City are more likely to orientate their low-scale business projections but forget about the stages of behavior based on uncertainty in decision-making. This causes MSME actors to tend to wait for a safe situation with the assumption that this can minimize the possibility of making the wrong decision. When faced with a decision-making condition with high projected uncertainty, business actors tend to choose to use the opportunity to remain in the current condition compared to choosing opportunities with different opportunities. Dynamic market changes (Ajayi, 2016) are believed to be a barometer for studying the problem as a whole so that it can determine decisions with the lowest potential solutions (Jin et al., 2018) so that it can effectively align internal factors and external factors.

The results of this study support the assumptions (Barney, 1991) regarding the resource-based-view theory which explains that entrepreneurial orientation is a resource that has a unique value in building a company's competitive value. The uniqueness of MSME actors implements heterogeneity in terms of different treatments in dealing with risks and creating innovations according to trends and other supporting resources (Gupta & Batra, 2016). The relationship between entrepreneurial orientation and company performance in conceptual results supports the literature and previous research, which explains that there is no positive and insignificant correlation between entrepreneurial orientation and company performance (Slater & Narver, 2000) (Kreiser et al., 2013) (Qureshi & Kratzer, 2011). Thus, it can be concluded as a whole that entrepreneurial orientation consisting of innovation, pro-activity, and risk does not affect improving company performance, especially in the context of innovation and pro-activity.

The results of research in the context of the effect of entrepreneurial orientation on company performance have a close relationship. This is because entrepreneurial orientation tends to be associated with the personal characteristics of MSME actors that describe the company's operational skills in utilizing resources. In other words, entrepreneurial orientation plays an important role in deciding on a strategy with an integrated structure so that companies can implement stronger network capabilities. This factor can be seen from the contribution of the loading factor value (table 3) of the network capability variable which is proxied by coordination ability (X2.1) showing the highest value. This illustrates the field conditions in that MSME actors can analyze the company's wishes and align them with the achievement goals of partner companies. In line with Yoon & Kim (2016) who emphasized that entrepreneurial orientation is a business model in drives network capabilities in forming competitors with relationships so that they can create wider market opportunities. The results of this study also support the concept of resource-based-view theory as one of the resources owned by companies to analyze competitive advantage with partner companies as an assumption that it will be a sustainable advantage (Barney, 1991). The relationship between entrepreneurial orientation and networking capabilities in the results of this study supports conceptually the literature and supports previous research arguments, which explain a positive and significant correlation between entrepreneurial orientation and networking capabilities (Chandra et al., 2015) (Cirjevskis, 2019) (Zou et al. ., 2010) (Yoon & Kim, 2016) (Carter et al., 2016).

In addition to the correlation of network capabilities with entrepreneurial orientation, network capabilities are also correlated with company performance through the formation of

alliances and social relations that are implemented in the company's business activities. This is in line with field conditions where MSME actors describe the establishment of a network of business institutions that assist companies in receiving and providing information, social capital, finance, and other aspects. Furthermore, MSME actors realize that network capabilities help identify market opportunities and build sensitivity to market response, and can open access to resources owned by other companies so that they can improve company performance.

The results of this study also explain that the effect of network capabilities on company performance is centered on the utilization factor of inter-company relations which is carried out systematically and responsively in identifying acclimations to dynamic market changes. This is in line with the presentation (Silva et al., 2022) that companies that can form new environments and alliances from social activities will be able to obtain other resources that were not previously owned by the company (Sarwar et al., 2021) companies will be able to overcome the lack of resources needed in dealing with the business market. The results of this study conceptually support literacy and previous research, which explain a positive and significant correlation between network capabilities and company performance (Walter et al., 2006) (Knight & Liesch, 2015) (Yoon & Kim, 2016) (Jin et al., 2018).

The results of this study also found that network capabilities have an important role as a mediator in the relationship between entrepreneurial orientation and company performance. The company's performance will increase if the entrepreneurial orientation formed by MSME actors is applied to network capabilities in the business activities carried out. Referring to the entrepreneurial orientation applied by MSME actors is formed through increasing competitive advantage and company skills and knowledge. By implementing an entrepreneurial orientation, MSME actors will be assisted in the identification and analysis of business conditions and problems, especially in the risk of decision-making. This is supported by the majority of MSME actors in the Batu City Entrepreneurs Association who is the sample of this study and apply an entrepreneurial orientation related to the concept of developing the characteristics of their business.

Research (Zhou et al., 2012) explains that the context of entrepreneurial orientation can build a new market environment so that network development is needed and will automatically contribute to optimizing company performance. Implementation of an entrepreneurial orientation through understanding the internal and external environment which is implemented following the individual characteristics of business actors or MSMEs can be able to improve company performance. By implementing an entrepreneurial orientation, MSMEs who are in difficulty will be encouraged to carry out creative and innovative activities by utilizing their internal resources effectively to open up new business opportunities. This is possible because the majority of MSME actors who are the sample in this study belong to the micro group, so MSME actors tend to take advantage of social relations in suppressing business development. (Etemad, 2015) explained that MSME actors tend to have access to companies in the Batu City Entrepreneurs Association to manifest resources to gain advantages and new business opportunities. Even so, MSME actors still have business characteristics in developing business opportunities but have not fully implemented innovation on actions taken by competing companies.

Overall, the role of network ability as a mediator on the relationship between entrepreneurial orientation and company performance has an influence when compared to the direct effect of entrepreneurial orientation on company performance. Furthermore, this condition emphasizes the company's performance more significantly when network capabilities play a role as a mediator in the relationship between entrepreneurial orientation and company performance. This result can be seen from the value of the path coefficient H6 is greater than the value of the path coefficient H1 (table 4.11). The results of this study are in line with previous literature and empirical studies which explain the role of network capabilities as mediators (Pehrsson, 2016) (Carter et al., 2016). Thus, the increase



in company performance must be balanced with network capabilities that are applied in business activities by MSME actors

### Conclusion and Suggestion

Entrepreneurship research has become a popular research topic when viewed from a behavioral perspective in recent years. Nonetheless, entrepreneurship research still needs to be explored in depth because there are still many constructs that need to be developed further. This research was conducted to determine the effect of the relationship between entrepreneurial orientation variables, network capabilities, and company performance. Based on the research objectives that have been described previously, this research can produce conclusions, firstly entrepreneurial orientation does not affect company performance. This is illustrated by MSME actors tending to avoid it so that the target in building competitive advantage is not in line with the correlation with company performance. Second, entrepreneurial orientation has a positive and significant effect on networking capabilities. These results can illustrate that entrepreneurial orientation helps MSME actors in creating coordination and communication relationships as well as understanding partner relations so that they can support increased company performance. Third, network capabilities have a positive and significant effect on company performance. This illustrates that network capabilities can form social relations that form a new alliance environment and it may encourage the achievement of company performance. Fourth, entrepreneurial orientation contributes to increasing company performance with network capabilities. This condition explains that in addition to increasing entrepreneurial orientation affecting company performance, increasing entrepreneurial orientation also affects network capabilities in achieving the company's competitive advantage.

Referring to the results of the research analysis that has been carried out, this study provides several suggestions. Some suggestions can be given from this research, based on the perspective of MSMEs and the government, such as first, the Batu City Entrepreneurs Association is expected to be able to schedule events related to the readiness of MSMEs in facing a dynamic business environment. It is hoped that MSME actors will have mental and strategic readiness in maintaining and increasing and expanding their marketing reach. Second, MSME actors should consider their ability to innovate products and be able to increase the sensitivity of responses to business competition and other competitor clashes. This can lead MSME actors to be more willing to take risks rather than analyze their business projections so that they are left behind by other business actors. Third, although MSME actors have received a lot of training specifically on product development and marketing strategies, the level of acceptance of human resources is still relatively low. So far, training also needs to be strengthened by assisting upstream to downstream so that it can create competitive MSMEs. Fourth, provide training to MSMEs at least following the needs and mapping of business fields that have been clarified by the government. Where UMKM actors with business fields and are balanced with supporting resources, need to be given objective ongoing training so that they can make changes to their businesses in particular and fellow business actors in general. In future research, it is hoped that additional research samples will be carried out and the need for additional independent variables beyond the variables contained in this study.

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