



THE INFLUENCE OF COMPETENCE, INNOVATION AND ENTREPRENEURSHIP ORIENTATION IN IMPROVING PERFORMANCE OF MSMEs IN SERANG CITY

Neni Nuraeni¹, M. Havidz Aima², Hernawati W Retno Wiratih³

¹Mercu Buana University, Jakarta Indonesia 55119120106@student.mercubuana.ac.id

²Esa Unggul University, Jakarta, Indonesia, havidz.aima@esaunggul.ac.id

³President University, Jababeka, Bekasi, Indonesia, hernawati_life@president.ac.id

Corresponding Author: Neni Nuraeni¹

Abstract: This study aims to determine the effect of competence, innovation, and entrepreneurial orientation on the performance of MSMEs in the food sector in Serang City. This study uses quantitative methods with a sample size of 70 MSMEs. The sample was taken from the food sector MSME population in Serang City which had been running for at least 2 years. The sampling technique was non-probability sampling with purposive sampling method. The data analysis method used the Structural Equation Model (SEM) with the SmartPLS analysis tool. The results show that competence has a significant effect on MSMEs, innovation has a significant effect on MSMEs, and entrepreneurial orientation has a significant effect on MSME performance and competence, innovation, and entrepreneurial orientation simultaneously have a significant effect on MSME performance.

Keywords: Competence, Innovation, Entrepreneurship Orientation, MSME Performance

INTRODUCTION

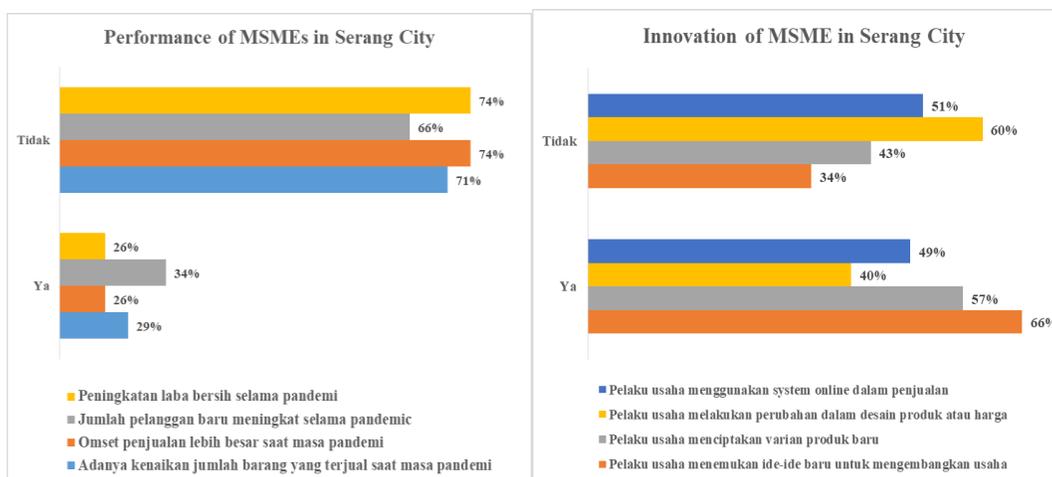
Micro, small and medium enterprises (MSMEs) have a very important role in Indonesia's economic growth. Data from the Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018, the number of MSME actors was 64.2 million or 99.99% of the total number of business actors in Indonesia. The absorption capacity of MSME workers is 117 million workers or 97% of the labor absorption capacity of the business world. Meanwhile, the contribution of MSMEs to the national economy (GDP) was 61.1%, and the remaining 38.9% was contributed by large business actors, which amounted to only 5,550 or 0.01% of the total number of business actors. The MSMEs are dominated by micro business actors, amounting to 98.68% with a workforce absorption capacity of around 89%. Meanwhile, the contribution of micro enterprises to GDP is only around 37.8% (Kemenkeu.go.id).

However, the strong aggregate contribution of MSMEs has not been reflected in the success of Indonesian MSMEs in competitive domestic and foreign markets. This is due to the

problems faced by MSMEs in Indonesia. Weaknesses or mistakes that are usually made by MSME actors, namely: 1. Investment ends, 2. Pay yourself, 3. Not taking into account the worst, 4. Mixing personal and corporate property, 5. For commercial purposes, using a personal credit card, 6 .Using company money for personal use and 7. Having no accounting results. The seven mistakes are the negligence of MSME actors, not because of the wishes of MSME actors (Khair, 2019).

With these problems, it doesn't matter if MSMEs are very vulnerable in facing various economic shocks. The impact of the Covid-19 pandemic on MSMEs also tends to be very heavy. The economic downturn due to the implementation of activity restrictions has caused many MSMEs to no longer be able to run their business and it is even difficult to maintain their business continuity. Thaha's research (2020) reports that 163,713 MSME actors in the food and beverage sector have been affected by the Covid-19 pandemic. The results of the research report were added to data from the Ministry of Cooperatives and SMEs which reported that 56% of MSMEs experienced a decline in sales, 22% in the financing aspect, 15% in the aspect of distribution of goods, and 4% had difficulty getting raw raw materials. Soetjipto's research (2020) shows that 75% experienced a decline in sales, 51% of MSME actors are only able to survive 1-3 months, 67% want an emergency fund, and only 13% of MSME actors are sure to face a pandemic situation. This is also felt by MSMEs in the food sector in Serang City where this pandemic situation requires the public to limit social activities or direct interaction with business actors. This impact makes MSMEs in the food sector empty of orders, experiencing losses and even being threatened with temporary closure because they cannot carry out business strategies properly.

The results of the pre-survey found several problems related to the performance of MSMEs in the food sector in Serang City, which can be seen in Figure 1 below.



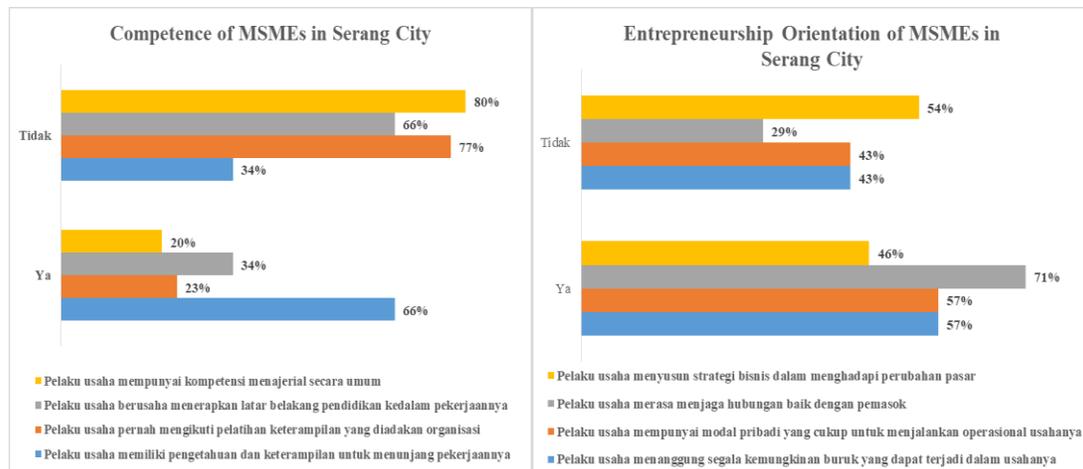


Figure 1. Problems faced by MSMEs in the Food Sector in Serang City

Based on Figure 1. It can be explained that, there was a decline in the performance of MSMEs during the pandemic, MSME knowledge and skills were quite good, but only 23% of them had attended skills training to improve competence. The data also shows that the level of MSME innovation in Serang City is still low, especially in creating product variants and product/price designs. The entrepreneurial orientation is good enough, but to develop a business strategy and the desire to excel is still lacking.

In a previous study by Widjaja YR, et al. (2018), Suindari and Juniariani (2020), and Lestari (2021) which state that performance is closely related to HR competence, with the higher competence of HR, the higher the performance of the UMKM will be. On the other hand, Kristanto et al. (2021) stated that HR competence had no effect on the performance of MSMEs at the Lurik MSME Center in Pedan District and the Batik Center in Bayat District, Klaten Regency, so that the magnitude of HR competence in the company did not affect the performance of MSMEs. Claudia and Sangen (2021) also state that HR competence has a negative and insignificant effect on business performance.

The entrepreneurial orientation related to the performance of small and medium industries has been investigated by Palalic, R and Busatlic, S (2015), finding that the entrepreneurial orientation dimension has a significant relationship with the performance and growth of small businesses in Bosnia Herzegovina. Cho and Lee (2018), stated that the entrepreneurial orientation sub-factor, innovative progress affects non-financial business performance. On the other hand, the results of research by Setyawati and Abrilia (2013), stated that the relationship between entrepreneurial orientation and performance was not significant. Frank et al (2010) also have the same opinion, that entrepreneurial orientation has a negative effect on business performance. The existence of this research gap is the background for conducting this research.

LITERATURE REVIEW

Micro, Small and Medium Enterprises (MSMEs)

According to Presidential Decree Number 99 of 1998, the definition of small business is: small-scale commercial activities of people in the business sector, most of whom are small

entrepreneurs and need to be protected to avoid unfair competition between business actors. MSMEs have been legally regulated in the Micro, Small and Medium Enterprises Law Number 20 of 2008. It is defined as a small business that is owned and run by individuals with certain assets and benefits, or is owned by a small group of people. According to Government Regulation No. 20 of 2021 Micro, Small and Medium Enterprises are grouped based on the criteria for business capital or annual sales results. The criteria for working capital as intended are used for the establishment or registration of business activities. The criteria for working capital are as shown in Table 1.

Table 1. MSME Criteria Based on Business Capital and Turnover

Business Size	Asset Criteria (Excluding land & business premises)	Turnover (within 1 year)
Micro business	Maximum IDR 1 Billion	Maximum IDR 2 Billion
Small business	More than IDR 1 Billion - IDR 5 Billion	More than IDR 2 Billion – 15 Billion
Medium Enterprise	More than IDR 5 billion - IDR 10 billion	More than IDR 15 billion – 50 billion

Source: PP no 7 of 2021

It can be concluded that Micro, Small and Medium Enterprises are companies that produce various types of goods used in various needs for living goods or other activities where the company has direct production and marketing activities with requirements set by the government in the amount of employees and assets.

MSME Performance

According to Moeheriono (2012), success is a description of the level of achievement of the implementation of an activity program or policy in realizing the priorities, goals, vision and goals of the organization as outlined in the strategic planning of an organization. Performance performance is a series of management activities that provide an overview of the extent to which the results have been achieved in carrying out their duties and responsibilities in the form of successes or deficiencies that have occurred (Ranto, 2007).

Balanced Scorecard is a management concept that has long been developed by Robert S. Kaplan and David P. Norton (2001) as a development of the concept of performance measurement that measures the company. Robert Kaplan sharpened the concept of performance measurement by determining an effective approach that is balanced (balanced) in measuring company performance. The approach is based on 4 (four) perspectives, namely: financial, customer, internal business and growth and learning perspectives. These four perspectives offer a balance between short-term and long-term goals. The desired results (Outcomes) and performance drivers (performance drivers) from these results, and hard and soft and subjective benchmarks (Ilham, 2018).

Competence

Competence shows skills or knowledge detailed by professionalism in a particular field as the most important thing, as being superior in that field (Anwar and Aima, 2019). Competence is

also a fundamental characteristic of each individual associated with criteria that refer to excellence or effective performance in a job or situation (Purba et al. 2020). Marwansyah (2014) explains that competence is a combination of knowledge, skills, attitudes, and other personal characteristics needed to achieve success in a job. Human resources who have competence will work with their knowledge and skills so that they can work easily, quickly, intuitively, and with experience can minimize errors (Syarifudin, 2014).

Competence indicators according to Wibowo (2014), namely: (1) motive is something that people think or want consistently that causes action. (2) character, namely physical characteristics and responses that are in accordance with the situation or information. (3) Self-concept, namely one's attitudes, values, or self-image. (4) knowledge, namely information possessed by people in certain subjects. (5) Skills, namely the ability to perform certain physical or mental tasks.

Innovation

Innovation is one of the key components of entrepreneurship that creates valued desired values, attracting changes or new combinations through creative ideas and combinations (Cho and Lee, 2018). According to Burtonshaw-Gun (2011), innovation is the use of new technology and market knowledge in order to offer new products according to customer desires. Ilham (2018) explained that the innovation aspect includes four parts, namely product, process, organization and marketing.

Entrepreneurship Orientation

In order to increase interest in entrepreneurship, it is necessary to improve skills and an innovative environment, create new products and market opportunities while improving the nature of entrepreneurship individual ribadian (Aima et.al. 2020). Orientation is a review to determine the right and correct attitude (direction, place, etc.) as well as the views that underlie thoughts, concerns or tendencies (Sujatmiko, 2014). Meanwhile, according to Suryana (2013), entrepreneurship is a scientific discipline that studies a person's values, abilities, and behavior in facing life's challenges and how to obtain opportunities with various risks that they may face. Entrepreneurship is a creative and innovative ability that is used as the basis, tips and resources to find opportunities for success (Aima, 2015 in Zaenal Afandi, 2019).

The essence of entrepreneurship is the ability to create something new and different (created new and different), through creative thinking and acting innovatively to create opportunities. Sari's entrepreneurial orientation is divided into four dimensions (2016), including: need for achievement, internal locus of control, self-reliance and openness (extroversion).

Theoretical Framework and Hypotheses

Based on the phenomena and research gaps that have been described, a theoretical framework can be made. The form of the theoretical framework in this study is outlined in outline, that the performance of MSMEs is influenced by the factors shown in Figure 2.

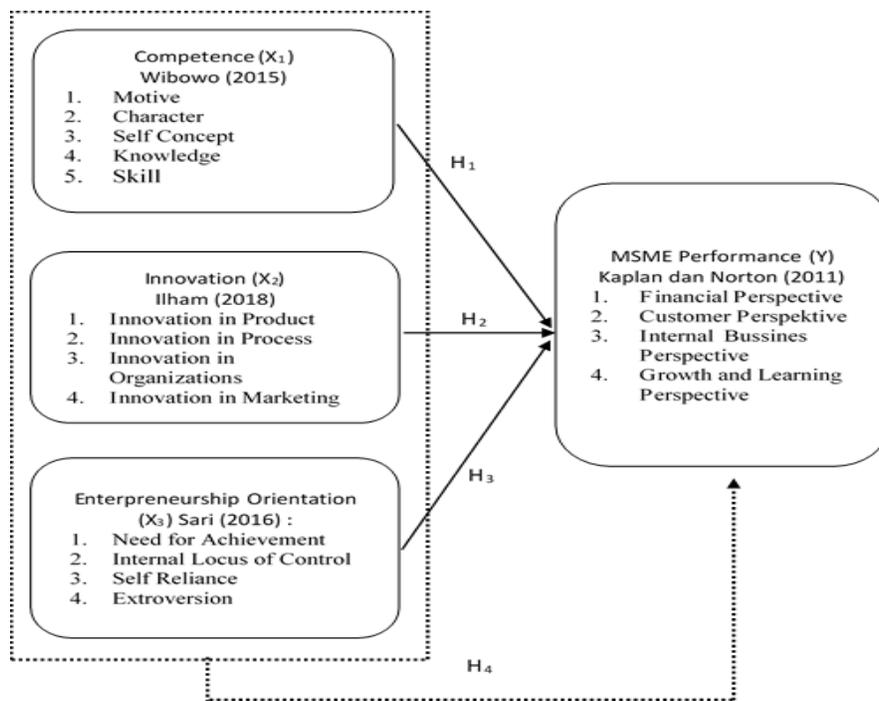


Figure 2. Theoretical Framework

From the figure, the following hypothesis can be drawn:

H1: Competence has a significant effect on the performance of SMEs

H2: Innovation has a significant impact on MSME Performance

H3 : Entrepreneurship Orientation has a significant effect on MSME Performance

H4 : Competence, Innovation and Entrepreneurship Orientation Simultaneously Affect MSME Performance

RESEARCH METHOD

This research is a type of quantitative research with primary data collection through interviews and questionnaires and secondary data through library research. Designed with the aim of being able to understand, explain, and analyze the relationship between the independent variable and the dependent variable with relevant statistical analysis to test hypotheses. The independent variables in this study are competence (X1), innovation (X2), and entrepreneurial orientation (X3), while the dependent variable is MSME performance (Y1). The operational definitions of the variables used in this study are presented in Table 2.

Table 2. Operationalization of Variables

Variable	No	Dimension	Indicator
Competence (X1) Wibowo (2015)	1	Motive	Orientation on task achievement
	2	Motive	Willingness to increase work motivation
	3	Character	Have high initiative in doing tasks
	4	Character	Tenacity in completing tasks
	5	Self concept	Maintain emotions well in doing tasks
	6	Self concept	Be positive

Variable	No	Dimension	Indicator
	7	Knowledge	Mastering knowledge related to work
	8	Knowledge	Ability to understand situations/conceptual thinking in doing tasks
	9	Skills	Have technical skills in carrying out tasks
	10	Skills	Able to use facilities related to work
Innovation (X2) Ilham (2018)	11	Product	Consumer wishes
	12	Product	Excellent product development
	13	Process	Delivery service
	14	Process	Timely service
	15	Organization	Operational facilities
	16	Organization	Ability to share tasks
	17	Marketing	Discounts to customers
	18	Marketing	Product warranty
Orientation (X3) Sari Entrepreneurs hip (2016)	19	<i>Need for achievement</i>	Feeling dissatisfied
	20	<i>Need for achievement</i>	Keep trying
	21	<i>Internal Locus of Control</i>	Confidence carried out
	22	<i>Internal Locus of Control</i>	Desired end result
	23	<i>Self Relience</i>	Make decisions
	24	<i>Self Relience</i>	Master yourself
	25	<i>Extroversion</i>	Nice to meet new people
	26	<i>Extroversion</i>	Start the conversation
MSME Performance (Y) Kaplan and Norton (2011)	27	Financial perspective	Sales increase
	28	Financial perspective	Able to survive
	29	Customer perspective	Good relationship
	30	Customer perspective	Attract consumers
	31	Internal business perspective	Product development
	32	Internal business perspective	Provide warranty
	33	Growth and learning perspective	Employee welfare
	34	Growth and learning perspective	Process improvement

Source: Literature Review

Population and Sample

The population in this study is the owners of MSMEs in the food sector which are MSMEs assisted by the Department of Trade, Industry, Cooperatives and MSMEs in the city of Serang, totaling 400 MSMEs. The sampling technique in this study was by non-probability sampling, while for the sample selection using the purposive sampling method. The considerations used to determine the sample in this study are 1) MSMEs located in Serang, 2) Including the food sector,

3) Minimum 2 years of operation, 4) Minimum net profit of IDR 2,000,000 per month. Determination of the sample is based on percentage, according to Yount (1999), where the population of 101-1000 large samples taken is 10%. To anticipate the occurrence of undesirable things, the total sample is 70 respondents.

Data analysis

The data analysis method used Structural Equation Model (SEM) with Smart-PLS analysis tool. Partial Least Square (PLS) is a structural equation study with a variance basis that jointly tests the measurement model and tests the structural model. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (testing hypotheses with predictive models). Ghazali (2016) explains that PLS is an analytical technique that is soft modeling because it does not assume the data must be with a certain scale measurement, which means the number of samples can be small (under 100 samples).

FINDINGS AND DISCUSSION

Characteristics of Respondents

The results of data analysis are presented descriptively of each variable obtained. In this study, respondents are owners or managers of micro, small and medium enterprises (MSMEs) in the food sector in Serang City and the sample taken is 70 respondents. The characteristics of MSMEs include gender, age, last education, form of legal entity, and position.

Characteristics of respondents by gender are dominated by women as much as 57% and the rest men 43%. Based on age, it is dominated by 41-50 years old as much as 33% and the lowest is in the 51-61 year age range as much as 11%. According to BPS, the productive age or working age is between 15-64 years. The last education was dominated by high school equivalent at 40%, undergraduate at 20% and the lowest was not in school at 2%. The form of legal entity is dominated by IUMK/NIB/SKU by 40% and the lowest is CV 6%. Characteristics of respondents based on position are dominated by owners by 86% and the remaining 14% managers, MSMEs in Serang City still believe in the managerial abilities of their owners.

Evaluation of the Reflective Measurement Model (Outer Model)

Convergent Validity

The evaluation of the measurement model aims to determine the validity and reliability that relates the indicators to their latent variables, including testing convergent validity and testing discriminant validity. Based on the results of calculations with Smart-PLS, these variable indicators have a loading factor value of > 0.5 valid and can be used, can be seen in Figure 3.

Next by looking at the value of *Average Variance Extracted* (AVE) acceptable value should be > 0.5 (Hair et al. 2021). The calculation results show that the AVE value of all variables has a value > 0.5 which means that the representation of the latent construct manifest variable is quite good. The results can be seen in Table 3.

Table 3. Convergent Validity Test with Average Variance Extracted (AVE)

Variable	AVE	Cut off	Description
Competence	0.682	0.5	Valid
Innovation	0.687	0.5	Valid
Entrepreneurship Orientation	0.578	0.5	Valid
MSME Performance	0.788	0.5	Valid

Source: Data processed by the author with SmartPLS version 3.0, (2021)

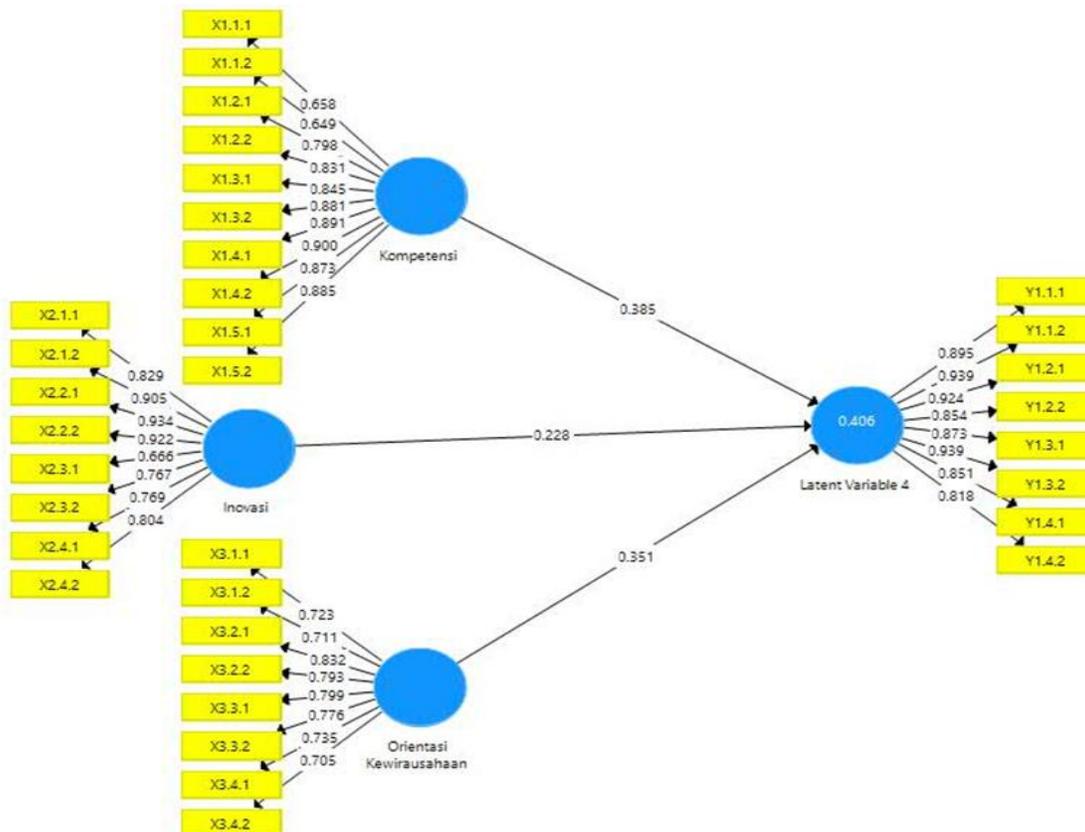


Figure 3. Figures Outer Model Results

Discriminant Validity

Discriminant validity was calculated using *cross loading* with the condition that the indicator is declared valid if the value of cross loading in a corresponding variable is greater than the correlation value of indicators in other dimensions. Based on the measurement of cross loading, the overall indicator of all dimensions results in a loading on the dimension being greater than the loading value on the other dimensions. All indicators are able to measure the latent dimension that corresponds to the indicator. The cross loading value can be seen in Appendix 1.

Reliability TEST

The construct reliability test was carried out by looking at the value of *composite reliability* which is declared reliable with a value of > 0.7 and the value of Cronbach's alpha if the value is > 0.7 can be declared valid. The results of composite reliability and Cronbach alpha can be presented in Table 5.

Table 5. Reliability Test

Dimension	Cronbach's Alpha	Note:	Composite Reliability	Note:
Competence	0.947	Reliable	0.955	Reliable
Innovation	0.938	Reliable	0.946	Reliable
Entrepreneurship Orientation	0.899	Reliable	0.916	Reliable
MSME Performance	0.961	Reliable	0.967	Reliable

Source: Data processed by the author with SmartPLS version 3.0, (2021)

From Table 5. It can be seen that the value of composite reliability and Cronbach's alpha is > 0.7, in other words, all indicators are said to be reliable or consistent.

Evaluation of the Structural Measurement model (Inner Model)

This evaluation is carried out by evaluating the path coefficient value, R2 value, effect size (f2), Goodness of Fit Index (GoF) and predictive relevance (Q2). The inner model is presented in Figure 4.

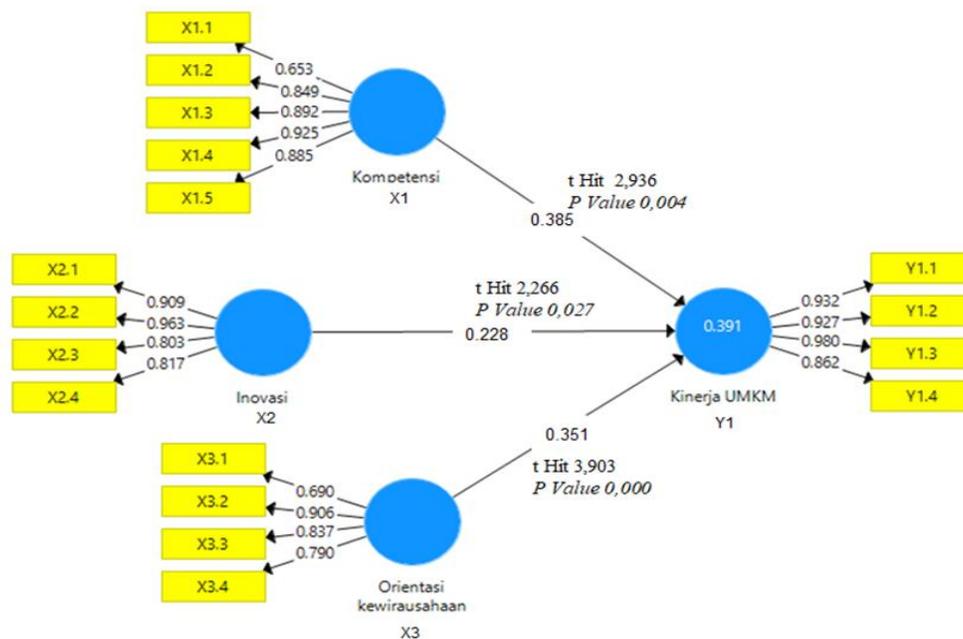


Figure 4. Structural Model Test Results (Inner Model)

The evaluation of the path coefficient values can be presented in Table 6.

Table 6. Results of Partial Hypothesis Testing

Influence	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Competence (X1) → MSME Performance (Y1)	0.385	0.386	0.131	2,936	0.004
Innovation (X2) → MSME Performance (Y1)	0.228	0.255	0.100	2,266	0.027

Influence	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Entrepreneurship Orientation (X3) → MSME Performance (Y1)	0.351	0.358	0.090	3,903	0.000

Source: Data processed by the author with SmartPLS version 3.0, (2021)

R-Square (R2)

The results showed that the R-square value obtained was 0.406, it can be concluded that the structural model is quite good. This value means that 41% of MSME performance variables (Y1) can be influenced by competency variables (X1), innovation (X2), and entrepreneurial orientation (X3). The results of the calculation of R2 using the smart-PLS application are presented in Table 7.

Table 7. R-square value (R2)

Model	R2	n	F count	F Table	P Values	Description
Y1	0.406	70	15.04	3.13	0.000	Significant

Source: Data processed by the author with SmartPLS version 3.0, (2021)

The results of the R2 test obtained the F statistics value resulting from this effect of 15.04 with a P-value of 0.000. The test results show that the F statistic is >3.13 and the P value is <0.05. This means that it can be concluded that there is a significant influence between Competence, Innovation and Entrepreneurship Orientation simultaneously on the performance of MSMEs in the food sector in Serang City.

Effect Size (f2)

Effect Size (f2) in research, is used to determine the proportion of variance of exogenous variables to endogenous variables. The results of f2 can be presented in Table 8.

Table 8. Effect Size Test Results (F2)

Variable	F2	Description
Competence (X1) → MSME Performance (Y1)	0.070	Small
Innovation (X2) → MSME Performance (Y1)	0.240	Moderate
Entrepreneurship Orientation (X3) → MSME Performance (Y1)	0.165	Moderate

Source: Data processed by the author with SmartPLS version 3.0, (2021)

Table 8. shows that the competency variable (X1) on MSME performance (Y1) has an effect size of 0.07 in the small category. While the variables of innovation (X2) and entrepreneurial orientation (X3) have a moderate effect size with values of 0.240 and 0.165, respectively. according to Chin (1998) in Ghazali and Latan (2015), f2 values of 0.02, 0.15, and 0.35 can be interpreted as whether the predictor of latent variables has a small, moderate, and large effect on the structural level.

Predictive Relevance (Q2)

The results of predictive relevance (Q2) are said to be good if the value is > 0, which indicates the exogenous latent variable is good (appropriate) as an explanatory variable capable

of predicting endogenous variables. The results of predictive relevance (Q^2) are presented in Table 9.

Table 9. Predictive Relevance (Q^2) Value

Variable	SSO	SSE	$Q^2 (=1-SSE/SSO)$
MSME Performance (Y1)	560,000	390.417	0.303

Source: Data processed by the author with SmartPLS version 3.0, (2021)

Based on Table 9, the test results show the value of $Q^2 = 0.303$. The results of the calculation show that the predicted relevance value is > 0 , so the model can be said to be feasible and has a relevant predictive value. The construct cross-validation community test can be seen in Table 10.

Table 10. Construct Cross-Validation Community Testing Results

Variable	SSO	SSE	$Q^2 (=1-SSE/SSO)$
MSME Performance (Y1)	560,000	162.845	0.709
Competence	700,000	275,887	0.606
Innovation	560,000	222,746	0.602
Entrepreneurship Orientation	560,000	296,899	0.470

Source: Data processed by the author with SmartPLS version 3.0, (2021)

Based on Table 10, it can be concluded that all variables have a value above 0.35, meaning that all variables are stated to have a very strong value with the highest number, namely the MSME performance variable, namely the value of $Q^2 = 0.709$. This means that the MSME performance variable can be said to be feasible and has a relevant predictive value.

Goodness of Fit (GoF)

According to Edalmen and Ngadiman (2020), the GoF value is obtained from the square root of the average communalities index multiplied by the average R^2 value of the model and the range is from 0 to 1 with the interpretation of the values divided into three, namely 0.1 (small), 0.25 (medium), and 0.38 (large). Goodness of Fit (GoF) was used to validate the overall model.

$$\text{GoF} = \sqrt{\text{AVE} \times R^2}$$

$$\text{GoF} = \sqrt{0,788 \times 0,406}$$

$$\text{GoF} = \sqrt{0,319}$$

$$\text{GoF} = 0.564$$

The results of the above calculations can be concluded that the GoF value obtained is 0.564 (large) thus this model has a high ability to run empirical data, so that the overall model formed is valid.

Inter-Dimensional Correlation Analysis

The correlation test between dimensions is intended to determine the strongest relationship on the dimensions of the Competence, Innovation and Entrepreneurial Orientation variables on the Performance of SMEs in Serang City. This closeness can be seen in Appendix 2.

Discussion

Competence has a significant effect on MSME Performance

The results of hypothesis testing from statistical values, concluded that the influence of competence on MSME performance can be seen from the path coefficient which is quite high from the other path values, this can be said to meet the significance of the relationship between

these variables. This is in line with previous research conducted by Suindari and Juniariani (2020), that human resource competence has a positive effect on the performance of MSMEs, the higher the competence of human resources, the performance of MSMEs will increase. Lestari (2021) states that a business unit is determined by how the individuals involved in managing the business. The better the competence of human resources, the higher the performance of the MSMEs.

Innovation has a significant effect on MSME Performance

The results of statistical tests can be concluded that innovation has a significant effect on the performance of MSMEs. This means that the higher the innovation carried out by MSMEs, the performance of MSMEs will increase. This is in line with previous research by Lestari (2018), which states that product innovation affects the performance of MSMEs in Ponorogo Regency. To maintain their business, MSME owners can produce innovations in marketed products, the more attractive the products sold will create great opportunities to attract more consumers. Pertiwi (2017) said that innovative companies will be better able to compete because when the market is experiencing rapid changes and competitors are also moving quickly, innovation will help entrepreneurs become more flexible in increasing better competitiveness.

Entrepreneurship Orientation has a significant effect on MSME Performance

Statistical data analysis shows that entrepreneurial orientation has a significant effect on the performance of MSMEs. This means that the higher the entrepreneurial orientation of MSME actors, the MSME performance will increase. The results of this study are strengthened by research by Palalic and Busatlic (2015), that the entrepreneurial orientation dimension has a significant relationship with the performance and growth of small businesses in Bosnia Herzegovina. Azhara (2020), entrepreneurial orientation has a clear and positive impact on the performance of MSMEs. That is, the better the entrepreneurial orientation of MSMEs such as being creative, constructive, and willing to take risks, the better the achievement of the company's success, and vice versa. The higher the entrepreneurial orientation, the higher the company's performance,

Competence, Innovation, and Entrepreneurship Orientation simultaneously have a significant effect on MSME Performance

The results of data analysis show that the variables of competence, innovation and entrepreneurial orientation simultaneously have a significant effect on the performance of MSMEs in the food sector in Serang City with a simultaneous influence of 41%, while the remaining 59% of MSME performance is influenced by other factors. This is in accordance with the theory of Rokhayati and Lestari (2016), that the performance of MSMEs is measured by various environmental aspects, internal factors and external factors, where internal factors include aspects of human resources, finance, production and marketing while external factors include aspects of technology, government policies, socio-economic and the role of related institutions. Nolic, et al. (2019) said there are several factors that affect the performance of MSMEs, including individual characteristics of MSME owners, non-individual internal characteristics and external characteristics.

CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions that can be drawn from this research are as follows: a) Competence has a positive and significant impact on the performance of SMEs in the food sector in Serang City. b) Innovation has a positive and significant impact on the performance of MSMEs in the food sector in Serang City. c) The entrepreneurial orientation has a positive and significant impact on the performance of the food sector SMEs in Serang City. d) Competence, innovation and entrepreneurial orientation simultaneously have a positive and significant impact on the performance of MSMEs in the food sector in Serang City.

Recommendation

1) For agencies

- a) From the correlation dimension which has the strongest relationship to competence, namely the motive dimension to the customer perspective. MSME actors must have a high motivation in running their business so that they can work effectively and efficiently in completing tasks. A strong motive will encourage MSME actors to try to achieve their goals, so that business actors will always find ways or techniques to accelerate production and improve their performance. Related agencies can provide assistance in the form of appropriate technology, so that they can help MSME actors to work effectively and efficiently.
- b) The correlation dimension that has the next strong relationship is the dimension of product innovation to the perspective of growth and learning. Product innovation can be done by developing superior products so that MSMEs have different products and have unique characteristics. Product innovation can be done by choosing high quality raw materials, attractive packaging and unique flavors. The relevant agencies are expected to provide trainings that ignite the creativity and innovation of MSME actors.
- c) From the correlation between dimensions that have a strong relationship, then on the Need for achievement dimension to the customer perspective. MSME actors with a high fighting spirit in trying to achieve business achievements are able to improve business performance. MSME actors should not be quickly satisfied with what they get, dare to take risks in achieving profits during the pandemic and keep trying even though other people say it is impossible. The relevant agencies are expected to provide support and facilitate MSME actors to introduce local products and provide market access as well as entrepreneurship seminars to foster a strong entrepreneurial character.

2) Research limitations

- a) The lack of a research sample size allows for data that has not been fully obtained.
- b) Due to the limited space for movement during the pandemic, researchers did not dig deeper into information from respondents, because they could not interact directly.
- c) The objectivity and honesty of respondents in filling out the questionnaires are also not optimal.
- d) Respondents' interest in filling out the questionnaire was very less.

3) For the next researcher

Suggestions for further researchers are:

- a) Can use a wider sample and a wider range of research objects.
- b) Can explore other variables that affect the performance of SMEs such as market orientation, technology, competitive advantage, government policies and business

strategies in facing competition and market developments can be implications for further research.

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