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Nama	: Augustine Eva Maria Soekesi, SE., MM Shresta Purnamasari, SE., M.Sc Rudy Elyadi, SE., MM	NIDN : 0616087003 NIDN : 0615029302 NIDN : 0606126201
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CREATING, MANAGING, AND DISTRIBUTING WEALTH :

Opportunities and Challenges in a
Circular Economy towards a Sustainable
Future

**Soegijapranata Catholic University
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May 17-18, 2024



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The Influence of Entrepreneurial Characteristics, Market Orientation, Product Innovation, and Entrepreneurial Orientation on the Business Performance of SMEs

^{1*} Agustine Eva Maria Soekesi, ² Shresta Purnamasari, ³ Rudy Elyadi

^{1,2,3} Soegijapranata Catholic University, Semarang, Indonesia

Email: ¹ evamaria@unika.ac.id; ² shresta@unika.ac.id; ³ rudy@unika.ac.id

Abstract— Most business actors, including micro and small enterprises actors, experienced a decline in business performance during the pandemic. However, over time during the recovery period, some of them began to rise and improve their business performance in terms of sales, profit, product quality, and distribution indicators. Factors related to the entrepreneur's personality influence this improvement in business performance, despite the challenges faced by micro and small enterprises actors with limited managerial skills. Several studies partially prove the influence of entrepreneurial characteristics, market orientation, product innovation, and entrepreneurial orientation on business performance. This study also examines all of these variables on micro and small business performance for business owners in the Tegalsari Region of Semarang simultaneously. Using a sample of 105 micro and small enterprise owners who are members of the Mekarsari group, the results show that there are two variables that affect business performance: entrepreneurial characteristics and product innovation, with a coefficient of 0.128 and 0.222, respectively. In addition, the variables in the model have been able to explain 48.90% of the business performance variable, although there are still 51.10% other variables that affect business performance but are not the focus of this study. The model's variables demonstrate their ability to influence changes in business performance, as evidenced by the F count exceeding the F table with $df_1 = 3$ and $df_2 = 105$, specifically 2.69.

Keywords— business performance, micro and small enterprises, entrepreneur, managerial skill, consumer

I. INTRODUCTION

There are several variables that affect business performance as measured by various indicators, including sales, product quality, additional production capacity, and profit. However, these variables were tested partially. Entrepreneurial characteristics are the first variable to consider. Intensive entrepreneurial

characteristics in a person will affect the performance of the business he is running (Xie et al., 2021). Entrepreneurial characteristics refer to the specific traits that entrepreneurs possess when running their businesses. Bygrave and Zacharakis (2020) summarized that there are 10 indicators in entrepreneurial characteristics, including dreams, decisiveness, doers, determination, dedication, devotion, details, destiny, dollars, and distributes, or better known as 10D. Furthermore, Falola et al. (2018) asserted that these entrepreneurial characteristics influence business management, enabling it to achieve its goals and foster innovative capabilities.

The second and third variables are market orientation and product innovation. The research conducted by Mamengko, Tawas, and Raintung (2023) demonstrates a significant impact of market orientation and product innovation on marketing performance, which is crucial for achieving a competitive advantage. Similarly, Handayani and Wati (2020) shows that market orientation and product innovation as a strategy have a positive and significant effect on business performance. We applied both studies to micro and small enterprises in various parts of Indonesia, which generally share similar characteristics. Small scale enterprise actors demonstrate their innovative capabilities through their approach to product innovation. Product innovation is a reflection of business actors' efforts to meet the needs and desires of the market or consumers, with the aim of improving their business performance, both in terms of efficiency and productivity (Slatter, Sengupta, and Moore, 2014). According to Narver, Tietje, and Slater (1998), all parts of an organization commit to providing the value of their products to meet consumer needs and satisfaction, a commitment that underpins product innovation.

Furthermore, the fourth variable is entrepreneurial orientation, which includes 5 indicators: autonomy, innovativeness, risk-taking, proactiveness, and aggressiveness in competition (Lumpkin and Dess, 1996). Entrepreneurial orientation is a fundamental concept that encompasses a range of dimensions that manifest in diverse actions aimed at advancing a business towards its ultimate goal of success. A business's performance over a specific period of time reveals its objectives (Sahabuddin, 2015). This business performance includes profit, sales, product quality, and the ability to seize product and business opportunities.

Over time, not all indicators of orientation will have the same strength in influencing business performance. Lumpkin and Dess (2001) proved that aggressiveness in competition is the strongest influence compared to others.

Entrepreneurs need these four variables to adapt to a dynamic business environment, which can positively impact their business performance. The quality of human resources has increased, contributing to this adaptability (Lubis, 2022). Soekesi, Purnamasari, and Elyadi's (2023) research results demonstrate that since the COVID-19 pandemic recovery, the entrepreneurial orientation factor of micro and small enterprise actors has boosted the performance of micro and small enterprises in the Tegalsari Semarang area. They proved to be able to adapt during the COVID-19 pandemic; even during the recovery period at the end of 2022, their business performance began to increase again. Observing the limited managerial capabilities of micro and small-scale enterprise actors, researchers conducted a study on the influence of four variables - entrepreneurial characteristics, market orientation, product innovation, and entrepreneurial orientation - on business performance. We expect the results of this study to serve as a model for enhancing the performance of micro and small-scale enterprises through the optimization of these four variables.

II. LITERATURE REVIEW

A. *Entrepreneurial characteristics*

Every person has specific characteristics that distinguish him from other individuals. When an individual assumes he has the role of an entrepreneur, he develops entrepreneurial traits while managing and operating the business. An entrepreneurial characteristic is a set of personalities that an individual owns and uses to run their business (Bygrave and Zacharakis, 2020). According to Setyawati (2008) and Putri et al. (2014), an entrepreneurial spirit encourages individuals to seize existing opportunities and turn them into profitable ventures. It could be determined whether an entrepreneur possesses an entrepreneurial spirit by examining their character traits, also known as entrepreneurial characteristics.

Xie et al. (2015) demonstrate that a business actor's business performance improves when their entrepreneurial characteristics are stronger and more intensively implemented. Furthermore, Bygrave and Zacharakis (2020) explain that 10 indicators are used to measure entrepreneurial characteristics (10D). These indicators include: 1) Dream: Dream refers to a business owner's aspiration for the future development of their business, with the aim of providing benefits to consumers, society, and internal businesses, including business actors themselves. 2) Decisiveness: A business

owner must possess the capacity to swiftly and efficiently make decisions, without delaying them when necessary. 3) Doers: As a business owner, an entrepreneur must possess the ability to make decisions that can be promptly followed through and implemented. 4) Determination: Entrepreneurs must possess the determination to make decisions that determine the direction, goals, and actions involved in running a business. 5) An entrepreneur's total dedication encompasses an outpouring of attention and sincerity, extending to his family and all assets. 6) Devotion, focus, and tirelessness in running a business can consume time, energy, and thoughts with enthusiasm, yet they can divide and allocate that time effectively. 7) Detail. Running a business requires careful consideration of critical factors, including details and meticulousness, as these factors can become obstacles. 8) Destiny: An entrepreneur must have a sense of responsibility for the fate and goals of the business he wants to achieve. In this scenario, the destiny of the business hinges on the actions and endeavors undertaken at present. 9) Dollars, money, or wealth-related items serve as a benchmark for measuring business success.

B. *Market orientation*

The essence of a product, be it in the form of goods or services, is created to fulfill the needs or desires of consumers as a market. Therefore, intelligence is essential to gather all pertinent data and information. The broad scope encompasses not only consumers but also the competition map and other factors that influence it. Furthermore, business management, including marketing, human resources, operations, and finance, functionally integrates the study's results.

Narver, Slater, and Tietje (1998) said that market orientation consists of one main value: the commitment of all members of the organization to continuously create superior value for customers. Based on this value, the primary principle of market orientation is that every individual and function within the organization must continuously contribute their skills and knowledge to create superior value for customers. This understanding of market orientation will subsequently shape the behavior of entrepreneurs in managing their enterprises. As the business grows, this behavior will eventually shape the corporate culture to provide value and benefits to consumers. Market orientation comprises three main components: behavioral components such as customer orientation, competitor orientation, and interfunctional coordination, along with two decision criteria: long-term and profit.

C. *Product innovation*

In today's increasingly competitive business climate, businesses expect their goods and services to not only fulfill their primary functions but also offer various additional functions that can attract consumers. Kotler

(2016) said that product innovation is the whole process that starts with a new idea, a new discovery, and the development of a new market that influences each other. Product innovation is measured in terms of product quality, product variants, style, and design. The introduction of a novel approach to innovation can significantly alter the comparison between the company's product's use value and its set price. In accordance with the characteristics of the market, that becomes a dynamic product segment, as well as competition among business competitors that triggers businesses to always increase strength through products. In addition to adapting to the market segment's dynamics, companies must innovate their products to meet the market's needs and desires.

According to Myers and Marquis (1969), Gee (1981), and Freeman (1982), as presented in Alegre and Chiva (2006), product innovation consists of the successful exploitation of new ideas. It therefore implies two conditions: novelty and use. Product innovation is a process that includes technical design, research and development, manufacturing, management, and commercial activities involved in marketing new (or improved) products. Product innovation performance, as a construct, also has two distinct dimensions: appropriateness and efficiency. Innovation appropriateness reflects the success rate of an innovation. On the other hand, innovation efficiency reflects the effort made to achieve that level of success.

D. Entrepreneurial orientation

A business actor's policies and management style significantly impact the performance of the business they manage. This is undoubtedly inseparable from business actors, encompassing both their internal processes and the external business environment. An entrepreneur's internal success is not solely dependent on their knowledge of business management, both managerial and technical, but also on their strong entrepreneurial spirit. Entrepreneurial orientation, according to Lumpkin and Dess (1996), is a multidimensional construct that encompasses actions aimed at developing a business towards success. Entrepreneurs utilize the dimensions of entrepreneurial orientation to manage the business's environmental and organizational factors, aiming to enhance its performance.

There are five key dimensions or factors in entrepreneurial orientation. 1) Autonomy refers to an attitude in entrepreneurship where one does not rely on or allow other parties to influence the management and operation of their business. 2) Innovation refers to the inclination to initiate new ideas or novelty, experiment, and employ creative processes to develop new products and procedures. 3) Risk-taking involves the bravery to confront and embrace the repercussions of all decisions made and actions taken. 4) Proactivity is the tendency to quickly respond to environmental dynamics on their own initiative and take responsibility for their actions. 5) Aggressiveness in competition refers to an attitude and

actions, both verbal and physical, aimed at consistently confronting other parties in an enterprise setting. Lestari (2010) and Kumalaningrum (2011) posit that enterprise actors' entrepreneurial orientation significantly influences the success of the business they manage. Therefore, managing a small-scale business requires a strong entrepreneurial orientation to ensure its success.

E. Business performance

Whether stated or not, business performance is the outcome a business achieves within a specific time frame. One can express this business performance in a qualitative or quantitative manner (Sahabuddin, 2015). The achievement of business performance stems from the execution of tasks, actions, and diverse efforts, utilizing previously established resources. In accordance with the provisions for determining the scale of enterprise in Indonesia, Law number 20 of 2008 uses two indicators, net worth and average sales per year. We can assess quantitative performance using metrics such as profitability, sales, and efficiency. Arawati, Rahid, Makhbul, and Hasun (2008) measured financial performance using indicators of revenue growth, sales growth, and return on sales ratio.

For micro-scale enterprises, it is relatively difficult to identify the elements and value of their net assets. This is due to the common practice of managing business wealth alongside personal wealth. Indicator will be product sales over a certain time period. In addition to sales, business profit, the difference between product sales and the cost of production within a specific period, serves as another indicator of business performance

III. METHODS

The research subjects used are micro- and small-scale entrepreneurs who are members of the Mekarsari MSE group organization, Tegalsari Semarang. The choice of subjects in this study was based on the entrepreneurs' ability to survive during the COVID-19 pandemic and have shown indications of improved business performance. The total number of members of the Mekarsari group is 182 enterprise owners. We used a purposive sampling technique. Of the 182 enterprises, 105 meet the population criteria. Therefore, this study examines 105 micro and small-scale enterprise operators who are affiliated with Mekarsari. The study uses primary data, specifically the perceptions of micro and small-scale enterprises in the Tegalsari area regarding all indicators of the five variables under investigation. A questionnaire, which has undergone validity and reliability testing, serves as the data recruitment tool, along with an open questionnaire that provides examples of the studied variables' implementation. Data measurement uses a Likert scale from 1 to 5.

Entrepreneurs perceive each variable using a range of scales with three classes: weak, medium, and strong. We processed the results using descriptive statistics, providing examples of views and activities implemented for each variable. The second analysis takes the form of multiple regression, which we refer to as multiple regression analysis. The regression equation is as follows:

$$BP_i = \alpha + \beta_1 \times EC_i + \beta_2 \times MO_i + \beta_3 \times PI_i + \beta_4 \times EO_i + \varepsilon_i$$

BP = Business Performance

A = Constant

$\beta_1 - \beta_4$ = Multiple regression coefficient

$[EC]_i$ = Entrepreneurial Characteristic

$[MO]_i$ = Market Orientation

$[PI]_i$ = Product Innovation

$[EO]_i$ = Entrepreneurial orientation

We will use the F test to examine the combined (simultaneous) impact of all independent entrepreneurial characteristics on the dependent variable (business performance)

$$F = \frac{R^2/k}{(1 - R^2)/(n - k - 1)}$$

R² = determination coefficient

k = Number of independent variables

n = Number of sample

The calculated F value is then compared with the F table obtained using a 5% risk of error or significant level. Additionally, the degree of freedom is represented by df1 = k - 1 and df2 = n - k. The criteria are as follows:

H0 is rejected if F count > F table or sig value < α

H0 is accepted if F count < F table, or sig value > α

IV. RESULTS AND DISCUSSION

The study's respondents were micro- and small-scale enterprises actors who were members of the Mekarsari enterprise group in Tegalsari Village, totaling 105 samples. All respondents were women, 37% of whom were between 41 and 50 years old. While those aged between 51 and 60 years were 34%, those aged 31 and 40 years were 19%. The remaining 6.7% were between 61 and 70 years old, 0.95% were under 30 years old, and 2.35% were over 70 years old. This data illustrates that the variety of age ranges in these enterprise actors is not a barrier to doing productive business.

Table 1. Business Establishment and Average Omzet

Omzet Per Year (in million IDR)	Enterprises Establishment (year)					Total
	1 - 5	6 - 10	11 - 15	16 - 20	> 20	
1 - 50	38	12	6	2	5	63
51 - 100	14	4	3	1	5	27
101 - 150	1	2	1	0	0	4
151 - 200	3	1	0	0	0	4
201 - 250	0	1	0	0	0	1
251 - 300	0	1	0	1	0	2
301 - 350	2	1	0	0	1	4
Total	58	22	10	4	11	105

Source Primary data, processed (2024)

Table 1 reveals that the majority (58) of these enterprises have been in operation. The COVID-19 pandemic led to the establishment of numerous enterprises, as limitations on physical interaction caused many to lose their primary source of income. Despite having limited capital and financial and managerial capabilities, many chose to become independent entrepreneurs as an alternative solution. Despite the classification of 56 of the 58 enterprises as microenterprises, 2 of them qualify as small enterprises due to their average annual turnover exceeding 300 million rupiah. The next highest length of establishment is between 6 and 10 years, with 22 enterprises, or approximately 21.6%, falling into this category. Out of all respondents, 4 enterprises (approximately 3.8%) have the shortest duration of establishment, spanning from 16 to 20 years. Eleven enterprises, accounting for 10.5%, have been in operation for over 20 years.

In terms of average turnover per year, the majority of 63 (60.1%) enterprises have an average turnover of less than 50 million rupiah per year. All enterprises establishment lengths, including those established for more than 20 years, achieve this range of turnover, with as many as 5 enterprises reporting a turnover of less than 50 million per year. Of all the enterprises sampled in this study, 97 respondents (92.4%) belong to the microenterprise group because they have an average annual turnover of less than 300 million rupiah. Meanwhile, we classified 8 enterprises (7.6%) as small enterprises. Although the majority of enterprises are microenterprises, 71 enterprises (67.6%) also have business licenses. Table 2 below illustrates the response profile in terms of the types of products produced and the existence of business licenses.

Table 2. Type of product and business license

Type of product	Business License		Total
	With	Without	
Food	65	24	89

Beverage	2	4	6
Craft	3	3	6
Others	1	3	4
Total	71	34	105

Source Primary data, processed (2024)

Table 2 reveals that 89 respondents (84.7%) enterprises, 65 of which hold business licenses, specialize in food products. There were 6 enterprises in the beverage and handicraft product sectors. The remaining four are enterprises in other fields, namely wax products for batik materials and cardboard for wrapping. Of these enterprises, 71 respondents (67.6%) own a Business Identification Number (Nomor Induk Berusaha/NIB), a Micro and Small Business License (Ijin Usaha Mikro dan Kecil/IUMK), and a Home Industry Food (Pangan Industri Rumah Tangga/PIRT).

Meanwhile, 34 respondents (32.4%) do not have a business license because the durability of the products is less than 7 days, some are doing business as subcontracts from other enterprises, and some are not willing to apply for a business license. In this situation, we need to provide guidance to emphasize the significance of obtaining a business license. However, this condition is actually better than the previous condition, where the number of licensed businesses was not as many as it is now. The management of the Mekarsari enterprise group has sought various trainings organized by various parties, both government and private, to improve enterprise managerial skills, including awareness of the importance of having a business license that is relevant to the type of business and its products.

The research variables include independent variables such as entrepreneurial characteristics, market orientation, product innovation, and entrepreneurial orientation, along with the dependent variable of business performance. These variables are collected using a data collection instrument that uses five scales for each answer choice per statement item, ranging from 1 for strongly disagree to 5 for strongly agree. Table 3 reveals that, on average, respondents hold a strong or high perception of the characteristics of market orientation, product innovation, entrepreneurial orientation, entrepreneurial characteristics, and business performance, with an average score ranging from more than 4.00 to nearly 5.00.

Table 3. Variables Interpretation

Variable	Average Score	Category
Entrepreneurial Characteristic (EC)	4,609	High
Market Orientation (OP)	4,758	High
Product Innovation (PI)	4,619	High
Entrepreneurial Orientation (EO)	4,633	High

Business Performance (BP)	4,644	High
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Source Primary data, processed (2024)

According to table 3, although all variables have a high level of interpretation, market orientation has the highest average of 4.758. Despite the micro-scale nature of most of their enterprises, the enterprises actors demonstrate a clear understanding that their products should cater to the market's needs and desires. For example, for food productsFor instance, consumers can purchase food products as pastels, priced between Rp. 2,500 and Rp. 3,000, and adjust the filling accordingly. We will mix the chicken meat with various vegetables or pieces of a one-eighth boiled egg. gredients is not solely based on their production capacity. These enterprise actors are also cognizant of the competition they face in operating their enterprises. They understand that the existence of enterprise competitors can limit their market potential. The number of competitors is due to the fact that the types of products they produce have similar characteristics to their competitors' products, both in terms of type, taste, packaging, price, and distribution method. There are numerous catering enterprises offering traditional foods, as well as dry foods packaged in plastic, such as rempeyek, fried dumplings, nuts, and other similar items.

The variable with the second highest average is the dependent variable, namely business performance, has the second highest average, with an average of 4.644. This condition demonstrates that the participants understand that their business performance extends beyond sales and profit figures. It also encompasses their ability to seize market opportunities through diverse exhibition events, as well as their ability to establish outlets or consign their products at bazaar events. Additionally, they have the ability to showcase their products at various events.

Entrepreneurial orientation, with an average score of 4.633, stands as the third highest average value, reflecting their capacity to make independent enterprise decisions without external influence. This indicates that they comprehend the ability to independently make enterprise decisions, without relying on external parties such as family members, competitors, suppliers, distributors, or others. Additionally, they recognize the significance of innovation in running an enterprise, not only in product development but also in production and marketing. Every entrprise recognizes the importance of daring to take risks, as each decision carries not only benefits but also inherent risks.

The product innovation variable, which holds the fourth highest average score of 4.619, signifies an endeavor to enhance the attractiveness of its products, not only in terms of content, but also in their packaging and delivery methods. We interpret the entrepreneurial characteristics with the lowest average score (4.609) as their comprehension of their aspirations for future business growth, and their persistent efforts to share functional management areas for business development.

Table 4 shows a cross-tabulation of individual perceptions between variables. None of the respondents had a low average score (less than 3.00) on all variables, both independent and dependent variables.

Table 4. Cross tabulation of each respondent group

	Business Performance		Total
	Netral	High	
Panel A. Entrepreneurial Characteristic (EC)			
Netral	3	6	9
High	26	70	96
Total	29	76	105
Panel B. Market Orientation (MO)			
Netral	3	3	6
High	26	73	99
Total	29	76	105
Panel C. Product Innovation (PI)			
Netral	6	4	10
High	23	72	95
Total	29	76	105
Panel D. Entrepreneurial Orientation (EO)			
Netral	7	2	4
High	22	74	101
Total	29	76	105

Source Primary data, processed (2024)

Panels A, B, C, and D consistently show that individuals with high perceptions of entrepreneurial characteristics, market orientation, product innovation, and entrepreneurial orientation tend to have high perceptions of business performance, according to the table. This perception demonstrates their understanding of the four independent variables and their dependent variables, even though they may not be able to fully realize them in practice.

Table 5 shows the correlation between entrepreneurial characteristics, market orientation, product innovation, and entrepreneurial orientation. We use correlation to illustrate the relationship between the variables. Entrepreneurial characteristics, the independent variable, has the strongest relationship with market orientation, with a correlation coefficient of 0.6974.

Table 5. Correlation between variables

	EC	MP	PI	EO
EC	1			
MP	0.697424	1		
PI	0.561491	0.6861871	1	

EO 0.526661 0.4453209 0.5091345 1

Source Primary data, processed (2024)

In addition, the product innovation variable also has a second strong relationship to the market orientation variable, which is 0.6862. The relationship between the independent variables is less than 0.7, indicating that each variable has no measure overlap.

We conduct this hypothesis testing to determine the influence of four independent variables, namely entrepreneurial characteristics (KK), market orientation (OP), product innovation (INP), and entrepreneurial orientation (OK), on the dependent variable of business performance (KU), using regression analysis. Table 6 shows that product innovation (INP) and entrepreneurial characteristics (KK) have an effect on business performance (KU) with a significance of 1%, while market orientation (OP) and entrepreneurial orientation (OK) do not.

Table 6. Regression test results

Variable	Coefficient	t. count	p.value
Constant	3.124		
	-3.505	0.891	0.375
EC	0.128	0.026	0
	-0.026		
MP	0.004	0.037	0.97
	-0.101		
PI	0.222	3.277	0.001
	-0.068		
EO	0.031	0.751	0.3454
	-0.042		
F table		28.23	0
Adj. R square			0.514

Source Primary data, processed (2024)

Enterprise actors within the Mekarsari group have realized the impact of product innovation variables on business performance, particularly during the Covid-19 pandemic, which compelled them to adapt their products to the current conditions. Enterprise actors adjust product types, packaging, raw material procurement, distribution, and even price to ensure consumer demand for the products. The limited purchasing power of consumers prompts enterprise actors to innovate in order to sustain product sales. Micro and small entrepreneurs who are members of the Mekarsari group also innovate with their raw materials. The increasing price of raw materials from suppliers has made some of these enterprise actors use alternative raw materials in certain proportions. The product innovation variable has a 0.222 coefficient of influence on business performance.

A regression coefficient of 0.128 demonstrates the positive and significant impact of the entrepreneurial characteristics variable on business performance. This indicates that members of the Mekarsari group, who are micro and small enterprise actors, possess and utilize entrepreneurial characteristics in managing their enterprises across various related indicators. Despite facing numerous limitations in their understanding of business matters, they are genuinely committed to the growth of their enterprises. They consistently follow and utilize a variety of exhibition events, bazaars, and assistance from different parties to enhance their management capabilities, production facilities, and capital. The administrators of the Mekarsari group coordinate this.

We attempt to identify the cause of various business problems and determine the appropriate solution. We immediately follow up on the solution to anticipate its impact. During a pandemic, they frequently utilize communication devices to provide consumers with the best products possible. Additionally, they search for alternative raw material suppliers in response to price increases and a decrease in the number of available suppliers. In making this decision, they ensure responsibility and consistency by making necessary adjustments to the products they produce. In addition, they strive to maintain positive relationships with their suppliers and customers to ensure the continued operation of the enterprise they manage. Furthermore, Table 6 demonstrates that all variables in the model account for 48.90% of the business performance variables, despite the presence of 51.10% additional variables that impact business performance but are not within the scope of this study. The calculated F value, 2.69, surpasses the F table with $df_1 = 3$ and $df_2 = 105$, demonstrating that the variables in the model simultaneously determine changes in business performance.

V. CONCLUSIONS

The study classifies the average perception score of all independent and dependent variables as high, as it exceeds 4.5. In order from the highest are market orientation (4.758), business performance (4.644), entrepreneurial orientation (4.633), product innovation (4.619), and entrepreneurial characteristics (4.609). Despite the lack of influence from market orientation and entrepreneurial orientation on business performance, the perception of these two independent variables remains elevated. Basically, they have understood the indicators of the two variables but have not been able to realize them in managing their enterprises both managerially and technically. This is in line with the conditions of business competition they face, where products produced tend to be similar, enterprise actors are not aggressive enough in responding to competition, and enterprises are run primarily to meet life's needs.

Testing demonstrates a positive effect of Product Innovation and entrepreneurial characteristics on business performance in micro- and small-scale enterprise actors member of the Mekarsari group, with a significance level of 1%. Each variable's regression coefficient is between 0.222 and 0.128. Market orientation and entrepreneurship orientation show no significant impact. Despite this, all the variables in the model collectively demonstrate a significant impact on business performance. We can conclude that we have statistically proven parts of hypothesis 1 and hypothesis 2. Therefore, it is necessary to provide training and coaching on business communication, product standardization, financial report recording, and business development motivation. We carry out the training using technical materials with simulated real-life examples.

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