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THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION AND STRATEGY ON THE PERFORMANCE OF MICRO, SMALL, AND MEDIUM ENTERPRISES IN BATUNUNGGAL DISTRICT, BANDUNG CITY

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ABSTRACT

This study analyzes the impact of entrepreneurial orientation and strategy on the performance of small and medium enterprises (MSMEs) in Batununggal District, Bandung City. Entrepreneurial orientation is measured through autonomy, competitive aggressiveness, innovation, and proactiveness, while entrepreneurial strategy is assessed through innovation, proactiveness, and opportunity seeking. MSMEs performance is evaluated based on operational efficiency, growth performance, product and service quality, and customer satisfaction. Using a descriptive quantitative approach, the study involved 149 respondents from a population of 670 MSMEs, selected through the Slovin formula and purposive sampling. Data was collected through structured questionnaires using a Likert scale, validated through pilot testing. The respondent profile shows that the majority are in the culinary field, with business durations ranging from new to well-established. Most respondents earn more than two million rupiah per month. Demographic data indicates that most respondents have established businesses with relatively good income, reflecting a representative sample. Results show "Very High" entrepreneurial orientation, "High" entrepreneurial strategy, and "Very High" MSMEs performance. Analysis reveals a significant positive influence of entrepreneurial orientation and strategy on MSMEs performance, both partially and simultaneously. Recommendations include maintaining key entrepreneurial attributes, adapting strategies to local contexts, and enhancing MSMEs support through training and policy. Future research should broaden the scope and explore additional performance factors.

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economic development, both nationally and regionally. As illustrated in Figure 1, there are 64.1 million MSME units in Indonesia, contributing 61.07% to the country's GDP, with a value of approximately 8.5 trillion Rupiah. MSMEs absorb 97.02% of Indonesia's workforce and attract 58.18% of total national investment, highlighting their significance in job creation and capital formation.

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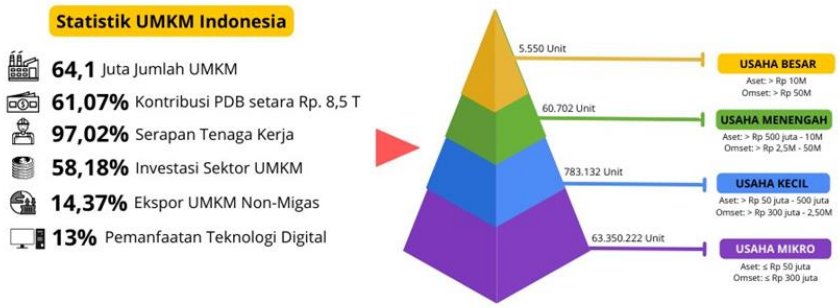

Source: Processed Data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia

Figure 1. The Role of MSMEs in Indonesia

In Bandung City, MSMEs have become the primary source of income for most residents and business owners. They utilize various local potentials, from natural resources to culture and tourism, to develop creative, innovative, and productive businesses. Bandung, known as a creative city and a prominent tourist destination in West Java, offers promising prospects for MSMEs. These enterprises have been developing since the early 2000s, driven by annual growth in the city's MSMEs sector. Figure 2 illustrates the growth of MSMEs in Bandung City from 2020 to 2022, showing a positive trend in MSMEs development. MSMEs in Bandung City are spread across various districts and operate in diverse business types, including trade, services, industry, agriculture, and animal husbandry. The trade sector encompasses businesses such as grocery stores, food stalls, and mobile phone counters. The service sector includes transportation, workshops, cleaning services, and bridal makeup services. The industrial sector covers clothing production, processed food industries, as well as furniture and handicraft businesses. The agriculture and animal husbandry sector includes vegetable cultivation and livestock farming.

Batununggal District is one of the areas in Bandung City with a significant number of MSMEs, totaling 670 business units. This number indicates that Batununggal District is an important MSMEs center in Bandung City. Furthermore, the data suggests that MSMEs in Batununggal District are not focused on a single raw material but are distributed across various types such as metal, wood, textiles, food/agriculture, chemicals, and others. This diversity demonstrates the potential of MSMEs in Batununggal District to support Bandung City's economy.

Despite the positive growth of MSMEs in Bandung City, as shown in Figure 2, several challenges persist, particularly regarding human resources and entrepreneurial orientation. Based on informal interviews with MSME owners in Batununggal District, most still face challenges in terms of appropriate entrepreneurial orientation and strategy. This phenomenon can be analyzed using the Entrepreneurial Orientation theory developed by Lumpkin and Dess (1996), which identifies five key dimensions: autonomy, competitive aggressiveness, innovation, proactiveness, and risk-taking. In the context of MSMEs in Batununggal District, it appears that business owners tend to lack independence in business decision-making (autonomy) and are less aggressive in facing market competition (competitive aggressiveness).

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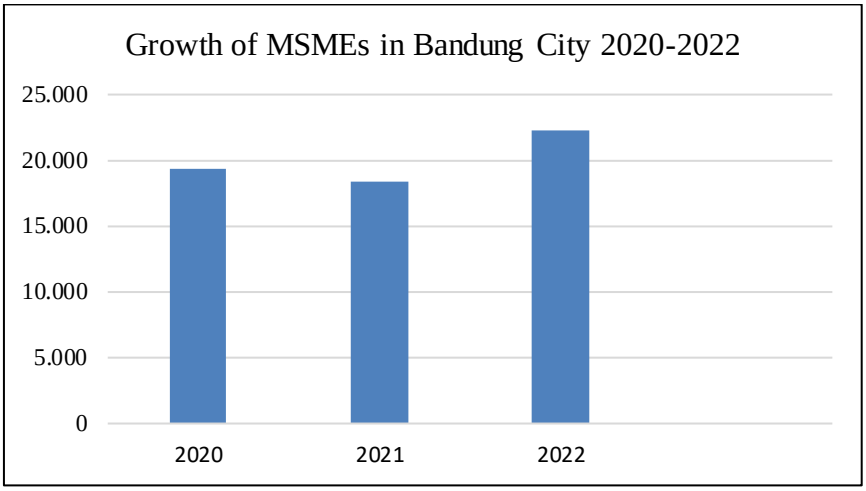

Source: Processed Data from the Central Bureau of Statistics (BPS)
Figure 2. Growth of MSMEs in Bandung City 2020-2022

Many MSMEs in Batununggal District rely solely on temporary trends without considering strong product or service differentiation, indicating a lack of innovation and proactiveness. They tend to follow popular trends without a deeper understanding of market needs, reflecting a reluctance in risk-taking and seeking new opportunities. Consequently, many MSMEs struggle to maintain the attractiveness of their products or services once these trends subside.

Many MSMEs in Batununggal District also lack effective and proactive marketing strategies, relying on limited promotion methods such as word-of-mouth or unstructured social media use. This makes it difficult for them to reach larger markets and significantly increase sales or service demand, demonstrating a lack of competitive aggressiveness and innovation in entrepreneurial strategy.

Previous research has shown that improving entrepreneurial orientation and implementing appropriate strategies can significantly enhance MSMEs performance. For instance, studies by Prasetyo and Wijaya (2019) and Rizki et al. (2021) identified a positive and significant influence of entrepreneurial orientation and entrepreneurial strategy on MSMEs performance. This current research differs from previous studies in several important aspects. First, it focuses specifically on MSMEs in Batununggal District, Bandung. Second, it considers the new context of 2024, post-pandemic, which has not been studied before. With these differentiations, this research is anticipated to enrich previous studies and contribute to current policy recommendations suitable for MSMEs development programs in Bandung City.

The practical implementation of this research is expected to manifest in several concrete forms, including the design of tailored entrepreneurship training programs, the establishment of local business incubators, the creation of communication forums between MSMEs actors, local government, and financial institutions, the development of a specialized digital platform for MSMEs in Batununggal District, and the formulation of long-term business mentoring programs. These implementations aim to directly enhance the competitiveness and sustainability of MSMEs in Batununggal District and serve as a development model that can be adapted by other regions in Indonesia.

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LITERATURE REVIEW

2.1 Entrepreneurial Orientation

Entrepreneurial orientation is defined as a composite construct of a company's processes, structures, and behaviors characterized by innovation, proactiveness, and risk-taking (Sahaym et al., 2019). Companies with strong entrepreneurial orientation can continuously renew their resources and capabilities, building strength cumulatively.

According to several experts described in the document, the dimensions of entrepreneurial orientation vary. Miller (1983) includes innovation, proactiveness, and risk-taking. Lumpkin and Dess (1996) add two more dimensions: autonomy and competitive aggressiveness. Covin and Slevin (1991) simplify it to three core dimensions: proactiveness, risk-taking, and innovation. Despite differences in the number of dimensions, experts agree that innovation, proactiveness, and risk-taking are the core of entrepreneurial orientation that determines business success.

The theory of entrepreneurial orientation is relevant in explaining its relationship with MSME performance. Companies with strong entrepreneurial orientation, characterized by innovation, proactiveness, and risk-taking courage, will encourage MSMEs to constantly seek new opportunities and develop innovative products or services, ultimately enhancing their business performance.

2.2 Entrepreneurial Strategy

Entrepreneurial strategy is the plan used by entrepreneurs to develop their business. Kraus et al. (2011) emphasize the important role of this strategy in finding market opportunities and creating successful ventures. Various experts have identified key dimensions in entrepreneurial strategy. Ireland et al. (2003) highlight three main aspects: product innovation, competitive proactiveness, and calculated risk-taking. Meanwhile, Barringer and Bluedorn (1999) focus on competitive intensity, ability to predict changes, and the scope of competition faced. Hitt et al. (2001) propose an approach that combines entrepreneurship and strategic management. They suggest three key indicators: proactiveness in anticipating changes and leveraging opportunities, innovation to develop new ideas or products for competitive advantage, and the ability to seek and exploit market opportunities. By synergizing these elements, companies can build a strong foundation for achieving long-term success in an ever-changing business environment.

2.3 Business Performance

MSME business performance is an important aspect that encompasses both financial and non-financial dimensions. Rodriguez and Fierro (2018) measure it through profitability, sales growth, customer satisfaction, product innovation, and employee productivity. Meanwhile, Kaplan & Norton (1992) propose the Balanced Scorecard, which considers financial, customer, internal business process, and human resource perspectives. Lerner and Almor (2002) offer a more specific approach for MSMEs with four main indicators: operational efficiency, growth performance, product/service quality, and customer satisfaction. This performance measurement is crucial for MSMEs to evaluate strategies, operations, and make appropriate decisions. By combining these various perspectives, MSMEs can obtain a comprehensive picture of their performance, identify areas for improvement, and optimize business strategies in facing competitive market challenges.

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METHODS

This study employs a descriptive quantitative approach, aiming to detail phenomena based on field facts (Gursida, 2017) and measure variables numerically (Sugiyono, 2019). The research design, illustrated in Figure 3, analyzes the causal relationships between entrepreneurial orientation, entrepreneurial strategy, and MSMEs performance. The framework includes two independent variables (entrepreneurial orientation and entrepreneurial strategy) and one dependent variable (MSME performance).

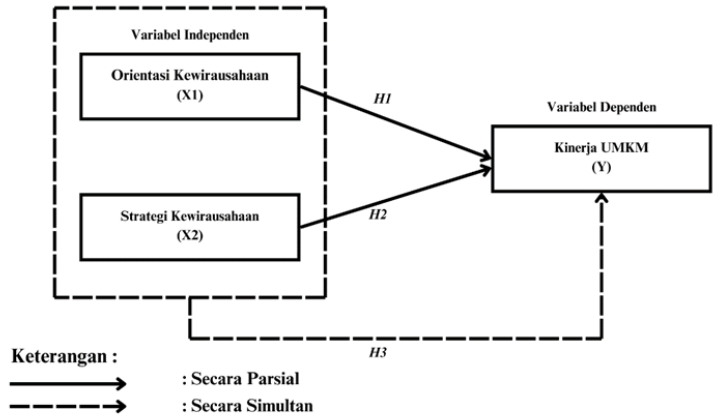

Figure 3. Research Design

3.1 Hypotheses

H_1 : Entrepreneurial Orientation partially influences the Performance of Micro, Small, and Medium Enterprises in Batununggal District, Bandung City.

H_2 : Entrepreneurial Strategy partially influences the Performance of Micro, Small, and Medium Enterprises in Batununggal District, Bandung City.

H_3 : Entrepreneurial Orientation and Strategy simultaneously influence the Performance of Micro, Small, and Medium Enterprises in Batununggal District, Bandung City.

3.2 Data Collection Technique

This research employs a comprehensive data collection technique encompassing data sources, primary data collection, and measurement scales. The data sources comprise both primary and secondary data.

Primary data is collected through questionnaires distributed to MSMEs owners and managers in Batununggal District. This direct approach ensures the capture of current, first-hand information from the key stakeholders in the local MSMEs ecosystem.

Secondary data is sourced from various reliable institutions and documents, including the Central Bureau of Statistics (BPS), relevant government departments, previous research studies, government regulations, and regional demographic data. This diverse range of secondary sources provides a robust contextual framework for the study.

The primary data collection process focuses on gathering information about entrepreneurial orientation and strategy. Respondents are selected using a purposive sampling technique to ensure adequate and representative sampling. The criteria for purposive sampling include being

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an MSMEss actor in Batununggal District and having operated the business for more than one year. This approach helps to target respondents with sufficient experience and knowledge of the local business environment.

To measure the research variables, a Likert scale ranging from 1 to 5 is employed. This scale allows respondents to indicate their level of agreement with statements, where 1 represents "strongly disagree" and 5 represents "strongly agree". This standardized measurement approach facilitates quantitative analysis of the respondents' perceptions and experiences related to entrepreneurial orientation, strategy, and business performance.

By combining these various data collection techniques and measurement approaches, the study aims to gather comprehensive and reliable data that will provide valuable insights into the dynamics of MSMEs performance in Batununggal District, Bandung City.

The population comprises all 670 MSMEs in Batununggal District, Bandung City, based on data from the Central Bureau of Statistics (BPS). Targeting MSMEs owners and employees in the area. The sample size is determined using the Slovin formula with a 10% error margin, resulting in a minimum sample of 87 MSMEs, increased to 100 respondents to anticipate data shortages.

3.3 Data Analysis Technique

This study employs descriptive analysis and multiple linear regression using SPSS and SmartPLS 4 software. The descriptive analysis includes calculations of mean, standard deviation, and class range, presented through visual techniques such as frequency calculations, histograms, line graphs, bar graphs, pie charts, and tables.

3.4 Classical Assumption Tests

1. Normality Test: Using Cramer-von Mises statistics
2. Multicollinearity Test: Using Variance Inflation Factor (VIF)
3. Heteroscedasticity Test: Using Breusch-Pagan Test

3.5 Multiple Linear Regression

Analysis The study uses SmartPLS 4's Regression feature to analyze the influence of Entrepreneurial Orientation and Entrepreneurial Strategy on MSME Performance. The regression equation is:

$$\mathbf{Y = \beta 0 + \beta 1X1 + \beta 2X2 + \cdots + \beta kXK + \varepsilon}$$

Where:

Y = Dependent variable (MSMEs Performance)

β_0 = Constant

β_1, β_2 = Partial regression coefficients

X_1 = Independent variable 1 (Entrepreneurial Orientation)

X_2 = Independent variable 2 (Entrepreneurial Strategy)

ε = Error term

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RESULTS AND DISCUSSIONS

4.1 Results

Research Instrument Testing

Validity Test

Instrument validity is tested using the Pearson product-moment correlation method, with each item tested against the total score. The hypotheses tested are:

- H0: Item is not valid
- H1: Item is valid significance level is 5% (0.05).
- H0 is rejected if significance < 0.05, meaning the item is valid (Ghozali, 2018).

Validity is determined by comparing r-count and r-table:

- r-count > r-table, valid
- r-count ≤ r-table, not valid (Sugiyono, 2017)

Steps for validity testing:

1. Test with 30 respondents
2. Tabulate responses
3. Calculate correlation per item using SPSS
4. Interpret SPSS results

Table 1. Validity Test

Variable	Validity Test Results			
	Indicator	**r-count**	**r-table**	**Remarks**
Entrepreneurial Orientation (X1)	X1.1	0,695	0,361	Valid
	X1.2	0,578	0,361	Valid
	X1.3	0,806	0,361	Valid
	X1.4	0,664	0,361	Valid
	X1.5	0,559	0,361	Valid
	X1.6	0,744	0,361	Valid
	X1.7	0,870	0,361	Valid
Entrepreneurial Strategy (X2)	X2.1	0,640	0,361	Valid
	X2.2	0,772	0,361	Valid
	X2.3	0,860	0,361	Valid
	X2.4	0,733	0,361	Valid
MSMEs Performance (Y)	Y.1	0,845	0,361	Valid
	Y.2	0,773	0,361	Valid
	Y.3	0,575	0,361	Valid
	Y.4	0,791	0,361	Valid
	Y.5	0,800	0,361	Valid

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	Y.6	0,636	0,361	Valid
	Y.7	0,835	0,361	Valid

Source: Processed SPSS Data, 2024

Based on the results, all items are declared valid because r-count > r-table of 0.361.

Reliability Test

In quantitative research, it is crucial to ensure that the research instruments used have an adequate level of reliability or consistency. Reliability refers to the extent to which a measurement instrument can provide consistent results if used repeatedly (Ghozali, 2016). According to Sugiyono (2017), a research instrument is considered reliable if the Cronbach's Alpha value exceeds 0.6. This value indicates that the instrument can measure the studied variables consistently and reliably.

Table 2. Reliability Test

Cronbach's Alpha	N of Items
0,747	4

Source: Processed SPSS Data, 2024

This study conducted a reliability test through pilot testing involving 30 samples. The reliability test results using SPSS show a Cronbach's Alpha value of 0.747 for the four items used. This value is greater than 0.6, so it can be interpreted that the research instrument has good consistency in measuring the studied variables.

Descriptive Statistical Analysis

Descriptive analysis is used to answer the first and second research questions by examining the average responses of respondents for each variable. The following table summarizes the results of the descriptive analysis for the variables of entrepreneurial orientation, entrepreneurial strategy, and MSMEs performance.

Table 3. Descriptive Statistics

Variable	Mean	Std. Deviation
Entrepreneurial Orientation (X1)	4,16	0,669
Entrepreneurial Strategy (X2)	4,05	0,665
MSMEs Performance (Y)	4,23	0,668

Source: Processed SPSS Data (2024)

Based on Table 3, the descriptive statistical analysis describes the sample data studied in the form of mean and standard deviation. Entrepreneurial Orientation (X1) has a mean of 4.16 and a standard deviation of 0.669. The comparison between the standard deviation and the mean is 16.07%, which falls under the "High" criteria according to Santoso (2000), with a difference of less than 20%. Entrepreneurial Strategy (X2) has a mean of 4.05 and a standard deviation of 0.665. The comparison between the standard deviation and the mean is 16.42%, also indicating "High" criteria with a difference of less than 20%. SME Performance (Y) has a mean of 4.23 and a standard deviation of 0.668. The comparison between the standard deviation and the

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mean is 15.79%, which is considered good because it is less than 20%. The mean of 4.23 also falls on the "Very High" scale.

Overall, respondents rated entrepreneurial orientation and strategy as fairly good with room for improvement, and MSMEs performance as very good.

Classical Assumption Test

Normality Test

The normality test is a crucial step to verify whether this assumption is met or not. In this study, the normality test was conducted using the Cramer-von Mises statistic, which is a type of goodness-of-fit test to evaluate whether the data comes from a normal distribution.

Table 4. Normality Test

Variable	Cramer-von Mises p-value
MSMEs Performance	1.959

Source: Processed SmartPLS 4 Data, 2024

The Cramer-von Mises normality test results in Table 4 above show a statistic value of 0.033 with a p-value of 0.791. Referring to the opinion of statistical experts such as Hair et al. (2019), a p-value above 0.05 indicates that the data does not significantly deviate from a normal distribution. Thus, these normality test results provide strong evidence that the data in this study is consistent with the normality assumption at a 5% significance level.

Multicollinearity Test

According to Hair et al. (2018), a Variance Inflation Factor (VIF) value exceeding 10 indicates serious multicollinearity, while a VIF value below 5 is better as it indicates no large correlation between independent variables.

The results of the multicollinearity test in this study can be seen in the following table:

Table 5. Multicollinearity Test

Variable	Variance Inflation Factor (VIF)
Entrepreneurial Orientation (X1)	1.959
Entrepreneurial Strategy (X2)	1.959

Source: Processed SmartPLS 4 Data, 2024

The test results in Table 5 above show that the VIF value for the Entrepreneurial Orientation (X1) and Entrepreneurial Strategy (X2) variables is 1.959. This value is below the threshold of 10, indicating no serious multicollinearity problem. Although slightly higher than the ideal value below 5, it is still acceptable. Therefore, it is concluded that in this study, there is no multicollinearity between independent variables, and the assumption of no multicollinearity in the regression model has been met.

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Heteroscedasticity Test

The heteroscedasticity test is conducted to detect inequality of variance from the residual or error term in each observation in the regression model. In this study, the heteroscedasticity test uses the Breusch-Pagan Test method.

The results of the multicollinearity test in this study can be seen in the following table:

Table 6. Heteroscedasticity Test

Breusch-Pagan Test			
Breusch-Pagan Test	**Test-Statistic**	**df**	**p-value**
	3.644	2	0.162

Source: Processed SmartPLS 4 Data, 2024

Based on Table 6 above, the Breusch-Pagan Test results show a test-statistic value of 3.644 and a p-value of 0.162. According to Hair et al. (2019), in a heteroscedasticity test, a p-value greater than 0.05 indicates that there is no heteroscedasticity problem in the regression model. In this analysis, the p-value from the Breusch-Pagan Test is 0.162, which is greater than 0.05. Therefore, it can be concluded that there is no heteroscedasticity problem in the regression model used in this study. In other words, the assumption of homoscedasticity (equality of residual variances) is met, so the resulting regression model can be considered valid and can be used to make statistical inferences.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the influence of two or more independent variables on a dependent variable (Hair et al., 2019). In this study, multiple linear regression analysis was conducted to determine the effect of entrepreneurial orientation and entrepreneurial strategy on SME performance. The analysis was performed using SmartPLS 4 software, which provides a Regression feature for multiple linear regression analysis. SmartPLS 4 calculates regression coefficients, t-statistic values, p-values, and other information related to regression analysis.

Table 7. Multiple Linear Regression Analysis Results

Variable	Unstandardized Coefficients	Std. Error	T-value	P-value
Entrepreneurial Orientation (X1)	0.410	0.072	5.658	0.000
Entrepreneurial Strategy (X2)	0.592	0.119	4.964	0.000
Intercept	6.502	0.000	4.190	0.000

Source: Processed SmartPLS 4 Data, 2024

Based on the analysis results, a constant of 6.502 was obtained, indicating that if there is no influence from variables X1 and X2, the average value of variable Y is 6.502. Furthermore, the regression coefficient for variable X1 is 0.410, which means that each one-unit increase in variable X1 will increase the value of variable Y by 0.410, assuming variable X2 remains constant. Meanwhile, the regression coefficient for variable X2 is 0.592, indicating that each

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one-unit increase in variable X2 will increase the value of variable Y by 0.592, assuming variable X1 remains constant. The regression equation is:

$$\mathbf{Y = 6,502 + 0,410X1 + 0,592X2}$$

Hypothesis Testing

Partial Test (T-Test)

The t-test is used to examine the significance of the partial influence of each independent variable on the dependent variable (Hair et al., 2019). The test is conducted by comparing the t-statistic value with the t-table value or the p-value with the significance level (typically 0.05).

Table 8. Partial Test Results (T-Test)

Variable	T-*value*	P-*value*
Entrepreneurial Orientation (X1)	5.658	0.000
Entrepreneurial Strategy (X2)	4.964	0.000

Source: Processed SmartPLS 4 Data, 2024

From the t-test results in Table 8 above, the analysis shows that Entrepreneurial Strategy has a t-statistic value of 4.964 and a p-value of 0.000, which is smaller than the significance level of 0.05. This significant p-value indicates that Entrepreneurial Strategy partially has a significant influence on the dependent variable in this research model. Meanwhile, the Entrepreneurial Orientation variable also shows similar results, with a t-statistic value of 5.658 and a p-value of 0.000, which is also smaller than the significance level of 0.05. These results confirm that Entrepreneurial Orientation partially has a significant influence on the dependent variable in the research model, in accordance with the criteria explained by Hair et al. (2019).

Simultaneous Test (F-Test)

In this study, the F statistical test is conducted to examine the significance of the influence of all independent variables collectively on the dependent variable.

Table 9. Simultaneous Test Results (F-Test)

Variable	df	F	P-value
Total	142	0.000	0.000
Error	140	4.890	0.000
Regression	2	93.973	0.000

Source: Processed SmartPLS 4 Data, 2024

The ANOVA test results show an F-calculated value of 93.973 with a p-value of 0.000. This value is smaller than α (0.05), and the F-calculated is larger than the F-table (3.07). This indicates that the independent variables collectively have a significant influence on the dependent variable. The regression model is declared suitable and can be used to predict the dependent variable, with at least one independent variable providing a significant contribution.

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Analysis of Coefficient of Determination (R^2)

To determine the extent of the influence of independent variables on the dependent variable, the coefficient of determination or R-square is used. In this study involving multiple independent variables, the adjusted R-square is used for a more accurate assessment.

Table 10. Coefficient of Determination (R^2) Results

Variable	R-square	R-square adjusted
MSMEs Performance (Y)	0.722	0.717

Source: Processed SmartPLS 4 Data, 2024

The analysis results show an adjusted R-square value of 0.717 for MSMEs performance. This means that 71.7% of the variation in MSMEs performance is explained by entrepreneurial orientation and entrepreneurial strategy, while the remaining 28.3% is influenced by other factors outside the scope of this research.

Descriptive Analysis of Entrepreneurial Orientation Variable

Descriptive analysis reveals a "Very High" entrepreneurial orientation among MSMEs in Batununggal District, highlighting strong proactiveness, innovativeness, and risk-taking propensity - crucial for MSMEs success. The highest indicator is "the strong tendency of top leadership to be the best with an unyielding and aggressive attitude," falling in the "Very High" interval. This aligns with Zainol et al.'s (2018) research on MSMEs performance. The high score likely relates to 45.2% of respondents operating businesses for over two years, developing resilience through various challenges.

"Freedom for individuals or employees to develop new ideas" also scored highly, consistent with Lumpkin and Dess's (1996) findings on innovation freedom fostering organizational creativity. This indicates flexible and empowering management approaches among Batununggal's MSMEs.

However, "encouraging and stimulating innovation in technology, products/services, and/or administrative systems" received the lowest score, though still "High." Tajeddini (2010) emphasizes innovation's importance for sustainable competitive advantage. The lower score may be due to 58.1% of respondents already achieving monthly incomes above Rp 2,000,000, and 54.8% operating in the culinary sector, which may require less technological innovation.

These findings illustrate that MSMEs in Batununggal District possess strong entrepreneurial orientation, particularly in competitive spirit and innovation freedom. However, there's room for improvement in technological and system innovation, which could be key to long-term growth and competitiveness in the digital era. While these MSMEs demonstrate strong entrepreneurial characteristics, enhancing focus on technological innovation could further strengthen their market position.

Descriptive Analysis of Entrepreneurial Strategy Variable

Descriptive analysis shows a "High" entrepreneurial strategy among MSMEs in Batununggal District, highlighting strong innovation, proactivity, and opportunity seeking. The highest indicator, "always striving to generate new profitable ideas," aligns with Wickham's (2006) emphasis on innovation in entrepreneurship. This likely relates to the majority (54.8%) operating in the culinary sector, demanding constant creativity.

Proactivity, reflected in "boldly taking risks for business advancement," scored "High." Dess and Lumpkin (2005) note proactivity and measured risk-taking as crucial entrepreneurial aspects. The relatively lower score may be due to business experience and financial stability of respondents. Opportunity seeking is evident in indicators like "oriented to become market leader" and "utilizing modern technology to remain competitive." Covin and Slevin (1989) stress its importance for MSMEs competitiveness.

The demographic profile of respondents provides context: culinary sector dominance explains the innovation focus, while business longevity and stable incomes influence approaches to proactivity and opportunity seeking. These findings show Batununggal District MSMEs have a strong entrepreneurial strategy, emphasizing innovation and opportunity seeking, with room for improvement in proactive risk-taking. Balancing these aspects will be key for maintaining competitiveness and driving growth in a dynamic market environment.

Descriptive Analysis of MSMEs Performance Variable

Descriptive analysis reveals "Very High" performance among MSMEs in Batununggal District, reflecting their success in managing and developing businesses amid various challenges. Operational efficiency is good, though not the highest indicator. Business owners demonstrate good cost management, with room for improvement in operational flexibility. The ability to anticipate production increases when demand rises is "High", indicating potential for further development. Kumar (2011) emphasizes that operational efficiency is critical for MSMEs to maintain competitiveness. Growth performance is very positive, with 58.1% of businesses earning over Rp 2,000,000 monthly. Most respondents have operated for over 2 years, proving their ability to sustain and develop businesses over time. Wiklund and Shepherd (2003) affirm that growth is a key MSMEs performance indicator.

Product and service quality is a major strength for Batununggal's MSMEs. The highest performance indicator is "product conformity to specifications offered to consumers," rated "Very High". This aligns with Brah, Wong, and Rao's (2000) emphasis on quality in improving SME performance. Customer satisfaction, while not explicitly mentioned, is reflected in high product conformity and businesses' longevity and stable income. Anderson and Fornell (2000) state that customer satisfaction strongly predicts long-term financial performance.

The demographic profile provides important context: most MSMEs operating for over 2 years (45.2%) and earning above Rp 2,000,000 monthly (58.1%) indicate successful establishment of stable businesses. The dominance of culinary MSMEs (54.8%) may explain the high focus on product quality and customer satisfaction.

There's room for improvement in fixed cost control and anticipating production increases. Enhancing these aspects could help Batununggal's MSMEs further improve operational efficiency and prepare for future growth.Overall, the excellent MSMEs performance in Batununggal District reflects business owners' success in managing various business aspects, indicating great potential for continued development.

The Influence of Entrepreneurial Orientation on MSMEs Performance

The analysis results show that entrepreneurial orientation has a positive and significant impact on MSMEs performance in Batununggal District, Bandung City. This finding is confirmed through a t-test, yielding a t-statistic value of 5.658 and a p-value of 0.000. Aspects of entrepreneurial orientation such as autonomy, competitive aggressiveness, innovation, proactiveness, and risk-taking prove to be key success factors for MSMEs. MSMEs with high entrepreneurial orientation demonstrate better ability in decision-making, competing, innovating, anticipating market trends, and taking calculated risks. This is reflected in the high

percentage of MSMEs surviving more than 1 year (80.7%) and earning above Rp 1,000,000 per month (87.1%). These findings are consistent with previous research by Prasetyo and Wijaya (2019), Rizki et al. (2021), and Sari et al. (2020), which also found a positive relationship between entrepreneurial orientation and business performance. These results emphasize the importance for MSMEs to focus on developing entrepreneurial orientation to improve their business performance.

The Influence of Entrepreneurial Strategy on MSMEs Performance

The analysis results demonstrate that entrepreneurial strategy has a positive and significant impact on MSMEs performance in Batununggal District, Bandung City. This finding is confirmed through a t-test, yielding a t-statistic value of 4.964 and a p-value of 0.000. The majority of MSMEs operate in the culinary and fashion sectors, with 80.7% having been in operation for over a year. Most (58.1%) have an income above Rp 2,000,000 per month. These results indicate the effectiveness of implementing entrepreneurial strategies in enhancing competitiveness and business sustainability. This finding aligns with Hitt et al.'s (2001) concept of entrepreneurial strategy as an approach to exploit opportunities through innovation and market expansion. Previous research by Sriboonlue (2019) in Thailand, Wijaya and Susanto (2022) in Surabaya, and Sihite and Harmono (2024) in Makassar also shows consistency in the positive influence of entrepreneurial strategy on MSMEs performance across various geographical contexts. The implication is that MSMEs development programs need to focus on strengthening aspects of entrepreneurial strategy, especially innovation, proactive attitude, and opportunity seeking, to enhance competitiveness and business performance.

The Influence of Entrepreneurial Orientation and Entrepreneurial Strategy on MSMEs Performance

Multiple linear regression analysis results show that Entrepreneurial Orientation and Strategy simultaneously have a positive and significant impact on MSMEs Performance in Batununggal District, Bandung City. This finding is supported by the F statistical test, which shows an F-calculated value of 93.973 (greater than F-table 3.07) and a p-value of 0.000 (less than 0.05). The majority of MSMEs operate in the culinary (54.8%) and fashion (35.5%) sectors, with 80.7% having been in operation for over a year. Most (58.1%) have an income above Rp 2,000,000 per month. These findings are consistent with research by Pramudiana (2022) in Medan and Nugroho (2021) in Bali, which found a significant positive influence of entrepreneurial orientation and strategy on business performance in various contexts. Theoretically, this result aligns with Lumpkin and Dess's (1996) concept emphasizing the importance of entrepreneurial orientation and strategy in improving company performance. This simultaneous influence is realized through a combination of innovative orientation with strategy implementation, proactive attitude with opportunity seeking, and competitive aggressiveness with differentiation strategy. These findings emphasize the importance of MSMEs development programs that focus on strengthening both entrepreneurial orientation and strategy simultaneously to enhance competitiveness and business performance.

CONCLUSION

Based on the research results discussed, the following conclusions can be drawn:

1. Descriptive analysis shows "Very High" entrepreneurial orientation among MSMEs in Batununggal District. The highest indicator is leadership's strong tendency to be the best with an unyielding attitude, aligning with Zainol et al.'s (2018) findings. Freedom for innovation also scored highly, supporting Lumpkin and Dess's (1996) theory.
2. Entrepreneurial strategy is rated "High". The top indicator is generating profitable new ideas, consistent with Wickham's (2006) emphasis on innovation in entrepreneurship. Proactive attitude and opportunity seeking also show good scores, supporting Dess and Lumpkin's (2005) and Covin and Slevin's (1989) theories respectively.
3. MSMEs performance is "Very High", with product and service quality as the main strength, supporting Brah, Wong, and Rao's (2000) theory. Business growth shows positive trends, aligning with Wiklund and Shepherd's (2003) view on growth as a key performance indicator.
4. Entrepreneurial orientation positively and significantly influences MSMEs performance, confirming studies by Prasetyo and Wijaya (2019), Rizki et al. (2021), and Sari et al. (2020).
5. Entrepreneurial strategy has a positive and significant impact on MSMEs performance, consistent with findings by Sriboonlue (2019), Wijaya and Susanto (2022), and Sihite and Harmono (2024).
6. Multiple regression analysis shows that entrepreneurial orientation and strategy simultaneously have a positive and significant effect on MSMEs performance, supporting Pramudiana (2022) and Nugroho's (2021) research.

Recommendations

Based on the research findings regarding the positive influence of entrepreneurial orientation and strategy on SME performance in Batununggal District, Bandung City, the following recommendations can be proposed:

1. For MSMEs: Strengthen employee autonomy, participate in exhibitions, conduct internal business idea competitions, form local MSMEs associations, and implement measured risk-taking strategies.
2. For Bandung City Government: Organize training programs at BUMN Houses focusing on entrepreneurial orientation and strategy, offering incentives like certificates, mentoring, and networking opportunities.
3. For future research: Expand the study area, explore additional factors affecting MSMEs performance, and employ mixed-method approaches for deeper insights.

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