MODERATING EFFECTS OF GOVERNMENT'S ROLE IN THE INFLUENCE OF ENTREPRENEURS BEHAVIOR AND THE ROLE OF GROUPS ON BUSINESS PERFORMANCE

NUR HIDAYATI [1]*, UBUD SALIM [2], SUMIATI [3] and

ACHMAD HELMY DJAWAHIR [4]

[1, 2, 3, 4] Brawijaya University, Malang, Indonesia.
*Corresponding Author Email: nurhidayati4499@gmail.com, [1]ORCHID ID: nurhidayati4499@gmail.com

Abstract

Objectives: The purpose of this research is to examine and analyze entrepreneurial behavior, the role of groups on business performance. Examine and analyze the role of government in moderating the influence of entrepreneurial behavior and the role of groups on business performance. **Method:** This type of research is Explanatory Research. The sampling technique was non-probability sampling with the technique taken, namely saturated sampling (census) with a total sample of 154 business actors in the Kelud Mandiri SME's Group, Kediri, East Java. Analysis of the data used in this study is descriptive statistics and statistical inferential Structural Equation Model (SEM) using Partial Least Square (PLS). **Results:** The results of the hypothesis test show that Entrepreneurial Behavior have a significant and positive effect on Business Performance. Group Roles have a significant and positive effect on Business Performance. The Government's role does not moderate the influence of Entrepreneurial Behavior on Business Performance. The Government's role does not moderate the influence of Group Role on Business Performance

Keywords: Entrepreneurial Behavior, Group Role, Government Role, Business Performance

INTRODUCTION

The important role of Small and Medium Enterprises (SMEs) is as a driver of the national economy, especially from the perspective of employment opportunities and sources of income for the poor, income distribution and poverty reduction (Tambunan, 2008). Indonesian SMEs contributed to absorbing 119.6 million or 96.92% of the total workforce in Indonesian business units. This labor absorption increased by 2.21% from 2018. The contribution of SMEs to GDP at constant prices was IDR 7,034.1 trillion in 2019, up 22.9% from the previous year which was IDR 5,721.1 trillion. Meanwhile, the contribution of SMEs to GDP based on current prices is IDR 9,580.8 trillion. This contribution increased by 5.7% from the previous year which amounted to Rp 9,062.6 trillion.

Besides that, the entrepreneurial aspect is one of the key elements in the success of SMEs. The solution for SMEs in encouraging the performance of national economic growth is in the form of increasing the implementation of the entrepreneurial aspect (Harini et al., 2017). Successful entrepreneurs are entrepreneurs who have good behavior in taking advantage of opportunities. Opportunities are created and built using ideas, as well as entrepreneurial creativity. Existing ideas interact with the real world as well as entrepreneurial creativity at a point in time. The result of this interaction is an opportunity in which new companies can be founded. Only

someone who has an entrepreneurial spirit is able to have credibility, creativity, and dare to take advantage of existing opportunities (Susanto, 2009).

Based on research by Wirasasmita (2011) argued that a business that has entrepreneurial behavior by applying innovative nature in production can minimize costs or prevent cost increases and maximize output, this is due to a combination of new inputs that produces greater output than before. In addition, innovation can result in savings in the use of inputs, so that overall production costs are low or prevent cost increases, which in turn can increase profits and growth. Suryana (2014) argued that entrepreneurial behavior is a creative and innovative ability that is used as the basis for resources, processes and struggles to create added value for goods and services carried out with the courage to encounter risks. Lestari (2010) argued that the success of business performance cannot be separated from the role of an entrepreneur who has entrepreneurial behavior in carrying out his business activities. Furthermore, As'ad (2012) argued that to be a successful entrepreneur, it is required to have entrepreneurial attitudes and behavior, be independent, so that it can improve business performance.

Dare to take risks is an entrepreneurial attitude that involves a willingness to commit resources and dare to face challenges by exploiting or engaging in business strategies where the possible outcome is full of uncertainty (Keh et al. 2002). Proactivity reflects the entrepreneurial willingness to dominate competitors through a combination of aggressive and proactive moves, such as introducing new products or services over competition and activities to anticipate future demand, by creating change and shaping the environment. Innovativeness refers to an entrepreneurial attitude to be creatively involved in the process of experimenting with new ideas, which allows generating new production methods so as to produce new products or services, both for the current market and for new markets.

The research of Haryanti et al., (2019) stated that managerial ability, entrepreneurial behavior, and motivation had a positive and significant effect on the business performance of SMEs, while the research of Muharastri (2013) stated that entrepreneurial behavior had a negative and insignificant effect on business performance. This is because the application of entrepreneurial behavior in the form of attitudes, motivation and innovation in operating a business, is not necessarily successful if it is not followed by sufficient knowledge or competence.

In case, one of the external factors that can affect the performance of SMEs is the role of the group. SME groups are formed for a group purpose, because they cannot achieve goals alone or individually (Johnson & Johnson 2012). The most important component in the group is the common goal, it will affect the social interactions of the members, and produce a commitment in the group. Through the SME group, each member can share experiences, communicate with each other, get to know each other, and can solve various problems and needs. With the role of the SME group, business activities that were previously carried out individually are then developed in groups, so that each member can improve their knowledge and skills in business.

The similarity of goals and regions is one of the characteristics of the formation of social capital that can help the growth and development of SMEs. This is a community's social capital that places a common area as a place to live, while groups are individuals who are joined because

of a common interest or identity, and locality is a set of closeness that lives in the community. (Yustika, 2012). The existence of a network or community is important in developing a business for Small and Medium Enterprises (SMEs), through the community, they can establish cooperation and interaction between each individual SME actor, so that the problems faced are resolved more quickly. This is a very good strategy for business owners to work together to support and expand the market (Hendry, et al. 1991).

The success of the group with the achievement of each goal is the vision of each group. The success of the group is indirectly supported by the potential for social capital that exists within the individual members of the group. Strong social capital will increase the effectiveness of a group in achieving goals and reduce pressure within the group because each member feels comfortable being in the group. Based on the perspective of Social Capital theory, according to Fukuyama (2002) social capital is a set of informal values or norms that are shared among members of a group, which enable cooperation between them. In short, economic life cannot be separated from culture, where culture shapes all aspects of human beings, including economic behavior in a number of critical ways.

Research conducted by Borda, et al., (2017) stated that business groups of several SME actors in Latin America have a significant influence on improving business performance. Creative communities or groups have a partially positive and significant effect on industrial performance (Anjaningrum et al., 2018). Hongyun et al's research (2019) on the Effect of Social Capital on Firm Performance: The Role of Entrepreneurial Orientation and Dynamic Capability, found evidence that social capital as measured by trust, shared norms, shared culture, and business networks has a positive and direct relationship. Absolutely, the performance of small and medium-sized companies in Ghana. Then dynamic capabilities mediate the relationship between social capital and firm performance.

Furthermore, Bennett and Ramsden (2007) in their research found evidence that the role of trade associations as a source of support and influence on the ability to solve problems and increase the ability to manage the business, increase business turnover and profitability. Surin and Wahab's (2013) research on The Effect of Social Network on Business Performance in Established Manufacturing Small and Medium Enterprises (SMEs) in Malaysia, found evidence that the social network of SME family members measured using reciprocal relationships between entrepreneurs by discussing each other, mutually providing information has a positive but not significant effect on business performance.

The business performance of SMEs has been influenced by the role of the government, based on the fact that in general Small and Medium Enterprises (SMEs) in their development have several obstacles, including in terms of capital, marketing, human resources, product innovation, and product quality, as well as sales volume. So that these obstacles do not continue, it is necessary to involve stakeholders including government agencies, educational institutions, NGOs, cooperatives, banks and business associations or groups, so that it will improve the business performance of SMEs. The involvement that has existed so far has been independent and less integrative between stakeholders with one another. (Karsidi dan Irianto, 2005).

The role of the government is an action taken by an institution or agency in order to carry out its obligations as a public servant that aims to prosper the community. According to Diva (2009) there is an effective government role in the development of SMEs, namely the government's role as a facilitator, the government's role as a regulator, and the government's role as a catalyst. With the government's role in SMEs, it will facilitate the running of a business, so that it will affect the amount of income (Kaukab, et al., 2020).

Empirically the influence of the government's role on the business ability and performance of SMEs is found in the research of Alabi, David and Aderinto (2019) on The impact of government policies on business growth of SMEs in South Western Nigeria, which found evidence of a significant relationship between government policies and growth Small and Medium Enterprises (SMEs) in South Western Nigeria. These results demonstrate the need for the Nigerian government to formulate and implement policies that will help ensure optimal performance and viability of small businesses in the country. In addition, the country's monetary policy and macroeconomic indicators should be modified to be more suitable for SMEs operating in the country. Furthermore, Eniola and Entebang's (2015) research on Government Policy and Performance of Small and Medium Business Management found evidence of a positive relationship between government policies and the performance of SME companies. Government policies that have a major impact on the competitiveness of SMEs.

Kraja, Osmani and Molla (2014) in their research on The Role of the Government Policy for Supporting the SME-s found evidence of a positive correlation between performance and government policies. This means that local and central government policies provide incentives and encouragement to small and medium enterprises. In contrast to the research conducted by Simiyu et al., (2016) on the Effect of Government Policy and Regulations on the Growth of Entrepreneurial Women Micro and Small Enterprises in Trans Nzoia County, Kenya, found evidence of government policies and regulations having a statistically insignificant relationship with growth of SMEs.

Based on the results of previous studies relating to the variables that affect the business performance of SMEs, it can be identified the variables that determine the business performance of SMEs, namely Entrepreneurial Behavior and Group Roles. This study aims to re-examine the effect of the entrepreneurial behavior and group role variables on SMEs business performance, because it is based on the fact that empirical evidence on the effect of these variables on SMEs business performance shows inconsistencies or contradictions in empirical findings. The novelty of this research is that it uses the role of government as moderation which has not been widely used by previous researchers.

Specifically, this study aims: first, to examine and analyze entrepreneurial behavior, the role of groups on business performance. Second, examine and analyze the role of government in moderating the influence of entrepreneurial behavior and the role of groups on business performance.

LITERATURE REVIEW

Integrating Entrepreneurial Behavior on business performance

Aspects of entrepreneurship as entrepreneur behavior based on concepts and thoughts to take the right and courageous decisions in the face of various business risks. Experts emphasize applying entrepreneurial aspects in entrepreneurs so that they have values and models of entrepreneurial behavior, so that they have the ability to adapt to changes in the internal and external environment (Keh et al.,2007; and Davis et al., 2010). The success of a small business is also very much determined by the entrepreneurial spirit and spirit for the owner and the perpetrator. The success of SMEs is synonymous with entrepreneurial success, because small business actors have a higher entrepreneurial spirit and attitude.

The emergence of an entrepreneurial attitude according to McClelland (1961) in Scarborough and Zimmerer (2005) is the dominance of psychological abilities to achieve success. Entrepreneurial behavior is a creative and innovative ability that is used as the basis for resources, processes and struggles to create added value for goods and services that is carried out with the courage to face risks (Suryana, 2014). Supporting empirical evidence, namely the research of Dirlanudin (2010) which states that entrepreneurial behavior has a direct effect on business success, namely increasing profits, increasing the number and customer loyalty, increasing sales volume, increasing product quality and quantity, product diversification, marketing expansion, and competitive ability.

Research by Hajar, et al., (2012) states that the company's high resource capabilities, namely the ability to respond, the ability to create quality, the ability to imitate, create systems that can accelerate the production process, and production cost efficiency, are used to implement appropriate competitive strategies, namely a differentiation strategy at a location near the market and a cost leader strategy at a location near raw materials to increase sales, profits, and company assets in small industries.

Based on above literature and arguments, following hypotheses are generated

H1: Entrepreneurial Behavior has a significant effect on business performance

Integrating Group Roles in business performance

In constrast, group is a social area that is characterized by the existence of human communities and companies, both of which tend to unite naturally or agglomerate which has an impact on performance competitiveness. Karademir (2010) states that business in the form of a group will be more efficient and effective in carrying out its business activities. Yenni et al. (2016) argued that the group is able to become a forum for teaching and learning activities for its members in order to improve knowledge, skills, and attitudes as well as the growth and development of independence in farming so that productivity increases, opinions increase and farmers' lives become more prosperous. The role of the group as a place for learning activities is able to produce products as expected, and able to increase family income and groups are able to solve problems faced by farmers together.

Becattini (1990) argued that the group is a social area characterized by the existence of human and business communities, both of which tend to unite naturally or agglomerate which has an impact on the competitiveness of business performance. Luo and Tung (2007), Yaprak and Karademir (2010) argued that business in the form of a group will be more efficient and effective in conducting its business activities. Abbas et al. (2019) founded that entrepreneurial business networks have a significant positive relationship with the sustainable performance of small companies. Furthermore, Bengesi and Roux (2014) founded that there was a positive influence of the role of groups on the performance of SMEs. Borda et al. (2017) founded that business groups from several SMEs have a significant influence on improving business performance. Based on above literature and arguments, following hypotheses are generated.

H2: The role of the group has a significant effect on business performance.

Integrating Government Roles, Entrepreneurial Behavior, Group Roles and Business Performance

The government's role in the development of SMEs refers to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs). Entrepreneurship policy is a form of government intervention that has a positive role in the development of entrepreneurship, which not only pays attention to existing entrepreneurs, but also to other entrepreneurs who are seriously considering starting a business.

Entrepreneurs today can no longer avoid the situation and conditions of world free trade, especially if they want to play a bigger role in the world economy. Entrepreneurs need market access as much as possible to the world market, and vice versa is also demanded by global business actors to open the domestic market, therefore efforts to increase entrepreneurial capabilities in increasing entrepreneurial abilities by increasing independence, business ability and leadership in the entrepreneurial sector, and expected to increase competitiveness and quality of entrepreneurship.

Afiah, (2009) stated that two strategic steps could be proposed for the development of entrepreneurship, namely demand pull strategy and supply push strategy. The demand pull strategy includes a strategy to strengthen the demand side, which can be done by improving the business climate, facilitating patent rights, facilitating domestic and overseas marketing, and providing market opportunities. Another strategic step is a supply push strategy which includes a supply side driving strategy. This can be done with the availability of raw materials, capital support, technological assistance/machinery/tools, and capacity building of human resources, from these two strategies it is necessary to formulate national entrepreneurship development by prioritizing the role of entrepreneurship as entrepreneurship, therefore the recommendation for entrepreneurship development begins with formulating thoughts about true entrepreneurship.

According to Hafsah (2004), one of the crucial problems faced by SMEs is the Weak Business Network and Market Penetration Ability Small businesses, which are generally family business units, have very limited business networks and low market penetration capabilities, because the products produced are very large. limited and have less competitive quality. In contrast to

large businesses that already have a solid network and are supported by technology that can reach internationally and good promotions.

The existence of a network or community is important in developing a business for Micro and Small Business (SME) actors because with the community, they can establish good cooperation and interaction between each individual Micro and Small Business (SME) actor. This faced is resolved more quickly as well as through information sharing activities. Bahril (2017) states that the success of business groups is good cooperation between managers, members, suppliers of raw materials, government, markets and other related parties. The government acts as a companion in connecting parties who can help group businesses. Based on above literature and arguments, following hypotheses are generated:

H3: The Government's role in moderating the influence of Entrepreneurial Behavior on Business Performance

H4: The Government's Role Moderates the Effect of Group Roles on Business Performance

This study develops a conceptual model that shows the relationship between the role of government as a moderator on the relationship between entrepreneurial behavior and the role of groups on business performance of small and medium enterprises as shown in Figure 1.
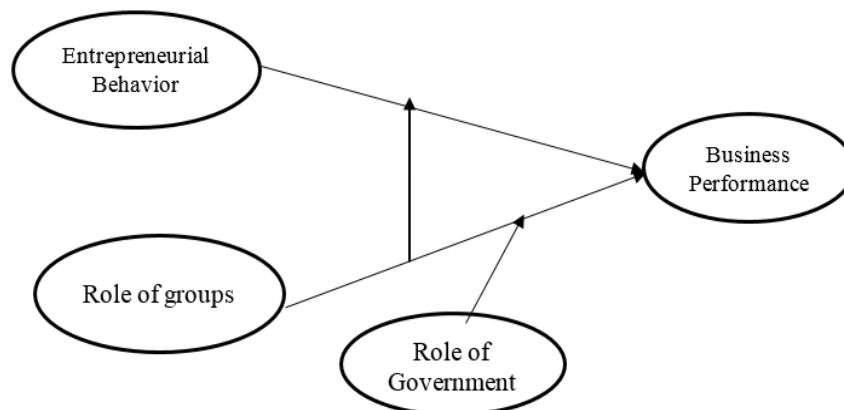

Figure 1: Research model

METHODOLOGY

Samples and Data Collection

The type of research used is Explanatory Research, which explains the relationships between research variables through hypothesis testing. The population is micro and small enterprises engaged in manufacturing. The unit of analysis used is the SMEs Center and 154 members of SMEs Kelud Mandiri. The reason for concentrating on the Kelud Mandiri SMEs Center is because the existence of Kelud Mandiri SMEs has an important role in several SMEs in Kediri Regency. The sampling technique used was purposive sampling with the first criteria, business

owners/managers of Kelud Mandiri micro and small businesses. Second, Micro and small businesses in the food and beverage culinary business that are still active and productive are actively selling continuously. The number of samples based on predetermined criteria is 154 business actors. Data collection is done by sending a list of questions to respondents related to research.

Measurement

The variables used in this study consisted of Entrepreneurial Behavior with 7 Indicators developed by Suryana (2014). The role of the group consists of 7 indicators developed by Yenni et al. (2016). Business Performance consists of 6 indicators developed by Lambing (2003). The Role of Government with 12 indicators developed by Diva (2009). The research uses Method of Successive Interval (MSI) Analysis to convert ordinal scale data into interval scale. Respondents were asked to rate the questionnaire items with seven scales (Strongly disagree: score 1, close to strongly disagree: score 2, Disagree: score 3, Neutral: score 4, Agree: score 5, close to strongly agree: score 6, Strongly Agree: Score 7)

Data Analysis

The model used in this study is a model of causality or influence relationship. The research hypothesis was submitted using the Structural Equation Model (SEM) approach using Partial Least Square (PLS). Analysis using PLS there are 2 things to do, namely: First, assessing the outer model or measurement model. Second, assess the Inner Model or Structural Model.

RESULTS

Evaluation of the Measurement Model (Outer Model)

Table 1: Outer Loading

Construct	item	Loading	p-value	Explanation
Entrepreneurial Behavior	ENTBHVR1	0.706	<0.001	Valid
	ENTBHVR2	0.633	<0.001	Valid
	ENTBHVR3	0.422	<0.001	Valid
	ENTBHVR4	0.603	<0.001	Valid
	ENTBHVR5	0.55	<0.001	Valid
The Role of Business Group	RLGRP1	0.844	<0.001	Valid
	RLGRP2	0.851	<0.001	Valid
	RLGRP3	0.767	<0.001	Valid
	RLGRP4	0.838	<0.001	Valid
	RLGRP5	0.48	<0.001	Valid
	RLGRP6	0.372	<0.001	Valid
The Role of Government	RLGOV1	0.829	<0.001	Valid
	RLGOV2	0.792	<0.001	Valid
	RLGOV3	0.85	<0.001	Valid
	RLGOV4	0.861	<0.001	Valid
	RLGOV5	0.829	<0.001	Valid
	RLGOV6	0.614	0.001	Valid

	RLGOV7	0.598	<0.001	Valid
Business Performance	BUSPER1	0.709	<0.001	Valid
	BUSPER2	0.693	<0.001	Valid
	BUSPER3	0.763	<0.001	Valid
	BUSPER4	0.778	<0.001	Valid
	BUSPER5	0.468	<0.001	Valid
	BUSPER6	0.598	<0.001	Valid

From the results of data analysis, it is known that all indicators have a factor value greater than 0.30 (Hair et al. 2010), with a significant value of P value < 0.001. Ultimately, overall these indicators are able to represent the constructs of entrepreneurial behavior, group roles, government roles, and business performance. These criteria are able to assess the validity that the indicator is proven to be a valid construct.

Table 2: Combined Loading dan Cross Loading

	Entrepreneurial Behavior	The Role of Business Group	The Role of Government	Business Performance
ENTBHVR1	0.706	0.184	0.124	-0.413
ENTBHVR2	0.633	-0.174	-0.097	0.36
ENTBHVR3	0.422	0.16	-0.234	0.399
ENTBHVR4	0.603	-0.194	-0.032	0.151
ENTBHVR5	0.55	0.056	0.168	-0.356
RLGRP1	-0.078	0.844	0.033	-0.866
RLGRP2	0.031	0.851	0.07	-0.258
RLGRP3	-0.015	0.767	0.15	0.128
RLGRP4	0.046	0.838	-0.186	-0.184
RLGRP5	-0.007	0.48	-0.187	0.757
RLGRP6	0.058	0.372	0.159	2.359
RLGOV1	0.05	-0.18	0.829	0.181
RLGOV2	-0.036	-0.358	0.792	0.255
RLGOV3	-0.045	-0.148	0.85	0.152
RLGOV4	0.026	0.433	0.861	-0.475
RLGOV5	-0.056	0.096	0.829	0.036
RLGOV6	0.323	0.486	0.614	-0.556
RLGOV7	-0.251	-0.321	0.598	0.402
BUSPER1	-0.036	-0.071	0.113	0.709
BUSPER2	-0.043	-0.58	0.226	0.693
BUSPER3	-0.085	0.045	-0.105	0.763
BUSPER4	-0.095	0.533	0.047	0.778
BUSPER5	0.371	-0.048	0.05	0.468
BUSPER6	0.033	0.044	-0.364	0.598

The discriminant validity test can be seen from the loading and cross loading values. If the loading value of each indicator on the relevant variable is greater than the cross loading on other latent variables, it is said to meet discriminant validity. The results of the analysis show that all are valid discriminants.

The next test to evaluate the outer model is to test the reliability of latent constructs as measured by Cronbach's alpha and composite reliability. The construct is declared reliable if the value is above 0.60

Table 3: Test Results Cronbach's Alpha and Composite Reliability

	Cronbachs Alpha	Composite Reliability
Entrepreneurial Behavior	0.622	0.723
The Role of Business Group	0.776	0.847
The Role of Government	0.885	0.912
Business Performance	0.756	0.832

Evaluation of the Structural Model (Inner Model)

The suitability test between the theoretical model and the empirical system can be seen at the level of Goodness-of-fit statistics. A model is said to be fit if the covariance matrix of a model is the same as the covariance of the data matrix (observed). Model fit indices and P values display the results of ten fit indicators.

Table 4: Model Fit and Quality Indices

Model Fit and Quality Indices	Fit Criteria	Result	Explanation
Average path coefficient (APC)	$P<0.05$	0.260, $P<0.001$	good
Average R-Squared (ARS)	$P<0.05$	0.889, $P<0.001$	good
Average Adjusted R-Squared (AARS)	$P<0.05$	0.886, $P<0.001$	good
Average block VIF (AVIF)	acceptable if <= 5, ideally <= 3.3	1.718	ideal
Average full collinearity VIF (AFVIF)	acceptable if <= 5, ideally <= 3.3	5.62	ideal
Tenenhaus GoF (GoF)	small >= 0.1, medium >= 0.25, large >= 0.36	0.607	good
Sympson's paradox ratio (SPR)	acceptable if >= 0.7, ideally = 1	0.75	good
R-squared contribution ratio (RSCR)	acceptable if >= 0.9, ideally = 1	0.982	good
Statistical suppression ratio (SSR)	acceptable if >= 0.7	1.000,	good
Nonlinear bivariate causality direction ratio (NLBCDR)	acceptable if >= 0.7	0.5	Marginal

Table 5: Coefficient of Determination

	R Square
Business Performance	0.889

The R-square value of Business Performance (Y) is 0.889, which means the contribution of Entrepreneurial Behavior (X1) and Group Roles (X2) to Business Performance is 88.9%, the remaining 11.1% is influenced by other factors.

Table 6: Hypothesis testing

No	Relationship between Variables (Explanatory Variable à Response Variable)		Path Coefficient	p-value	Explanation
1	Entrepreneurial Behavior	Business Performance	0.208	0.004	Significant
2	Group Role	Business Performance	0.788	<0.001	Significant

H1: Entrepreneurial Behavior has a significant effect on business performance

The Direct Effect of Entrepreneurial Behavior on Business Performance produces a path coefficient of 0.208 with a p-value of 0.004. This effect is very significant with a positive sign which means that the increase in entrepreneurial behavior will increase business performance. The influence of entrepreneurial behavior on business performance is in accordance with the initial prediction that entrepreneurial behavior has a significant effect on business performance. These results indicate that Entrepreneurial Behavior is a determining factor for Business Performance

H2: The role of the group has a significant effect on business performance

The Direct Effect of Group Roles on Business Performance resulted in a path coefficient of 0.788 with a p-value <0.001. This effect is very significant with a positive sign which means that increasing the role of the group will increase business performance. The Influence of the Group's Role on Business Performance is in accordance with the original prediction that the group's role has a significant effect on business performance. These results indicate that the role of the group is a determining factor of Business Performance

Table 7: Moderation Test Analysis Results

Explanatory Variable	Moderating Variables	Response Variable	Path Coefficient	p-value	Explanation
Entrepreneurial Behavior	The Role of Government	Business Performance	-0.01	0.453	Non Moderation Variable
Group Role	The Role of Government	Business Performance	0.035	0.331	Non Moderation Variable

H3: The Government's role in moderating (strengthening) the influence of Entrepreneurial Behavior on Business Performance

This shows the significance value for the Interaction of Entrepreneurial Behavior variable * The Role of Government on Business Performance produces a path coefficient of -0.010 with a probability of 0.453. This shows that the Government's Role does not strengthen the influence of Entrepreneurial Behavior on Business Performance.

H4: The Government's role in moderating (strengthening) the influence of the Group's Role on Business Performance

This shows the significance value for the Interaction variable Group Role * Government Role on Business Performance produces a path coefficient of 0.035 with a probability of 0.331. Because the Government's Role does not strengthen the influence of the Group's Role on Business Performance

DISCUSSION

The research study founded that entrepreneurial behavior affects business performance. The meaning of this finding shows that empirically entrepreneurial behavior is a determinant of business performance. The findings are in line with the opinion of Anwar (2014), that entrepreneurial behavior is a skill in creating something new and unique. Entrepreneurs are individuals who have the skills to develop something new and different from the current one. Entrepreneurship is indispensable not only to run a business (company) operation, but also to handle various day-to-day jobs. While business performance refers to the total number of jobs completed compared to the total number of jobs, objectives or criteria such as asset and turnover criteria. SMEs with strong entrepreneurial behavior can improve the performance of existing companies. The research findings support the past research of Dirlanudin (2010), Puspitasari (2013), both of which state that entrepreneurial behavior has a direct effect on business success, namely increasing profits, increasing the number and loyalty of customers, increasing sales volume, increasing product quality and quantity, product diversification, expanding marketing, and competitive ability.

The result of the study supported with the view Group role has an influence on Business Performance. The meaning of this finding shows that empirically the role of groups is a determining factor for SMEs business performance. The results of this study are in line with the opinion of Rahmanto et al., (2018) that basically members of the SME group or community must have the awareness to manage the organization's internal factors by looking at various aspects, such as human resources, financial aspects, operational technical aspects, and technical aspects. Market and marketing to continuously improve its performance. The community can be a place for discussion, exchange of experiences and information, marketing and also capital. To improve accessibility to credit for formal financial institutions. The results of research conducted by Suarniki et al., (2019) show the importance of the role of the community in the SME business. Communities can play a role in sharing business information among WhatsApp group members, especially for micro and small entrepreneurs who have an important role in the development of members' businesses; Benefits that can be obtained by group members include business information such as access to raw materials, markets, distribution, packaging, and so on, assistance in dealing with legal business, social relations and training information. The formed WhatsApp community can significantly bridge the business interests of group members. The research findings are in line with research by Luo and Tung (2007), Yaprak and Karademir (2010) both of which stated that business in the form of groups will be more efficient and effective in carrying out their business activities. The results of the study are also supported by the research of Hongyun et al. (2019) founded evidence that social capital has a positive and direct relationship with the performance of small and medium-sized companies.

The role of the government does not moderate the influence of entrepreneurial behavior and the role of groups on business performance. The research findings are not in line with the opinion of Soares et al., (2014) which states that the Government has a major role in promoting small businesses through various policies to improve business performance in small businesses. Government policies can improve the quality of human resources through training for small

businesses, strengthen capital by providing easy capital, and encourage partnerships and provide protection for small businesses, thereby improving business performance in micro and small businesses. However, empirical findings show that the government's role in providing support such as entrepreneurship training is only limited to running the program, but there is no follow-up policy. Entrepreneurial behavior shows a strong tendency for small and medium enterprises to strive for business performance achievement. Entrepreneurial behavior moderated by the role of the government has a negative and significant impact on the performance of SMEs. More and more government regulations will have the effect of reducing the influence of entrepreneurial behavior on the performance of SMEs. This shows that the government's efforts through policies, programs and regulations applied to micro, small and medium entrepreneurs have not supported small and medium enterprises in achieving better performance. The existence of too many government policies and regulations will complicate trade innovation and creativity and hinder the performance of SMEs.

CONCLUSION

Entrepreneurial Behavior has a significant and positive influence on Business Performance. This means that the better the entrepreneurial behavior, the more daring to take risks to run their own business by taking advantage of opportunities to create new businesses or with an innovative approach, able to generate sales turnover and have higher turnover and additional capital. The role of the Group has a significant and positive influence on Business Performance. This means that the better the involvement of SMEs in providing facilitation among SMEs, then SMEs will be able to combine tangible and intangible business resources that can be carried out in business activities, able to generate sales turnover and have higher turnover and capital increase.The Government's role does not strengthen the influence of Entrepreneurial Behavior and Group Roles on Business performance. This means that if the role of the government through too many government policies and regulations will complicate innovation and trade creativity and hinder performance improvement.

References

1. Abbas, J., Raza, S., Nurunnabi, M., Minai and Bano, S. (2019). The Impact of Entrepreneurial Business Networks on Firms' Performance Through a Mediating Role of Dynamic Capabilities. *Sustainability* 11: 2-28.

2. Afiah, Nur. N. (2009). Peran Kewirausahaan Dalam Memperkuat UKM Indonesia Menghadapi Krisis Finansial Global. Bandung

3. Alabi, F.A., David, J.O and Aderinto, O.C. (2019). The impact of government policies on business growth of SMEs in South Western Nigeria. *International Journal of Management Studies and Social Science Research*. 1(2): 1- 14.

4. Anjaningrum, W.D., & Sidi, A. P. (2018). Determinan Keunggulan Kompetitif dan Kinerja Industri Kreatif. *Jurnal Ekonomi Modernisasi* 14(1) : 40-56

5. Anwar, M. (2014). Pengantar Kewirausahaan: Teori Dan Praktik. Jakarta. Kencana

6. As'ad, Moh. (2012). Psikologi Industri. Edisi ke empat. Yogyakarta: Liberty.

7. Bahril, S.H. (2017). "Peningkatan Kesejahteraan Sosial Masyarakat Melalui Kelompok Usaha Bersama, Kecamatan Tombolo Pao, Kabupaten Gowa". Fakultas Dakwah Dan Komunikasi. Uin Alauddin Makassar

8. Becattini, G. (l990). "The Marshallian Industrial District as a Socio-economic Notion". In Pyke, F, Becattini, G & Sengenberger, W (Eds.) Industrial Districts and Interfi rm Cooperation in Italy. Geneva: ILU. 37-51

9. Bengesi, K.M.K. and Roux, I.L. (2014). The Influence of Dimensions of Networking Capability in Small and Medium Enterprise Performance. *International Journal of Business and Social Science* 5 (2) : 189-200

10. Bennett, R.J. and Ramsden, M. (2007). The contribution of business associations to SMEs: Strategy, bundling or reassurance?. *International Small Business Journal* 25 (1) : 49-76

11. Borda, A., Geleilate, J.M.G., Newburry, W and Kundu, S. (2017). Firm internationalization, business group diversification and firm performance: The case of Latin American firms. *Journal of Business Research* 72 : 104–113

12. Davis, J.L., G. Bell., G.T. Payne., & P.M. Kreiser. (2010). Entrepreneurial Orientation and Firm Performance: The Moderating Role of Managerial Power. *American Journal of Business*, 25 (2), 41-54

13. Dirlanudin. (2010). Perilaku Wirausaha dan Keberdayaan Pengusaha Kecil Industri Agro: Kasus di Kabupaten Serang Provinsi Banten. Disertasi Doktor. Sekolah Pascasarjana. Institut Pertanian Bogor

14. Diva, G. (2009). Mengembangkan UKM Melalui Pemberdayaan Peran Pemerintah Daerah. Jakarta: Bakrie School of Management

15. Eniola, A.A and Entebang, H. (2015). Government Policy and Performance of Small and Medium Business Management. *International Journal of Academic Research in Business and Social Sciences* 5 (2) : 237-248

16. Fukuyama, Francis. (2002). The Great Disruption: Hakikat Manusia dan Rekonstitusi Tatanan Sosial. Yogyakarta:CV Qalam

17. Hajjar, I., Idrus, M.S., Salim, U dan Solimun. (2012). Pengaruh Kemampuan Manajerial dan Lingkungan Industri terhadap Kemampuan Organisasi, Strategi Bersaing, dan Kinerja Perusahaan (Studi pada Industri Kecil Meubel Kayu di Sulawesi Tenggara). *Jurnal Aplikasi Manajemen* 10 (2) 291-301.

18. Hair, J.F., Black, W.C., Babin, B.J., dan Anderson, R.E. (2010). Multivariate Data Analysis, 7rd Edition. New York: Pearson Prentice Hall.

19. Harini, C., S. Praptono. (2017). Pengembangan pemasaran kewirausahaan dalam upaya meningkatkan kinerja perekonomian unit usaha mikro kecil menengah di Kota Semarang. *Prosiding SNATIF* Ke-4 Tahun 2017

20. Haryanti, R.D., Solovida, G.T dan Kristanto, R.S. (2019). Pengaruh Kemampuan Manajerial, Perilaku Kewirausahaan Dan Motivasi Terhadap Kinerja Usaha. *Journal of Economics and Banking*. Volume 1 No.2. 108-124

21. Hendry, C., Jones, A., Arthur, M and Pettigrew, A.M. (1991). Human Resource Development in Small to Medium Sized Enterprises. *Department of Employment Research Paper* No.88 Shefield.

22. Hongyun, T., Adomako, K.W., Twum, A, F and Akolgo, I.G. (2019). Effect of Social Capital on Firm Performance: The Role of Entrepreneurial Orientation and Dynamic Capability. *International Review of Management and Marketing* 9 (4) : 63-73

23. Jhonson D, Jhonson. (2012). Dinamika Kelompok (Teori dan Keterampilan). Jakarta (ID): Indeks

24. Karsidi, R dan Irianto, H. (2005). Strategi Pemberdayaan UMKM di Wilayah Surakarta. Makalah Diskusi. Kerjasama Bank Indonesia Solo dengan Badan Koordinasi Pembangunan Lintas Kabupaten/Kota Wilayah II Surakarta Propinsi Jawa Tengah

25. Keh, A.T., Nguyen, T.T.M., dan Ng,H.P. (2002). The effects of entrepreneurial orientation and marketing

information on the performance of SMEs, *Journal of Business Venturing* 22. 592-611

26. Kaukab, M. E., Adawiyah, W. R., & Setyanto, R. P. (2020). Export Product Fit Development in MSMEs Context. *International Journal of Scientific & Technology Research*, 9(02).

27. Kraja, I.B., Osmani, E and Molla, F. (2014). The Role of the Government Policy for Support the SME-s. *Academic Journal of Interdisciplinary Studies* 3 (2) : 391-396

28. Lambing, A. P. 2003. Enterpreunership. New Jersey: Prentice Hall.

29. Lestari M. 2011. Dinamika kelompok dan kemandirian anggota kelompok tani dalam berusahatani di Kecamatan Poncowarno Kabupaten Kebumen Provinsi Jawa Tengah [tesis]. Surakarta (ID): Universitas Sebelas Maret.

30. Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of international business studies* 38 (4) : 481-498

31. Muharastri Y. (2013). Karakteristik Wirausaha, Kompetensi Kewirausahaan dan Kinerja Usaha Peternakan Sapi Perah di KTTSP Kania Bogor. [tesis]. Bogor (ID): Institut Pertanian Bogor.

32. Rahmanto, B.T., Nurjanah, S dan Darmo, I.S. (2018). Peran komunitas dalam meningkatkan kinerja ukm (ditinjau dari faktor internal). *Jurnal Riset Manajemen dan Bisnis* 3 (1): 1 - 10

33. Scarborough, N.M. and Zimmerer, T.W., (2005). Effective Small Business Management, New York:Mc Millan

34. Simiyu, F.M., Gregory, S.N. and Sakwa, M. (2016). Effect of Government Policy and Regulations on the Growth of Entrepreneurial Women Micro and Small Enterprises in Trans Nzoia County, Kenya. *International Journal of Research in Business Studies and Management* 3 (10) : 12-26

35. Soares, A., Nurpeatiwi, R dan Makmur, M. (2014). Peranan Pemerintah dalam Pembangunan Daerah. *Jurnal Ilmu Sosial dan Ilmu Potik* 4(2): 231-236

36. Suarniki, N. N., Wijayaningtyas, M., Lukiyanto, K., Kusuma, Y. B., & Afandi, M. F. (2019). Community as A Driver of smes growth in Indonesia. *Int. J. Scient. Tech. Res*, 8(10).

37. Susanto. A. B. (2009). Leadpreneurship: Pendekatan Strategic Management Dalam Kewirausahaan. Jakarta: Esensi.

38. Suryana. (2014). Kewirausahaan (Pedoman Praktis, Kiat dan Proses Menuju Sukses). Jakarta: Salemba Empat Tambunan, 2008

39. Wirasasmita, Y. (2011). Ekonomika Kewirausahaan. Buletin Manajemen Kewirausahaan. Edisi Maret 2011. Hal. 3-5. Bandung (ID). Fakultas Ekonomi. Universitas Padjadjaran.

40. Yaprak, A. & Karademir, B. (2010). 'The internationalization of emerging market business groups: an integrated literature review', *International Marketing Review* 27(2): 245-262.

41. Yenni, C.W., Sunarru, S.S. dan Subejo. (2016). Peran Kelompok Tani Dalam Penerapan SRI (System of Rice Intensification) Di Kecamatan Kalikajan Kabupaten Wonosobo. *Jurnal Agro Ekonomi* 24 (1): 84 – 93.

42. Yustika, A.E. (2012). Ekonomi Kelembagaan Paradigma, Teori dan Kebijakan. Jakarta : Erlangga