

## Empirical Study: Entrepreneurs Performance of Micro, Small and Medium Enterprises (MSMEs) in Tanjung Morawa A Village, Deli Serdang, North Sumatra, Indonesia

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### Abstract

This study intends to examine how social capital, inventiveness, and product innovation impact the entrepreneurs performance of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Tanjung Morawa A Village, Deli Serdang, North Sumatra, Indonesia. This study used a quantitative research design. The period of time for doing this research is from March to May 2022. Observation, study documentation, and questionnaires are the data collection methods used. Up to 65 MSME offenders from Tanjung Morawa A Village make up the study's population. A quota sampling method was used to sample each population. Multiple linear regression using the SPSS program is the analysis strategy used in this study. The study's findings demonstrate that social capital has a positive and significant impact on MSME players' performance. The performance of MSME actors is positively and significantly impacted by creativity. Product innovation positively and significantly impacts how MSME actors operate. Overall, the performance of MSME actors is positively and significantly impacted by social capital, creativity, and product innovation. This study's coefficient of determination ( $R^2$ ) is 0.700, which suggests that social capital, creativity, and product innovation may account for 70% of the success of MSME actors.

**Keywords:** Social Capital, Creativity, Product Innovation, Entrepreneurs Performance of SMEs

### 1. Introduction

Business people who operate in the regional economy have been crucial in promoting Indonesia's economic expansion. Due to a shortage of business actors in Indonesia, there are still less entrepreneurs than in other nations. Because of this, the government must continue to play a part in boosting the proportion of business actors through ongoing initiatives and programs. On the other hand, the current instances involve well-known businesspeople, many of whom have experienced business failure. Many small and medium-sized businesses fail or reach the age of failure rate at the age of five. Lupiyoadi (2013) claims that the failure rate approaches 80 percent in the first 5 years, contrary to Suryana (2014)'s claim that small enterprises in Indonesia fail at a rate of 78 percent. Various nations experience small business failures, as illustrated in Table 1

**Table 1. Shows the Failure Rate of Small and Medium-Sized Businesses**

No	Country	Rate of business failure	Source
1	United States of America	Survive at the age of two, and half do so at four years old.	Small Business Administration, (Anonymous, 2015)
2	Uganda	Small firms fail in the first year in 64% of cases, and 30% of them cannot survive until the third anniversary.	Afunadula, (2018)

No	Country	Rate of business failure	Source
3	South Africa	70 percent of MSMEs can only remain in business for five years.	Solomon, <i>et al.</i> , (2013)
4	East Africa	In 24 months, 70 percent of MSEs fall.	Ojiambo, (2016)
5	Kenya	Only 15% of the MSE lives after the first year; 45% survive after the second year.	Kangethe, (2018)
6	Chile	Less than 50% of MSEs live through the age of 10 and only 42% do so until they are 4 years old.	Lussier dan Halabi, (2010)
7	Indonesia	Only 3.47 percent of the 267 million people that make up the whole population, the bare minimum, are entrepreneurs.	Ministry of Cooperatives and SMEs of the Republic of Indonesia, Draft Law on Job Creation, (2020)
8	Thailand	Due to citizens who are still unwilling to become business actors, there are currently 4.26 percent of business actors.	Ministry of Cooperatives and SMEs of the Republic of Indonesia, Draft Law on Job Creation, (2020)
9	Malaysia	4.74 percent of the population lacks enthusiasm in becoming business actors because people are still reluctant to launch the businesses they want to operate.	Ministry of Cooperatives and SMEs of the Republic of Indonesia, Draft Law on Job Creation, (2020)
10	Singapore	Business actors make up 8.76 percent of the population. This is because more people living in Singapore are employees who work for a firm, and citizens still have little interest in participating in the corporate world.	Ministry of Cooperatives and SMEs of the Republic of Indonesia, Draft Law on Job Creation, (2020)

Source: Ministry of Cooperatives and Small and Medium Enterprises Republic of Indonesia Draft Law on Job Creation, 2020

Based on statistics from the Ministry of Cooperatives and SMEs, Table 1 describes the failure rate to operate a business in various nations, as can be seen from Indonesia, Thailand, Malaysia, and Singapore. Currently, 3.47 percent of Indonesia's population is self-employed, compared to 4.26 percent in Thailand, 4.74 percent in Malaysia, and 8.76 percent in Singapore (Ministry of Cooperatives, 2020). It can be said that the State of Indonesia has the fewest business actors from the other nations previously mentioned. This is due to the citizens' lack of interest in becoming business actors, which is evident from the fact that they still feel at ease working for

organizations like agencies and companies. This occurs because the locals are still hesitant to take significant risks that could result in the failure of a desired enterprise.

According to Barik (2019), entrepreneurship is encouraged and fostered in contemporary society since it has been linked to profit generation in the form of wealth and economic progress. Sustainable entrepreneurship refers to conducting business in a way that upholds moral and ethical norms, promotes economic growth, and maintains progressive maintenance for the benefit of society. Business sustainability is a process of ongoing business both comprising growth, development, strategies to maintain firm continuity and development, all of which aim at the existence (resilience) of the business. Business continuity is a type of consistency of the situation of a business (Verdu, et al., 2015).

The idea of capital as a byproduct of production that is used to make more is one put out by Riyanto (2011). Among the capital required for operating a firm are tenacity, experience, bravery, knowledge, trust, social conventions, relationships, and financial capital. The difficulty of obtaining financial capital, however, prevents most business actors from starting a business. Although there is no maximum or minimum amount for financial capital, its size will have an impact on the business's long-term viability. Financial capital is vitally important for undertaking business activities (Purwanti, 2012). Financial capital can be acquired from two different sources: own capital and outside capital from places like credit institutions. Sources of financial capital are crucial since they are used to support daily business operations, particularly those that last for a short while, including paying employees' salaries and other operational costs (Kasmir, 2014).

In Tanjung Morawa sub-district, the business sector known as Micro, Small and Medium Enterprises (MSMEs) plays a significant part in economic growth. These MSMEs can be given the tools they need to address the unemployment issue, lessen poverty, and enhance the welfare of the residents in Tanjung Morawa District. The growth of micro, small, and medium-sized businesses is one of the development priorities in the government's work plan. This is based on the fact that MSMEs have made significant economic contributions to the country. Due to their enormous potential to boost local economies and serve as the main source of income for the majority of people, micro, small, and medium-sized companies (MSMEs) have evolved into a method for enhancing welfare (Ariani and Utomo, 2017). According to the findings of a survey conducted by the Association of Economic Development Services in Tanjung Morawa A Village, Deli Serdang Regency, 30 percent of the 187 MSMEs surveyed said that business activity decreased by more than 60 percent as a result of the Covid-19 epidemic. 10% of all responders are MSMEs that are completely unable to conduct business. In order to examine the effects of social capital, market potential, and product innovation on the performance of MSME actors, researchers performed a pre-survey with a questionnaire supplied to as many as 30 respondents in Tanjung Morawa A Village, Deli Serdang Regency. Table 2 contains the answers to the pre-survey questionnaire:

**Table 2. Pre-Survey Findings for Social Capital**

No	Statement	Agree	Percentage	Don't agree	Percentage
1	I believe that the capital structure of MSMEs in Tanjung Morawa A Village, Deli Serdang Regency, is now operating systematically and professionally for MSME players.	11	37%	19	63%

No	Statement	Agree	Percentage	Don't agree	Percentage
2	I always add capital to my current business	15	50%	15	50%
3	The business I'm now running is viable to obtain extra outside funding	12	40%	18	60%
4	The funding I have affects the business I manage.	17	57%	13	43%

Source: Survey Results, 2022

Table 2's findings from the social capital pre-survey demonstrate that Tanjung Mowa's hamlet is still home to a sizable number of business actors. 63 percent of respondents who gave the statement " I believe that the capital structure of MSMEs in Tanjung Morawa A Village, Deli Serdang Regency, is now operating systematically and professionally for MSME players " a "disagree" rating and "The business I'm now running is viable to obtain extra outside funding" by up to 60%. This demonstrates that the capital structure in Tanjung Morawa A Village, Tanjung Morawa District, Deli Serdang Regency is still not good and functioning properly, making it difficult for business actors to obtain additional capital from the Tanjung Morawa A Village, Tanjung Morawa District, Deli Serdang Regency. The findings of the survey on the creativity of Entrepreneurs SMEs in Tanjung Morawa A Village Deli Serdang Regency are shown in Table 3:

**Table 3. Pre-Survey Findings for Creativity**

No	Statement	Agree	Percentage	Don't agree	Percentage
1	I always make the best use of time to create good opportunities for the progress of the business that is being run	14	47%	16	53%
2	I always create new ideas about the products I want to sell to be different from the others	13	43%	17	57%
3	I'm ready to take risks in the business I want to run	15	50%	15	50%

Source: Survey Results, 2022

Table 3 shows that there are still a lot of business actors in Tanjung Morawa village, according to the results of the creativity pre survey. 57 percent of respondents gave the statement, "I always create new ideas about the products I want to sell to be different from the others," and 53 percent gave the statement, "I always make the best use of time to create good opportunities for the progress of the business that is being run," a "disagree" rating. This demonstrates the continued inability of MSME actors in Tanjung Morawa A Village to utilize their leisure time to develop novel ideas or concepts for goods that might be sold there or in the nearby Tanjung Morawa District or Deli Serdang Regency. Because the majority of MSME actors in Tanjung Morawa A Village, Tanjung Morawa District, and Deli Serdang Regency do not yet have original and creative ideas for possibilities, this problem exists. As a result, this affects the MSME players' still-considered subpar and ineffective performance in Tanjung Morawa A Village, Tanjung Morawa District, and

Deli Serdang Regency. Table 4 lists the findings from the survey on MSMEs' Product Innovation in Tanjung Morawa A Village Deli Serdang Regency.

**Table 4. Pre-Survey Findings for Product Innovation**

No	Statement	Agree	Percentage	Don't agree	Percentage
1	I consistently highlight the benefits of my own items to customers.	16	53%	14	47%
2	I constantly change the product to the needs and demands of consumers	12	40%	18	60%
3	The item I'm trying to offer is incredibly simple for customers to use and consume	17	57%	13	43%
4	I always do product testing before developing a product sales	14	47%	16	53%
5	I constantly provide consumers specific instances of the products or things I want to offer.	24	80%	6	20%

Source: Survey Results, 2022

Table 4 reveals that there are still a lot of business actors in Tanjung Morawa village, according to the results of the product innovation pre survey. 60 percent of respondents gave the comments, "I constantly change the product to the needs and demands of consumers," and 53 percent said, "I always do product testing before developing a product sales" as "disagreed." According to the pre-survey data's findings, some company actors still do not test items before they are launched, while others are still unable to modify products in accordance with consumer wants and needs. This also explains why the majority of business actors still lack product innovations because to MSME actors' continued ignorance of the traits defining customer wants and demands. Table 5 lists the findings of the survey on the Entrepreneurs performance of SMEs in the Tanjung Morawa A Village Deli Serdang Regency:

**Table 5. Pre-Survey Findings for Entrepreneurs Performance of SMEs**

No	Statement	Agree	Percentage	Don't agree	Percentage
1	I am capable of finishing a lot of tasks at once.	16	53%	14	47%
2	I always get the job done with good quality	12	40%	18	60%
3	I always finish my work on time	14	47%	16	53%
4	I consistently arrive on time to sell items.	13	43%	17	57%
5	I always work with other MSME actors	15	50%	15	50%

Source: Survey Results, 2022

Table 5, the results of the Pre-survey of the performance of MSME actors show that there are still many business actors in the village of Tanjung Morawa A giving a "disagree" assessment of the statements of "I always finish the work I do with good quality" as much as 60% and "I always come on time to sell products" by 57%. According to the findings of the previously stated assertion, SMEs in Tanjung Morawa A Village, Deli Serdang Regency continue to perform ineffectively and inefficiently because business actors are still unable to complete work with high quality and business actors lack a high level of seriousness, such as by arriving late. According to the issues brought up, the researchers did a study named "The Influence of Social Capital, Creativity, and Product Innovation on the Performance of SMEs in Tanjung Morawa Village A Deli Serdang, North Sumatra."

## 2. Literature Review

### 2.1. Social Capital

According to Putnam's opinion from 2016, social capital is the actual and potential resources that an individual has access to as a result of institutionalized social networks that are ongoing and take the shape of introductions and mutual recognition. As a result of their shared geographic origins, political or religious convictions, familial ties, and other factors, this network can develop. The indicators the researcher employed are based on Hendry's (2015) theory, specifically the following: 1) capital structure, 2) use of additional capital, 3) barriers to accessing external capital and 4) business conditions after adding capital.

### 2.2. Creativity

A person's capacity for innovation, whether in the form of concepts or products that differ significantly from those that have come before, is referred to as creativity. A creative entrepreneur has a better chance to develop distinctive and innovative items and can react more quickly (Kusnadi, 2015). According to Suryana (2014), the following actions are indicative of creativity: 1) Creating opportunities, 2) Creating new ideas, 3) Dare to assume a risk.

### 2.3. Product Innovation

Product innovation, according to Amir (2018), is any action that requires numerous trials over time in order to be successful. From idea generation to market introduction, product innovation involves decision-making. According to Al Rasyid et al. (2018), the indicators utilized by researchers state that the features of innovation consist of five things: 1) relative advantage, 2)

compatibility, 3) convenience, 4) product trial, and 5) observability.

#### 2.4. Entrepreneurs performance of SMEs

Performance is the degree to which tasks are completed successfully and the capacity to meet established goals (Gibson, et al., 2017). Performance, according to Mathis and Jackson (2016), is essentially what workers do or don't do. Performance indicators are seen from the contribution, which includes: 1) Quantity of work results, such as the quantity of work completed by MSME actors; 2) Quality of work results, such as MSME actors running a business successfully to foster competition; 3) Length of time required by MSME actors to run their businesses; 4) Presence at Work; and 5) Capability to Work together.

### 3. Methodology

The objective of this study is to analysis social capital, Creativity and product innovation impact the Entrepreneurs performance of SMEs in Tanjung Morawa A Village, Deli Serdang, North Sumatra. In this study, a quantitative methodology was applied. The period from March to May 2022 is designated for the implementation of this study. Observation, study documentation, and questionnaires were the data gathering methods employed in this study. In Tanjung Morawa A Village, there are up to 65 MSME offenders that make up the study's population. A quota sampling method was employed to sample each population. Utilizing the SPSS (Statistical Product Software Solution) application, the multiple linear regression analytical technique is used.

### 4. Results and Discussion

A validity test is used to assess whether data indications have a valid value or not. With a significant criteria of 0.5 and MSMEs in Harjosari I Medan Amplas Village, Medan City, North Sumatra, the validity test was initially conducted by distributing questionnaires to 30 respondents outside the respondents of this study. Table 6 displays the findings of the validity test conducted for this study.

**Table 6. Validity Test Results**

Variable	Indicator	Correlation Pearson	Value Measurement	Status
Social Capital (X <sub>1</sub> )	Capital structure	0,881	0,5	Valid
	Use of additional capital	0,928	0,5	Valid
	Barriers to accessing external capital	0,897	0,5	Valid
	Business conditions after adding capital.	0,943	0,5	Valid
Creativity (X <sub>2</sub> )	Creating opportunities	0,863	0,5	Valid
	Creating new ideas	0,892	0,5	Valid
	Dare to assume a risk	0,930	0,5	Valid
Product Innovation (X <sub>3</sub> )	Relative advantage	0,803	0,5	Valid
	Compatibility	0,658	0,5	Valid
	Convenience	0,802	0,5	Valid
	Product trial	0,671	0,5	Valid
	Observability	0,651	0,5	Valid

Variable	Indicator	Correlation Pearson	Value Measurement	Status
Entrepreneurs performance of SMEs (Y)	Complete the work according to the amount	0,792	0,5	Valid
	Operating a business to foster competition	0,632	0,5	Valid
	Have a period of time to run a business	0,749	0,5	Valid
	Presence at the place of business	0,823	0,5	Valid
	Ability to work together	0,649	0,5	Valid

Source: Research Results, 2022

The test of all statements has a value larger than 0.5, according to Table 6. Therefore, all of the research's instruments questions about Social Capital, Creativity, Product Innovation, and Entrepreneurs Performance of MSME Actors are valid.

A reliability test was run to evaluate the answers' consistency. Analyzing the instrument's reliability with internal consistency after only one attempt and using a Cronbach Alpha (CA) > 0.60 value. Table 7 contains the findings from this study's reliability test:

**Table 7: Reliability Test Results**

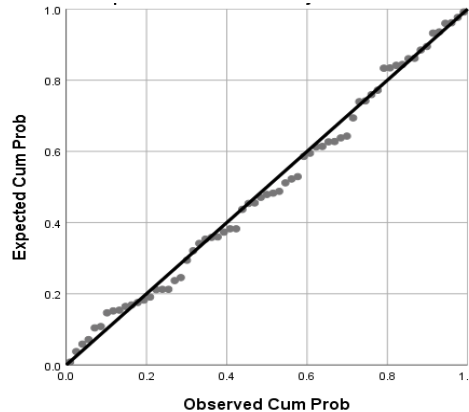
Variable	Cronbach Alpha	Value Measurement	Status
Social Capital ( $X_1$ )	0,844	0,6	Reliabel
Creativity ( $X_2$ )	0,861	0,6	Reliabel
Product Innovation ( $X_3$ )	0,783	0,6	Reliabel
Entrepreneurs Performance of SMEs (Y)	0,788	0,6	Reliabel

Source: Research Results, 2022

Because  $CA > 0.6$  in Table 7 indicates that all research variables are reliable, the measurement tool employed in this study has passed the reliability test and is suitable for use as a measuring tool.

Analyzing the probability plot graph serves as evidence that the data being used can be regularly distributed. If the points spread out around the diagonal line and move in that direction, the data is considered to be normal. Figure 1 displays the outcomes of the study's normalcy test.





**Figure 1. P-Plot Normal Graph**  
 Source: Research Results, 2022

The data spreads around the diagonal line and moves in the direction of the diagonal line, according to the research's P-Plot graph results, which demonstrate that the regression model satisfies the condition of normality. The One-Sample Kolmogorov Smirnov Test, as used in statistical testing, can also be used to observe the normalcy test, as shown in Table 8:

**Table 8: One-Sample Kolmogorov-Smirnov Test Results**

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		65
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.28208318
Most Extreme Differences	Absolute	.061
	Positive	.061
	Negative	-.055
Test Statistic		.061
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Research Results, 2022

Table 8 demonstrates that all variables have a significance value of 0.200 for asymptotic (2-tailed) significance. The residual value is normal if the significance level exceeds 0.05, ensuring that all variables have a normal distribution.

Testing for multicollinearity was done using tolerance and the VIF (Variance Inflation Factor). The tolerance value 0.10 or the same as the VIF value > 10 is the cutoff value that is typically used to indicate the presence of multicollinearity. Table 9 displays the outcomes of the

multicollinearity assumption test:

**Table 9. Multicollinearity Test Results**

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	3.083	1.427			
	Social Capital	.575	.098	.531	.598	1.673
	Creativity	.329	.107	.253	.725	1.380
	Product Innovation	.186	.081	.210	.582	1.719

Source: Research Results, 2022

Based on Table 9, it is clear that there is no evidence of multicollinearity between the independent variables in the regression model, as indicated by the tolerance values of Social Capital ( $0.598 > 0.10$ ), Creativity ( $0.725 > 0.10$ ) and Product Innovation ( $0.582 > 0.10$ ), as well as the VIF values of Social Capital ( $1.673 < 10$ ), Creativity ( $1.380 < 10$ ), and Product Innovation ( $1.719 < 10$ ). Table 10 contains the findings of the heteroscedasticity test performed on the data in this study using the Glejser analysis:

**Table 10. Glejser Test Results**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.831	.814		2.248	.028
	Social Capital	-.077	.056	-.219	-1.381	.172
	Creativity	-.092	.061	-.217	-1.506	.137
	Product Innovation	.076	.046	.263	1.638	.107

a. Dependent Variable: abs\_res

Source: Research Results, 2022

According to Table 10, the results of the heteroscedasticity test using the glejser technique, the significant value of the Social Capital (X1), Creativity (X2), and Product Innovation (X3) are all greater than 0.05 by a factor of 0.172, 0.137, and 0.107, respectively. This explains why heteroscedasticity is absent. The findings of the multiple linear regression test are produced in Table 11 based on the outcomes of data processing with the SPSS program.

**Table 11. Multiple Linear Regression Test Results**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.083	1.427		2.161	.035
	Social Capital	.575	.098	.531	5.859	.000
	Creativity	.329	.107	.253	3.077	.003
	Product Innovation	.186	.081	.210	2.289	.026

a. Dependent Variable: Entrepreneurs Performance of SMEs

Source: Research Results, 2022

Table 11 demonstrates that the computation of the constant value (a) is 3.083, b1 is 0.575, b2 is 0.329, and b3 is 0.186 so that the multiple linear regression equation  $Y = 3.083 + 0.575 X_1 + 0.329 X_2 + 0.186 X_3 + e$ , constant value (a) is produced = 3.083 denotes that the Performance of MSME Actors is 3.083 if the variables of Social Capital, Market Potential, and Product Innovation are all 0. According to the regression coefficient for social capital, which is 0.575, the performance of MSME actors will increase by 0.575 if social capital grows by one unit. The performance of MSME actors will improve by 0.329 if creativity improves by 1 unit, according to the creativity regression coefficient of 0.329. Product Innovation regression coefficient = 0.186 denotes that for every unit rise in Product Innovation, MSME actors' performance will increase by 0.186.

The t test (Partial) is used to examine how the independent variable affects the dependent variable in part. The value of the t test findings with the t table value of n = 65 at a significant level of 5 percent (0.05) based on the multiple linear regression test is 1.6686. The performance of MSME actors is significantly impacted by social capital, according to the coefficient value of 0.531, with a t-count > t-table (5.859 > 1.6686) and a significant 0.000 < 0.05. The coefficient value is 0.253, with a significant value of 0.003 and a t-count value t-table of (3.077 > 1.6686). Smaller than 0.05, which indicates that creativity significantly influences MSME actors' performances. With a coefficient value of 0.210, a t-count value t-table (2.289 > 1.6686), and a significant value of 0.026, less than 0.05, Product Innovation has a significant impact on the performance of MSME players, according to the data.

The influence of the independent variables combined on the dependent variable was examined using the F test (simultaneous). Table 12 can be loaded with the outcomes of the F test using the SPSS program and the Anova value:

**Table 12. F Test (Simultaneous)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	245.816	3	81.939	47.512	.000 <sup>b</sup>
	Residual	105.199	61	1.725		
	Total	351.015	64			
a. Dependent Variable: Entrepreneurs Performance of SMEs						
b. Predictors: (Constant), Social Capital, Creativity, Product Innovation						

Source: Research Results, 2022

Table 12, the value of Fcount is 47,512, with a degree of numerator of 3 and a degree of denominator of 65-3-1, all of which equal 5 percent (5 percent ; 2; 61; Ftable 2.76). According to this explanation, Fcount (47.512) > Ftable (2.76) and a significant value of 0.000 < 0.05 imply that Social Capital, Creativity, and Product Innovation all have an impact on the performance of MSME players. Table 13 is a list of the outcomes of this study's investigation of the coefficient of determination:

**Table 13. R<sup>2</sup> Test Results**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837 <sup>a</sup>	.700	.686	1.313
a. Predictors: (Constant), Social Capital, Creativity, Product Innovation				
b. Dependent Variable: Entrepreneurs Performance of SMEs				

Source: Research Results, 2022

The adjusted coefficient of determination (R Square) in Table 13 is 0.700, which indicates that the independent variable can explain 70% of the dependent variable can be explained by the independent variable while the remaining 30%.

Previous research that proved that social capital had a positive and significant effect on the performance of MSME actors was carried out by Masruroh (2020) stating that social capital could have a significant effect on the performance of MSME actors. The capital owned by business actors is good and sufficient, it will improve the performance of MSMEs. Afiyah (2020) also explains that creativity has a positive and significant relationship to the performance of MSME actors. The more creative business actors in creating and developing a product, the more it will improve the performance of MSMEs. Pristi (2016), who claims that product innovation has a positive and considerable impact on the performance of MSME actors, makes the same point. The performance of MSMEs in Tanjung Morawa A Village, Deli Serdang, North Sumatra, is influenced by how much creativity and innovation business actors possess and can apply to a product.

## 5. Conclusion

Based on the results of the analysis and discussion, the conclusions of this study are: Partially, Social Capital has a positive and significant effect on the Entrepreneurs Performance of SMEs. Creativity has a positive and significant effect on the Entrepreneurs Performance of SMEs. Product innovation has a positive and significant impact on the Entrepreneurs Performance of SMEs. Simultaneously, Social Capital, Creativity and Product Innovation have a positive and significant impact on the Entrepreneurs Performance of SMEs in Tanjung Morawa A Village, Deli Serdang, North Sumatra.

## 6. Acknowledgement

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