

Unlocking Competitive Advantage: Key Moderating Factors for MSMEs Amidst the COVID-19 Era

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Abstract

COVID-19 hit Indonesian MSMEs worst (MSMEs). Only flexible MSMEs survived market upheavals. Customers want innovation. Market and entrepreneurial orientation effect SME competitiveness and marketing performance (SMEs). This study analyzes whether a competitive advantage could reduce the effects of market orientation and entrepreneurial orientation on pandemic firm performance. PLSE (PLS) (PLS). Statistics described responders. Gender, age, and education differ. Questionnaires found 104 MSMEs. Sector, location, length, starting capital, number of employees, monthly turnover, funding sources, and business ownership permits. EO and CA lower BP, while MO does not, the study found. MO promotes CA. CA doesn't affect MO and EO's BP.

Key words: MSME, Competitive Advantage, Business Performance.

INTRODUCTION

MSMEs significantly boost the national economy. Micro, small, and medium-sized businesses saved the economy in 1998. Micro, small, and medium-sized enterprises (MSMEs) can drive the national economy despite the 2008 global financial crisis by creating jobs and exports other than oil and gas. MSMEs contribute the most to national GDP (Fahmi and Mudiantono, 2019). According to the Indonesian Ministry of Cooperatives and SMEs, MSMEs accounted for 99.99% (64.6 million units) of all business participants in 2019, whereas Large Enterprises (UB) accounted for 0.01% (5637 units) (<https://kemenkopukm.go.id/>).

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Despite their importance to economic growth, micro, small, and medium-sized companies (MSMEs) have struggled in domestic and international competition. According to Wardi et al. (2017), Indonesian micro, small, and medium-sized company (MSME) business operators face a lack of product innovation. Mustikowati and Tysari (2015) found that MSMEs lack competitiveness. These shortcomings include inadequate expertise, difficulties adapting to environmental changes, and delayed response time to fast-moving market rivalry. These flaws hinder business growth. Lantu et al. (2016) say these faults will hurt MSMEs' performance and competitiveness. Each competitiveness study yielded different results. Man et al. (2002) used entrepreneurship to measure competitiveness. The study found that competitiveness involves potential, process, and performance.

Because of the dynamic nature of the market, it is necessary for businesses to be able to serve their consumers despite the presence of competition from other businesses; as a result, market orientation continues to play a very essential role in the business world. Companies that are market-oriented will attempt to enhance their performance by satisfying the needs and wants of customers in a manner that is superior to that of their competitors (Jogaratanam, 2017; Qu, 2014). According to the groundbreaking research (Narver & Slater, 1990), market orientation is an organizational culture that focuses on bringing up activities with the goal of providing the greatest outcomes possible for customers in order to generate superior results overall. performance at the organizational level After that, a number of studies that follow the pioneering work and support the results that there is a positive association between market orientation and business performance (YK Lee et al., 2015); (Wilson et al., 2014); (Dabrowski et al., 2019). However, other studies have also provided evidence that there is no relationship between market orientation to competitive advantage and the performance of a business (Greenley, 1995); Harris, 2001; Sulyianto & Rahab, 2012; Hatta, 2015; Rua & Santos 2022). These studies were conducted by Greenley and Harris, respectively. The findings of the many studies lend credence to the hypothesis that market orientation by itself is insufficient to ensure successful corporate performance. Other variables, such as an entrepreneurial attitude and a competitive edge, are required in order to promote the performance of a business.

In the present climate of modern business, an entrepreneurial mindset is one of the most important aspects that can help boost a company's performance. The literature on business management has, in recent years (Lomberg et al., 2017), shifted its emphasis to place more importance on an entrepreneurial approach. According to Ferreras-Méndez and colleagues' (2021) research, an entrepreneurial orientation is one of the supporting materials that can help enhance results and ultimately lead to an increase in firm performance. It has come to the attention of many researchers that entrepreneurial

orientation has a positive relationship to business performance (Ferrerias-Méndez et al., 2021); (Hernández-Perlines et al., 2021). The results of these studies show that entrepreneurial orientation has a positive relationship to business performance. According to Wardi et al. (2017), an entrepreneurial mindset is significantly associated with micro, small, and medium-sized enterprises (MSMEs). This mindset is required to obtain new possibilities and revitalize current firms. Small and medium-sized businesses (MSMEs) have an advantage that larger corporations do not have, and that is the propensity to hunt for market opportunities in a very innovative manner. This allows MSMEs to continue to survive under a variety of conditions. The research that Salter and Naver (2000) conducted lends credence to the idea that the entrepreneurial orientation of large corporations can have an effect on the success of those corporations.

It has been demonstrated in a number of earlier research that the influence of market orientation and entrepreneurial orientation on the success of businesses is completely consistent with one another. According to research carried out by Hatta (2015), a grasp of market orientation and entrepreneurialism has not been able to give a direct influence on the performance of businesses. According to the findings of the research conducted by Setyawati (2013), entrepreneurial approach and market orientation have only a partial influence on marketing success. This study's objective is to conduct an all-encompassing investigation of the impact that market orientation and entrepreneurial orientation have on the competitive advantage and marketing performance of micro, small, and medium-sized enterprises (MSMEs) in the Cilacap region. In addition, the purpose of this research is to investigate whether or not the market orientation and entrepreneurial orientation can be moderated by the competitive advantage variable and its effect on business performance. Several earlier studies have been conducted, although they have focused more on businesses that have made use of high-level technology (Dabrowski et al., 2019); (Zhou et al., 2009); (Ferrerias-Méndez et al., 2021); (Hernández-Perlines et al., 2021); (Feranita & Setiawan, 2018); (Dabrowski et al., 2019). Previous studies did not include micro, small, and medium-sized enterprises (MSMEs), so this new research aims to bridge the empirical gap that exists in the context of the home industry sector MSMEs.

LITERATURE ANALYSIS AND METHODOLOGY

Market Based View (MBV) and Resource Based View (RBV)

This inquiry is grounded in the theoretical frameworks of Market Based View (MBV) and Resource Based View (RBV), both of which are referred to as MBV and RBV, respectively. According to the MBV theory, business performance is governed by the strategic conduct of the organization in response to market competition (Hoskisson et al., 2004); Porter (1980);

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and Porter (1985). These authors claim that this is the case. (Porter, 1980) ; (Porter, 1985) According to Simatupang (2013), the MBV theory places an emphasis on the significance of the role that the competitive market plays in defining how the behavior and response of the company plays a role in the overall performance of the business. This is according to the fact that the MBV theory places an emphasis on the significance of the function that the competitive market plays in defining how the behavior and response of the company plays Porter was the pioneer in the modification of MBV theory with his five forces framework theory, which asserts that superior company performance is formed from five competitive forces, namely buyer power, competitive threat, supplier power, substitution threat, and competitive intensity. This theory states that superior company performance is formed from five competitive forces (Porter, 1980). 1980 saw the publication of Michael E. Porter's Five Forces Framework Theory.

According to the RBV theory, the capabilities of a company are what define the level of competitive advantage that it enjoys as well as the level of superior business performance that it enjoys (Barney, 1991). The RBV theoretical framework is used to identify resources that have the potential to drive business performance by linking resources and capabilities to achieve competitive advantage, which ultimately improves business performance and earns more profit than competitors. This is accomplished by linking resources and capabilities to achieve competitive advantage (Yanto, 2021). In order to accomplish this goal, the concept of the RBV theoretical framework is put into practice. The capabilities that are being referred to, according to Barney (1991), ought to be exceedingly valuable, extremely rare, difficult to imitate, and impossible to replace.

Market Orientation

A theory (Kohli & Jaworski, 1990) defines market orientation in terms of how information about current and potential customers is processed. In contrast to the theory (Narver & Slater, 1990) that defines market orientation from a cultural point of view, namely organizational culture that is carried out effectively and efficiently to create customer value and provide the best for customers so as to achieve superior performance that supports business sustainability. The main reason the company focuses on the market is because it knows that consumers are always changing and adapting to their surroundings (Sumiati, 2019).

This study is based on Narver and Slater's (1990) approach, which says that there are three parts to market orientation indicators: customer orientation, competitor orientation, and coordination between functions. The goal of market orientation is to create customer value by understanding customer wants and needs better than competitors; the goal of

competitor orientation is to understand the strengths and weaknesses of competitors; and the goal of inter-functional coordination is for members of the organization to communicate and work together to get different kinds of information to improve performance (Amabile & Pratt, 2016; Dabrowski et al., 2019).

Market-oriented business management can make products based on what customers want, find competitors, and explain differences in business performance (Hasan, 2010). This can help companies do well in business competition. The results (Papadas et al., 2019) show a marketing orientation with a special literacy strategy: green marketing. This strategy encourages the development of a sustainable competitive advantage, which in turn improves business performance. (Migdadi et al., 2017; Ozkaya et al., 2015) and (Migdadi et al., 2017; Ozkaya et al., 2015) say that a company's business performance can be judged by its sales, total profits, number of employees, and market share. From what has been said so far, the research hypothesis is as follows:

H1: A competitive advantage is helped by a focus on the market.

H2: A business does better when it is focused on the market.

Entrepreneurial Orientation

(Lumpkin & Dess, 2001) The field of strategic management is going through a change in the entrepreneurial process. This means that managers' methods, practices, and decisions are becoming more entrepreneurial. Stevenson and Jarillo (1990) defined entrepreneurial orientation as a management concept that shows how to act in an entrepreneurial way through processes, models, and organizational styles. Then, after a few decades, things changed. Covin et al. (2005) and Cuevas-Vargas and Parga-Montoya (2022) defined entrepreneurial orientation as the tendency of organizations to act on their own, be willing to take risks, and act proactively when the market is uncertain. An entrepreneurial orientation analysis (Ferrerias-Méndez et al., 2021) is based on how companies use new business opportunities.

This study talks about Miller's (1983) findings, which introduce the entrepreneurial orientation dimension, which is made up of three indicators: innovation, being proactive, and being willing to take risks. Lumpkin and Dess (2001) say that innovation is the process of coming up with new products through experimentation or creativity. Proactivity is a trait that looks to the future by looking for opportunities and anticipating future needs. The courage to take risks is the company's willingness to follow through on actions and decisions that have already been made. taken based on guesswork, which can be risky for you, your finances, and your business. Several studies (Wardi et al., 2017; Altinay et al., 2016; Covin et al., 2005) have used these three dimensions as measures of entrepreneurial orientation.

MSMEs are very creative when it comes to looking for market opportunities in different situations, and they must have an entrepreneurial mindset to keep their business going and find new opportunities. (Wardi et al., 2017) say that the main way to improve the performance of small and medium-sized enterprises (SMEs) is to make them more entrepreneurial in terms of innovation, being proactive, and being willing to take risks. (Kusa et al., 2021; Rahmania et al., 2012; Yanto, 2021) ; (Rachmania et al., 2012); (Yanto, 2021). Some research shows that companies with an entrepreneurial spirit can compete and encourage better company performance. From what has been said so far, the research hypothesis is as follows:

H3: Being entrepreneurial is good for a company's competitive advantage.

H4: Being an entrepreneur has a positive effect on how well a business does.

Competitive advantage

Competitive advantage is the ability of a company to do better than other companies in the same industry because of the value it creates through its characteristics and resources (Porter 1985). Greenley (1995) says that companies that focus on both the inside and the outside can gain a competitive edge and do better business. The idea of a competitive advantage is very important for companies to stay in business in a market where the goal is to make money (Suwarso Muhammad, 2014).

How good a company is depends on how much value it can give to its customers. Kotler and Armstrong (2014) say that a business can get an edge over its competitors by giving customers more benefits. (Riyanto, 2018) says that excellence has a lot of moving parts and isn't always possible to keep up, so a strategy needs to have an advantage in terms of information and technology. This study is based on the opinion of Kotler and Armstrong (2014), which says that the four dimensions of competitive advantage are product differentiation, market segmentation, market entry, and information and technology.

Using the company's resources to build a competitive advantage is one way to work toward high company performance. Satwika and Dewi (2018) found that a company's performance will be better if it has a competitive advantage. Porter's (1985) theory says that a company can have a competitive advantage if it builds up its potential resources and competencies. Several studies (Usvita, 2019; Bharadwaj and Fahy, 1993; Miller, 1988) show that having a competitive advantage improves how well a business does. From what has been said so far, the research hypothesis is as follows:

H5: Having a competitive edge is good for a business's performance.

Business Performance

According to Miller (1983), business performance is the outcome that a business unit obtained, and it is measured by comparing the target with the results that the business unit got within a specific length of time (Sumiati, 2019). The financial and financial dimensions are both useful metrics for determining how well a company is doing as a whole. non-financial dimensions (Semrau et al., 2016). Both the financial and non-financial aspects, which can be measured by factors such as sales growth, market share, employee satisfaction, and the satisfaction of the business owner, are included in the financial component (Fairoz et al, 2010).

In this study, the business performance indicators are based on research (Radyanto & Prihastono, 2020) that says that to measure MSME performance, the indicators used must cover 5 important areas: financial, production, marketing, human resources, and organizational and institutional. All parts that are managed well will create high-quality value that helps the performance of MSME businesses. By giving itself an advantage over its competitors, the company will be able to stay in business and do well as it grows.

(Wahyudi, 2018) In order for a firm to have a competitive advantage, it is necessary for the organization to be able to effectively manage all of its resources, including those that are visible as well as those that are not visible. Customers will receive increased value as a result of this. A sharper focus not only on the market but also on the role of the entrepreneur will lead to improvements in performance. Mason et al. (2015) conducted research to investigate the positive and significant implications that competitive energy has on the success of a company. Even though the association between entrepreneurial orientation and performance was not statistically significant in the past, the findings of the study (Setyawati, 2013) indicate that competitive advantage does, in fact, attenuate the effects of market orientation and entrepreneurial orientation. Multiple research (Usvita, 2019; Satwika & Dewi, 2018; Wahyudi, 2018) demonstrate that having a competitive edge can strengthen the link between market orientation and entrepreneurial orientation, as well as how well a business does overall (Usvita, 2019; Satwika & Dewi, 2018; Wahyudi, 2018). The following is the research hypothesis, which is based on the theories and explanations that have been presented thus far:

H6: The relationship between a focus on the market and how well a business does is moderated by the competitive advantage.

H7: The level of competitive advantage affects the relationship between being an entrepreneur and how well a business does.

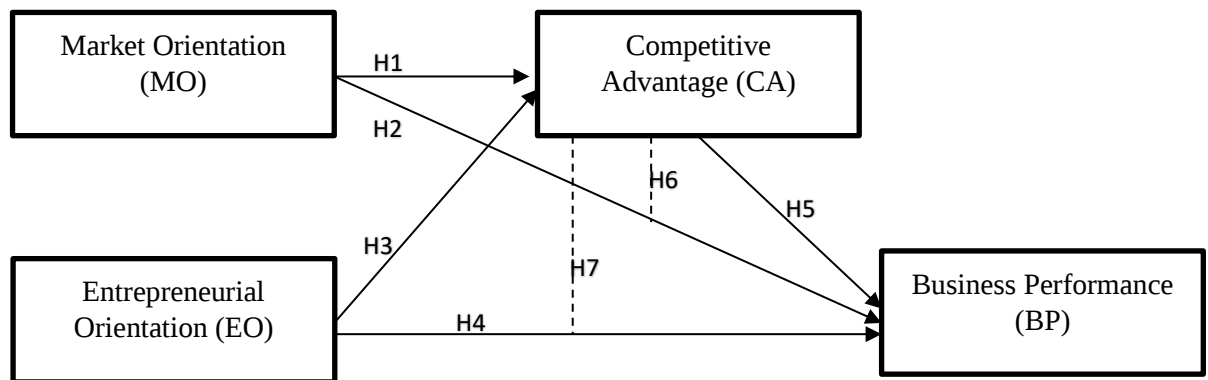


Figure 1 Conceptual Framework

RESEARCH AND METHODOLOGY

Respondents

This study looks at how the independent variables of market orientation and entrepreneurial orientation affect the related variables of competitive advantage and business performance. This study was done on micro, small, and medium-sized enterprises (MSMEs) in the Cilacap district by giving questionnaires to business owners and managers of MSMEs. The Central Java Department of Cooperatives and MSMEs says that there are 2,098 MSMEs in the Cilacap Regency and that 1,232 people work for them (Cooperatives and MSMEs Service, 2022). The Slovin formula was used to figure out the sample size for this study. The percentage of sampling limits that can still be tolerated is (0.1). So that got at least 96 people to answer the survey.

Data Analysis

Partial Least Square (PL) model analysis is used in this study. The research data were looked at using descriptive statistics to figure out things like the age, gender, and level of education of the people who answered the questions. The questionnaire also asked about the type of business, where it was located, how long it had been in business, how much initial capital it had, how many employees it had, how much money it made each month, where the money came from to start the business, and whether or not the owner had a business license. A questionnaire with a Likert scale and five possible answers was then given to business people in the MSME sector in the Cilacap district. Validity test with loading factor and Average variance Extrated (AVE) > 0.5 as a measure of success. The composite reliability parameter > 0.6 is used to measure how well the reliability test works (Ghozali, 2015). The PLS SEM method was used to test the idea. The inner model, the R-Square value, and the

path coefficient were used to test the relationship between latent variables. The test was kept going with a bootstrapping statistical test. After the data processing was done, the results were looked at to answer all of the research questions.

RESEARCH AND RESULTS

The first step is to measure the outer model to find out how valid and reliable the indicators are. The loading factor value must be greater than 0.7, and if the correlation value is less than 0.7, the indicator is taken away. Table 2 shows that there are a number of indicators with a correlation of less than 0.7, so these indicators are left out of the model. The test is then done again, and at loading factor 2, all of the indicators are greater than 0.7. This means that the construct has good convergent validity.

Table 1. Variables, Indicators, Loading Factor, AVEs and Composite Reliability

Variables	Indicators	Loading Factors Running 1	Loading factors Running 2	Cronbach's Alpha	AVE	Composite Reliability
Market Orientation (MO)	MO1	0.743	0.752	0.823	0.632	0.873
	MO2	0.792	0.812			
	MO3	0.631	Rejected			
	MO4	0.591	Rejected			
	MO5	0.803	0.823			
	MO6	0.731	0.791			
Entrepreneurial Orientation (EO)	EO1	0.700	0.709	0.862	0.642	0.899
	EO2	0.744	0.774			
	EO3	0.773	0.792			
	EO4	0.616	Rejected			
	EO5	0.813	0.823			
	EO6	0.878	0.898			
Competitive Advantage (CA)	CA1	0.565	Rejected	0.806	0.722	0.866
	CA2	0.374	Rejected			
	CA3	0.615	Rejected			
	CA4	0.383	Rejected			
	CA5	0.623	Rejected			
	CA6	0.475	Rejected			
	CA7	0.735	0.891			
	CA8	0.774	0.901			

Business Performance (BP)	CA9	0.684	Rejected	0.877	0.670	0.910
	CA10	0.717	0.749			
	BP1	0.821	0.830			
	BP2	0.430	Rejected			
	BP3	0.839	0.861			
	BP4	0.808	0.820			
	BP5	0.822	0.849			
	BP6	0.687	Rejected			
	BP7	0.609	Rejected			
	BP8	0.730	0.723			

The next step is to look at the R-square to test the prediction of the relationship between hidden variables or structural models. Figure 1 shows the structural model, and Table 2 shows the R-square value. The R-square business performance value is 0.267, which means that the market orientation, entrepreneurial orientation, and competitive advantage variables can explain 26.7% of the business performance variable, while the market orientation and entrepreneurial orientation variables can explain 26.5% of the competitive advantage variable.

Table 2. Value of R Square

	R Square	Adjusted R Square
Business Performance (BP)	0.267	0.228
Competitive Advantage (CA)	0.265	0.250

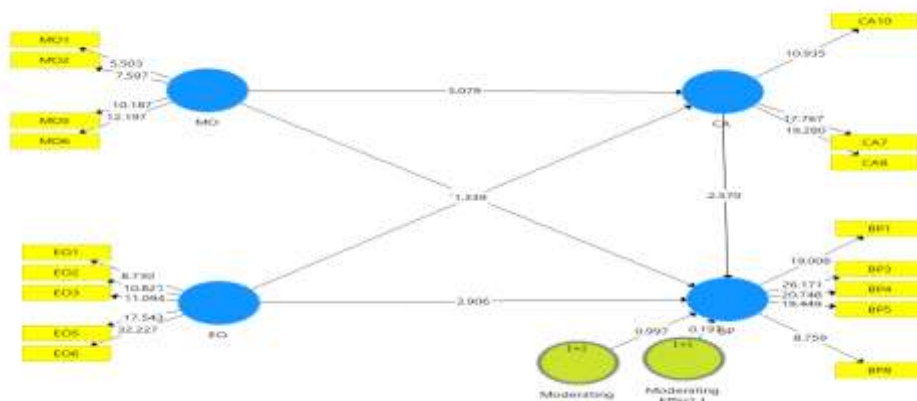


Figure 1. Structural Equation Model

A findings of both the statistical technique using booth strapping are shown in Table 4. H1, H4, and H5 were found to be true, but H2 and H3 were not. While CA doesn't stop MO or EO from going after BP.

Table 3: Variables, Indicators, Loading Factors, AVEs, and Composite Reliability

Hypothesis	Relationships	Original Sample	T.Statis-tics	P-Value	Result
1	MO → CA	0.404	3.079	0.002	Accepted
2	MO → BP	-0.002	0.015	0.988	Received
3	EO → CA	0.162	1.339	0.181	Received
4	EO → BP	0.428	3.906	0.000	Accepted
5	CA → BP	0.323	2,570	0.010	Accepted
6	Moderating effect one → BP	0.024	0.197	0.844	Not moderating
7	Moderating effect two → BP	0.137	0.997	0.319	Not moderating

DISCUSSION

A first hypothesis (H1) is true, which says that MO makes CA better. In line with (Zhou et al., 2009), (de Guimares et al., 2018), and (Priharti et al., 2021), the results showed that MO had a good effect on CA. In this case, market orientation means focusing on customers, focusing on competitors, and making sure that functions work together. These are all things that the research shows are indicators of market orientation. The results show that a business can stay in business during the pandemic if it cares about what its customers want and is willing to listen to their criticisms and ideas. Businesses can do better in a market that is changing because of the COVID-19 pandemic by keeping an eye on their competitors and using them as a guide for making improvements. (Eunike & Utama, 2021) say that business actors who focus on sales or the market will have a competitive advantage that helps their business do well.

The result of the second hypothesis (H2), which says that MO improves business performance, is that it is not true. The results of this study go against the findings of other studies (Migdadi et al., 2017; Ozkaya et al., 2015; Sumiati, 2019) that say market-oriented businesses do well. Also, the results of this study don't back up research from Narver and Slater (1990) that says companies that focus on market orientation and have a good organizational culture can get organizational performance that helps businesses stay in business. The different results of the research can be explained by the fact that market orientation has no direct effect on improving the performance of MSME businesses. During the pandemic, it is very hard for small-scale MSMEs to improve their business performance, which is measured by an increase in the number of products made and an increase in the net

profit the company makes. Conditions caused by the pandemic have changed the market and how people act. The weakness of MSMEs is that it is hard for them to adapt to changes in the environment and they are slow to deal with changing market competition. It is hard to improve business performance because things change quickly (Mustikowati & Tysari, 2015). Several studies by (Au & Tse, 1995), (Hatta, 2015), and (Rua & Santos, 2022), which say that there is no significant link between and BP, back up this research. Market orientation doesn't tell us anything about MSMEs (Koh et al., 2007)

The third hypothesis (H3), which says that EO is good for CA, is not true. This study's results go against what T. Lee and Chu (2011), Lestari et al. (2019), and Puspasari and Rahardjo (2017) say, which is that EO has no effect on CA. The different results of this study can be explained by the fact that small-scale MSMEs haven't thought about their competitive advantage. To make a strategy more competitive, it must be able to predict changes in the market. However, this has not become the focus of MSMEs, especially in light of the COVID-19 pandemic. Small and medium-sized businesses (MSMEs) only try to keep going as they are because they have internal weaknesses, such as limited technological and information capabilities, which make it hard for them to move quickly to adapt to changes in the market (Violinda, 2018). MSMEs also haven't been able to adjust to changes in consumer behavior and culture caused by the pandemic. For example, when people used to buy things directly from businesses, they now buy things indirectly from other businesses. This makes it hard for MSMEs to compete with other businesses.

Its fourth hypothesis (H4) is true, which says that EO makes BP better. The results of this study are supported by (Ferrerias-Méndez et al., 2021), (Hernández-Perlines et al., 2021), and (Wardi et al., 2017), which say that entrepreneurial orientation is needed to improve organizational performance. MSMEs can survive in a wide range of situations, including the Covid-19 pandemic, because they are very creative when it comes to finding market opportunities. This study looks at innovation, being proactive, and being willing to take risks, which are the main things that push MSMEs to do better (Kusa et al., 2021). During the pandemic, MSMEs need to be able to think in new and creative ways and be willing to take risks if they want to stay in business. The results of this study are the same as those of (Mukoffi & As'adi, 2021): the performance of MSMEs can be kept the same or even improved during the COVID-19 pandemic by keeping their entrepreneurial traits and business capital.

The fifth hypothesis (H5) is true: CA has a good effect on BP. Research (Usvita, 2019; Bharadwaj & Fahy, 1993; Miller, 1988) has shown that CA has a positive effect on BP, which backs up the results of this study. The results of this study also back up Porter's (1985) theory, which says that if a company can build up its resources and potential, it will gain a competitive advantage that will help the organization do better. Excellence has a lot of

moving parts, especially during the pandemic, and it takes a lot of work to keep the advantages built into competitive strategies. In this study, the benefits of information and technology are seen as the main things that encourage MSMEs to make themselves more competitive during the pandemic.

The sixth hypothesis (H6) that competitive advantage moderates the relationship between market orientation and business performance is not true. The fact that moderating effect one was found shows that CA does not make the link between MO and BP stronger. The COVID-19 pandemic has had a big effect on MSMEs, which can't perform as well as they could. This is clear from the answers to the questionnaire, which show that seven CA indicators have a loading factor value of 0.7, making them invalid and requiring them to be taken out of the model. These are the benefits of differentiating products, the benefits of dividing the market into segments, and the benefits of getting into the market. In a pandemic, these three things are thought to be very hard for MSMEs to do. The only thing that can be done is to have more information and better technology. This can be done through online marketing and introducing products through social media. MSMEs also send products to customers using delivery orders and pay for each transaction online. More specifically, the MSME's focus on the market during the pandemic needs to be backed up by technological skills as well as other areas of excellence.

The seventh hypothesis (H7), which says that the relationship between CA and OE is moderated by CA, is not true. The second finding about the moderating effect shows that CA does not make the link between EO and BP stronger. This shows that MSMEs prefer a survival plan during the pandemic so they can keep their business going in the midst of uncertainty. Due to the pandemic and changes in consumer behavior, MSMEs tend to wait and see what happens to find a safe way to stay in business. Prepare a plan if you think it's safe to do so. Hardilawati (2020) says that MSMEs need to adapt to changes in the environment caused by the pandemic by doing business online, using e-commerce, doing digital marketing, and making their products better. MSMEs need to build good relationships with their customers and offer more services, such as traditional and online services.

CONCLUSION AND RECOMMENDATIONS

The Covid-19 pandemic has had a big effect on the performance of MSMEs. During the pandemic, 63.9% of MSMEs saw their sales drop by more than 30% (Bahtiar, 2021). But even though there is a pandemic, MSME business actors are still working hard to keep their businesses going. Based on the results of this study, it can be said that MO is a major cause of CA, but it has no direct effect on BP. During the Covid-19 pandemic, MSME business actors took a number of smart steps to cut production of goods and services so that BP could not



be reached. Despite this, a few MSMEs have come up with a plan to reach CA and stay in business during the Covid-19 pandemic by adding more marketing channels.

Because of the pandemic, many MSMEs are having trouble paying their business bills and their employees. MSMEs will take the next step to keep their business performance up during the Covid-19 pandemic by cutting the number of employees and the number of hours they work or are open. The fact that EO has no effect on CA but has a direct effect on BP shows that business people continue to think critically and creatively and look for market opportunities even during a very hard pandemic in order to keep making money. But MSMEs haven't been able to focus on making themselves more competitive because they don't have enough labor, raw materials, or money. MSMEs need to adapt to changes in the economy, come up with strategies based on efficiency, and keep an eye on their competitors so they can come up with better ideas than their competitors.

Most hurt by the Covid-19 pandemic are MSMEs where the people who run the business are from the lower middle class. MSMEs that can make it through the pandemic are those that can change with the market. MSME business actors must come up with new ways to make goods or services that meet market needs. MSME business actors should also be able to come up with new ideas or ideas that can help the community solve social and economic problems caused by the Covid-19 pandemic. It is suggested that more research be done to talk in depth about some aspects of technological superiority. These are the parts of the CA variable that MSMEs focus on when running their businesses during the pandemic.

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