





# The Effect of Entrepreneurial Knowledge on the Performance of MSME Employees in Garut

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**Abstract.** This study aims to determine whether there is a relationship between Entrepreneurial Knowledge and Employee Performance. This study discussed the influence of Entrepreneurial Knowledge on the Performance of MSME Employees in Garut. Researchers used a causal study design on 58 respondents with simple linear regression as the data analysis technique using SPSS version 25. The results showed that entrepreneurial knowledge significantly affected Employee Performance. This means that the higher the Entrepreneurship Knowledge of the employees, the better employee performance will be. This research is a development in the form of applied theory. This research provides information on a linear relationship between Entrepreneurial Knowledge and employee performance.

**Keywords:** *Entrepreneurial Knowledge · Employee Performance*

## 1 Introduction

Nowadays, the competition between companies is getting tougher; every company is competing to maintain its business. Therefore, companies are required to achieve goals more effectively and efficiently. Circumstances require companies to think more creatively and work quickly and precisely to become a company that can compete. A company must be able to manage its resources [1]. So far, six resources are known as 6M: Man, Machine, Method, Money, Market, and Material.

*Man* is one of the most valuable assets owned by a company because humans are the only resources that can drive other resources (Nurfadillah & Arilaha, 2018). Thus, the element of human resources is a critical factor that a company must maintain in line with the demands faced by the company to answer every challenge. The quality of human resources can be measured by employee performance. Every company will always strive to get the best performance from its employees, hoping the company's goal will be achieved [2].

Employee performance results from work achieved by a person in carrying out the tasks charged to him based on proficiency, experience, sincerity, and time [3]. Performance is about work activities and the outputs resulting from these work activities. An

activity's functions produce a performance to complete something that requires specific energy and skills.

One of the problems that often occurs in companies is the lack of skills, skill, and mastery of work in terms of knowledge or broad insight into corporate governance. The right way that can be done to improve employee performance is through employee development by providing training (Safitri). By implementing the training system, it is hoped that employees can carry out their duties properly and be responsible for work to improve employee performance.

Creating a knowledge improvement program will be very useful for the development of human resources owned by the company. Furthermore, human resources can accomplish the company's goals, vision, and mission. Human resource development programs, one of which is the human resources entrepreneurship knowledge program.

Training is learning and getting used to being able or able to do something. The training is indispensable to improving employees' knowledge, skills, and attitudes. It also makes it easier for employees to acquire further knowledge based on the foundation gained from the training and the effects of further changes in other colleagues. The results of previous research by (Farooq & Khan Aslam) show that training and feedback can improve the ability to work with employees.

Every employee is expected to continue to explore their knowledge and not only depend on or fixate on the existing system. So it can be said that every employee has a role in improving the company [2]. Entrepreneurial knowledge has become one of the most critical factors for success in competitive conditions in the information age. The achievement of a goal in the company is closely related to the professionalism of the work of employees who can be responsible for their work to achieve the company's goals.

Entrepreneurial knowledge is the ability of a person to generate something new through creative thinking and acting innovatively so that it can create ideas or opportunities and can be put to good use. Entrepreneurial knowledge can be obtained through entrepreneurship education and training [6]. Entrepreneurial knowledge can shape students' mindset, attitudes, and behaviors to become true entrepreneurs to direct them to choose entrepreneurship as a career choice. In studying entrepreneurship, students will gain entrepreneurial knowledge and learn entrepreneurial values [7].

According to the Office of Cooperatives and MSMEs of the Garut regency, the number of MSMEs in the Garut regency is currently recorded at 53,431 units. About 97 percent are micro-entrepreneurs and absorb as many as 374,017 workers. The flourishing of MSMEs in this area positively impacts business actors in it as well as the region. Based on the annual report of the Ministry of Cooperatives and MSMEs throughout 2017, the turnover of GARUT MSMEs reached Rp1.79 trillion, up from the previous year's turnover of Rp 1.56 trillion [9].

The difficulty in creating new opportunities and not being able to enlarge the market is the impact of problems that arise because they ignore the factor of entrepreneurial knowledge. From the various issues faced by MSMEs, based on the phenomena that occur to MSME actors in Garut, it can be concluded that the main problem is the lack of entrepreneurial knowledge of business people [9].

Based on the opinions of researchers, namely Muhammad Asril Arilaha and Farah Nurfadillah in [2], if you apply entrepreneurial knowledge well, the higher the level of employee performance. On the contrary, the lower the knowledge of entrepreneurship, the lower the level of employee performance.

Based on the description submitted above, the author is interested in raising a research topic entitled *The Influence of Entrepreneurial Knowledge on the Performance of MSME Employees in Garut*. With the formulation of the problem: 1) How does Entrepreneurial Knowledge affect the performance of MSME employees in Garut?; 2) How much Entrepreneurship Knowledge is the Performance of MSME employees in Garut?

## 1.1 Entrepreneurial Knowledge

Entrepreneurial knowledge is a person's understanding of the business world which is realized through innovative ideas in the real world creatively and innovatively in developing business opportunities into business opportunities. Entrepreneurial knowledge is any form of information from the results of the learning process he experiences which is processed and processed in the cognitive realm in the form of memory and understanding of how to try to cause courage to take risks rationally and logically in handling an undertaking. (NIRVANA, 2022).

Entrepreneurial knowledge is the knowledge that is the result of trials in the field, collected, researched, and assembled as a source of information that is useful for others who need it so that entrepreneurship can be incorporated into scientific disciplines, both theoretical and empirical [11].

Entrepreneurship knowledge is one of the critical aspects of entrepreneurship because, with adequate knowledge, a person will be able to manage the business well. Entrepreneurial knowledge is the entirety of what is known about all forms of information that are processed and processed in the congenital realm in the form of memory and understanding of how to try to cause the courage to take risks rationally and logically in handling a business. [10] Entrepreneurial knowledge can shape employees' mindsets, attitudes, and behaviors to become proper employees to direct them to work optimally.

According to (Ependi & Winarso, 2019), Indicators related to entrepreneurial knowledge are [13]:

- [1] Understand the field of business is run,
- [2] Has simple bookkeeping,
- [3] Able to communicate well,
- [4] Able to manage time, and
- [5] Have marketing knowledge.

The scale that researchers use is an interval scale. The interval scale is a scale that allows the researcher to perform arithmetic calculations on the data collected from respondents. Where the sizing uses the Likert scale. The Likert scale is a psychometric scale commonly used in questionnaires and is the most widely used scale in research in the form of surveys. The answer form of the Likert scale consists of strongly agree, agree, neutral, disagree, and strongly disagree.

## 1.2 Employee Performance

Employee performance results from work achieved by a person in carrying out the tasks charged to him based on skills, experience, sincerity, and time [14].

According to [14], Indicators can be used to measure the level of employee performance achievement as follows:

### 1) Working Qualities

The quality of work is **the quality of the work or how well it should be completed**. The quality of employees' work can be seen in the ability to produce satisfactory work, the achievement of goals effectively and efficiently, and the skills shown in carrying out their work.

### 2) Working quantity

The working quantity is **the volume of work produced under normal conditions**. This can be seen from the amount of workload and circumstances one gets or experiences during work. Every company always strives so that the work effectiveness of its employees can be increased.

### 3) Timeliness

According to the Big Indonesian Dictionary (KBBI), the meaning of the word accuracy is the right thing (state, trait). Another meaning of precision is thoroughness. So Punctuality is done at the right time, not too fast, and not too late.

### 4) Effectiveness

Effectiveness is a **level of success produced by a person or organization in a certain way according to the goals to be achieved**. In other words, the more successfully achieved plans an activity is considered, the more effective it is.

### 5) Independence

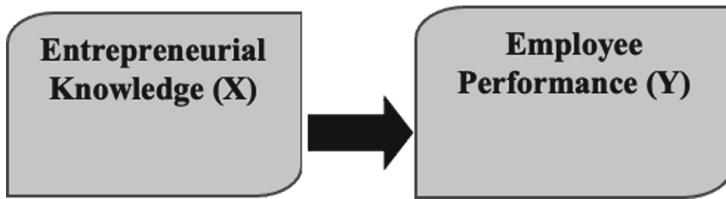
Independence is an **individual attitude acquired continuously during development**, in which the individual will continue to learn to be independent in dealing with various situations in the environment so that the individual will eventually be able to think and act on his own.

The scale that researchers use is an interval scale. The interval scale is a scale that allows the researcher to perform arithmetic calculations on the data collected from respondents. Where the sizing uses the Likert scale. The Likert scale is a psychometric scale commonly used in questionnaires and is the most widely used scale in research in the form of surveys, The answer form of the Likert scale consists of strongly agree, agree, neutral, disagree, and strongly disagree.

## 2 Methods

### 2.1 Hypothesis

The type of research used in this study was causal research. According to Sugiyono [15], the causal research method is a research method to determine the influence of one or more independent variables on bound variables (dependent variables) [16]. This study determined the influence of the independent variable (Entrepreneurial Knowledge) on the dependent variable (employee performance).



**Fig. 1.** Research Framework. Source: [19]

A survey is a way to obtain data on causal research design. The survey method obtains data from certain natural places (not made by researchers). Still, researchers carried out the treatment in data collection, for example, by circulating questionnaires, tests, structured interviews, and others, since treatment is not like in experiments (Arifin & et al., 2020). In this study, to collect data, researchers used questionnaires in the form of structured questions. The questionnaire is a data retrieval technique that provides questions or written questions for respondents to answer [18]; how to distribute the questionnaire that will be carried out in this study in the form of a Google Form to MSME employees in Garut.

Researchers also used primary data types. Primary data is research data obtained directly from the original source. The primary data in this study are obtained from the questionnaire, namely the respondent's identity and response to questions or statements related to the variables to be studied.

The development of a hypothesis or basic presumption is a temporary answer to a presumptive problem since it must be proven true. The alleged answer is a temporary truth, which will be tested for validity with data collected through research. Based on the formulation of the problem and the literature review that was described earlier, the hypotheses in this study are:

Ho: Knowledge of Entrepreneurship does not have a significant effect on the performance of MSME employees in Garut

Ha: Knowledge of Entrepreneurship has a significant effect on the performance of MSME employees in Garut (Fig. 1)

## 2.2 Sample and Data Collection

The population is a generalization area consisting of objects/subjects with certain qualities and characteristics set by the researcher to be studied, and then conclusions are drawn [15]. The target population in this study is MSME employees in Garut.

The sample is part of the number and characteristics possessed by the population [15]. (Giving the sample magnitude formula refers to the number of independent variables,  $N = 50 + 8i$  ( $i$  is the number of free variables)). The sampling technique used is the Purposive Sampling method. The Purposive Sampling method is a sampling method using specific criteria based on the researcher's justification.

The formula used in the calculation determines the number of samples by using the formula proposed by (Tabachnick, Barbara G; Fidell, 2013) in [20] as follows:

$$N \geq 50 + 8m$$

Description:

N = number of samples

m = number of variables

Based on tabhanick and Fidell's formula, the sample size in this study is as follows:

$$N = 50 + 8m$$

$$N = 50 + 8(1)$$

$$N = 58$$

Based on calculations using the Tabhanick and Fidell formulas, the number of samples produced was 58. Thus, in this study, the authors used 58 samples. The sampling technique used in this study is a non-probability sampling technique, namely convenience sampling, where respondents are selected based on the availability and ease of obtaining it (being in the right place and time) and meeting the predetermined conditions.

The criteria for respondents determined by researchers in this study were male and female employees aged over 17 to 40 years who worked as employees in the Garut area; the reason for choosing the age of respondents 17–40 years was adjusted to the average age of an employee.

### 2.3 Measurements

*The data analysis technique in this study is a quantitative descriptive method. The descriptive method is a study to determine the value of independent variables, either one or more (independent), without making comparisons or connecting with other variables [15]. Furthermore, the method used in this study was linear regression; Linear regression is a statistical method that tests the extent of the causal relationship between causal factor variables (X) to the consequent variable (Y). The causative factor is generally denoted by x, also known as the predictor, while the response denotes the resulting variable. This data will be processed using Statistical Product and Service Solution (SPSS) version 25.*

The scale that researchers use is an interval scale. The interval scale is a scale that allows the researcher to perform arithmetic calculations on the data collected from respondents. Where the sizing uses the Likert scale. The Likert scale, a psychometric scale commonly used in questionnaires, is the most widely used in research in the form of surveys. The answer form of the Likert scale consists of strongly agree, agree, neutral, disagree, and strongly disagree.

Research instruments are tools and facilities used by researchers in the data collection process to facilitate work, and the results become better, careful, complete, and consistent so that the research carried out is easier to process [21]. This research instrument is used to make measurements to produce accurate data, so each instrument must have a scale. The data collection technique used in this study was a questionnaire/questionnaire. Researchers used questionnaires/in the form of structured questions. The questionnaire is a data retrieval technique that provides a set of questions or written questions for respondents to answer [18]; how to distribute the questionnaire that will be carried out in this study in the form of a Google Form to MSME employees in Garut.

Questionnaire/Questionnaire is a data collection technique used in this study, namely by a survey method using a questionnaire. This method of distributing questionnaires or questionnaires is a list containing a series of questions about a problem or field to

**Table 1.** Correlations

		Entrepreneurship Knowledge	Employee Performance
Entrepreneurship Knowledge	Pearson Correlation	1	.942**
	Sig. (2-tailed)		.000
	N	58	58
Employee Performance	Pearson Correlation	.942**	1
	Sig. (2-tailed)	.000	
	N	58	58

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS 2022

be studied. This questionnaire is an efficient data collection when the researcher knows the variables to be measured and what to expect from the respondent. The questionnaire given to respondents must be able to measure its validity and reliability because, in this questionnaire instrument, the quality will determine the validity or reliability of the data obtained. Therefore, before the questionnaire is distributed to respondents, it is necessary to hold a test first.

### 3 Results and Discussion

#### 3.1 Measurement

a) Analysis of the Effect of Entrepreneurial Knowledge on Employee Performance. The first analysis is carried out to determine the regression coefficient's value on X and Y.

The Table 1 shows that the correlation between Entrepreneurial Knowledge and Employee Performance resulted in a figure of 0.942 and a sig value of 0.000. The value indicates a number smaller than 0.05, so the value is positively related and significant. This shows that employee performance will increase if entrepreneurial knowledge is possessed by employees effectively. A correlation value of 0.942 indicates a high degree of correlation.

The second analysis was conducted to determine the relationship between Entrepreneurial Knowledge and Employee Performance which was stated with an R-value of 0.942. Meanwhile, the R<sup>2</sup> value of 0.888 is stated as a coefficient of determination which means that the performance of MSME employees in Garut is influenced by Entrepreneurial Knowledge of 88.8%. Meanwhile, 11.2% is another independent variable outside the regression model.

#### 3.2 Hypothesis Testing

The third analysis was conducted to determine whether Entrepreneurial Knowledge affects employee performance. In this study, the main hypothesis was tested: H<sub>a</sub>:

**Table 2.** ANOVA

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Itself.
1	Regression	10064.553	1	10064.553	442.902	.000 <sup>b</sup>
	Residual	1272.550	56	22.724		
	Total	11337.103	57			

a. Dependent Variable: Employee Performance

a. Predictors: (Constant), Entrepreneurship Knowledge

Source [22]

Entrepreneurial Knowledge influences employee performance. The significance value of  $0.00 < 0.05$ , then H1 is accepted and can be widely applied outside the research focus (Table 2).

Entrepreneurial knowledge significantly affects Employee Performance with a significance level of  $0.000 < 0.05$ . The results showed a correlation between corporate Entrepreneurship Knowledge and employee performance, which was 88.8%.

## 4 Conclusion

After analyzing the theory and research results above, the researchers concluded that Entrepreneurial Knowledge (X) affects employee performance (Y) with a total influence of 88.8%. This influence shows that the higher the level of Entrepreneurial Knowledge, the more it will affect Employee Performance. The researcher also succeeded in answering the formulation of the problem as follows:

- 1.) There is an influence of Entrepreneurial Knowledge (X) on Employee Performance (Y)
- 2.) 88.8% influence of Entrepreneurial Knowledge (X) on Employee Performance (Y)

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