

The Influence of Business Capital, Product Innovation, and Business Training on MSMEs Performance in Pontianak

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) contribute significantly to Gross Domestic Product (GDP) and economic growth, despite facing challenges such as the pandemic and intensifying competition. This research aims to support MSMEs in Pontianak in improving performance through three main factors: venture capital, product innovation and business training. Adequate venture capital allows MSMEs to expand operations, expand markets and mitigate risks with an influence on MSME development of 62.5%. Product innovation, which includes new product development, quality improvement, and differentiation, influences MSME performance by 62.4%, while product development training provides knowledge and skills to produce better products and meet market needs. Using a quantitative approach through a survey of MSME owners or managers in Pontianak, this research ensures valid and reliable cross-sector representation, minimizes bias, and improves data accuracy.

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1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economy, especially in regions such as Pontianak. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to Indonesia's Gross Domestic Product (GDP) and create significant employment (Ministry of Cooperatives and SMEs, 2023). Therefore, understanding the factors that influence MSME performance is critical to ensure well-targeted development policies and programs. Business capital is often a major barrier to the growth of MSMEs. According to Suharto (2020), adequate business capital allows MSMEs to increase production capacity, expand markets, and improve product quality. Without adequate access to capital, many MSMEs struggle to survive and compete in an increasingly competitive market. A report from Bank Indonesia also highlights that access to financing is a key challenge facing MSMEs, which directly impacts their ability to grow and develop (Bank Indonesia, 2022).

The relevance of investment theory lies in explaining how capital allocation and utilization significantly affect business performance. Investment theory, which explores the dynamics of resource allocation to achieve optimal outcomes, provides a framework for understanding the impact of venture capital on MSMEs. Adequate investment in physical assets, innovation and workforce development can boost productivity and competitiveness, as suggested by Becker (1964) and Mincer (1974).

Product innovation and business training are also important elements in improving the competitiveness and performance of MSMEs. Product innovation enables MSMEs to meet evolving market demands and maintain a competitive advantage (Hermawan, 2021). Innovation, as a form of investment in new ideas and processes, is in line with Schumpeter's (1934) idea that innovation drives economic progress and competitiveness. In addition, business training provides the skills and knowledge necessary to manage a company effectively. Good training can improve the managerial abilities and technical skills of MSME actors, thereby improving their business performance (Nugroho, 2019). According to Noe (2017), structured business training, as a human resource investment, equips MSME actors with the tools to develop better strategies and navigate market challenges. Based on data from the Pontianak City Office of Cooperatives and SMEs, there are more than 10,000 MSMEs operating in this area, covering various sectors such as trade, culinary, handicrafts, and services (Pontianak City Office of Cooperatives and SMEs, 2022). Despite their significant numbers, many MSMEs still face challenges that hinder their growth and development. Constraints on business capital, product innovation and training are barriers for MSMEs in Pontianak to expand and compete in an increasingly competitive

market (Rachman, 2021). Apart from business capital, product innovation is an important factor in maintaining competitiveness. Product innovation allows MSMEs to meet evolving market demands and gain a competitive advantage (Hermawan, 2021). Schumpeter's (1934) innovation theory highlights that innovation drives economic progress and competitiveness. In the context of MSMEs, innovation adds value and increases product attractiveness which can improve business performance. Therefore, it is hypothesized that product innovation has a positive and significant impact on MSME performance. Business training is another key element in improving MSME performance. Structured training programs provide essential managerial and technical skills to MSME actors, enabling them to develop better business strategies and respond effectively to market challenges (Noe, 2017). According to Nugroho (2019), good training improves managerial capabilities and operational efficiency, which in turn improves business performance. Human capital theory (Becker, 1964) supports the idea that investment in workforce development contributes significantly to organizational success. Based on this perspective, it is hypothesized that business training has a positive impact on MSME performance.

This study focuses on the impact of venture capital, product innovation and business training on MSME performance in Pontianak. Training programs, including financial management, digital marketing and product development, are important investments to improve the competencies of MSME actors and ultimately improve business performance (Andi, 2022). By integrating investment theory with insights on innovation and human resources, this study aims to provide a comprehensive understanding of the factors that drive MSME growth and performance.

The purpose of this study is to analyze the influence of capital, product innovation, and business training on the performance of MSMEs in Pontianak. Specifically, this study aims to understand the extent to which capital affects MSME performance and how access to finance can be improved to support growth and competitiveness. In addition, this study will also evaluate the role of product innovation in meeting evolving market needs and maintaining competitive advantage, as well as the effectiveness of business training in improving managerial and technical capabilities. The findings of this research are expected to provide targeted policy recommendations for the development of MSMEs in Pontianak, providing valuable insights for policymakers and stakeholders to design effective interventions.

2. LITERATUR REVIEW

Business capital is one of the primary factors in starting and developing small and medium enterprises (SMEs). Sufficient capital enables SMEs to purchase raw materials, production equipment, and fund overall business operations, thereby enhancing production capacity, product quality, and expanding distribution networks (Kusnadi, 2019). Additionally, adequate capital allows SMEs to withstand economic instability by providing emergency funds or mitigating business risks (Sari, 2020). However, access to business capital often poses a significant challenge due to insufficient collateral or a lack of a good credit history (Handayani, 2021). Sufficient business capital is also crucial for long-term investments such as research and development of new products, adoption of latest technologies, or opening new branches to enhance competitiveness (Kusnadi, 2019). Limited access to capital restricts the ability of SMEs to grow and compete, especially amidst rapid economic challenges and market changes (Sari, 2020). Therefore, government and financial institutions need to provide more flexible and affordable financing schemes and enhance financial literacy among SMEs to better prepare them to access capital sources (Handayani, 2021). Investment theory supports the importance of business capital by emphasizing that investments in productive resources can enhance capacity and efficiency, thereby providing sustainable long-term benefits.

Product innovation is the process of developing or enhancing products to meet market needs and desires, including changes in design, features, or functions (Rahmawati, 2019). This innovation is crucial for SMEs to succeed in increasingly competitive markets, enabling them to offer more appealing products that meet evolving consumer needs (Arifin, 2020). Effective innovation can provide significant added value and strengthen SMEs' market position (Kusuma, 2018), as well as enhance customer loyalty and open up new market opportunities (Hidayat, 2021). Innovative SMEs tend to have better performance and higher customer satisfaction, driving sustainable business growth (Pratama and Wibowo, 2017). Investment theory supports the importance of product innovation by emphasizing that investment in product development and improvement can enhance competitiveness and create new market opportunities, thus providing sustainable long-term benefits.

Business training is a program designed to enhance the knowledge and skills of SME owners and employees in various aspects such as management, marketing, finance, and technology (Wahyuni, 2019). This training helps SMEs improve operational efficiency, understand markets, and develop more effective and adaptive business strategies in response to changing business environments (Handayani, 2018; Santoso, 2020). Additionally, training enhances individuals' capacity to manage resources and make more informed decisions (Wahyuni, 2019). Studies indicate that SMEs that regularly participate in business training tend to perform better in terms of sales growth, profitability, and their ability to tackle challenges and seize business opportunities (Rahayu, 2021). Business training also fosters innovation and creativity, strengthens SME competitiveness in the market, and serves as a prime investment for achieving long-term growth and sustainability (Prasetyo, 2017; Handayani, 2018; Santoso, 2020). Investment theory supports the importance of business training by emphasizing that investment in human resource development can enhance performance and competitiveness, yielding sustainable long-term benefits.

2.1 Hypotheses

Business capital is a crucial factor in initiating and developing small and medium enterprises (SMEs). With sufficient capital, SMEs can purchase raw materials, production equipment, and fund business operations (Handayani, 2021; Sari, 2020; Prasetyo, 2019). Moreover, adequate capital enables SMEs to expand distribution networks, increase production capacity, and enhance product quality (Suharto, 2020; Nugroho, 2019; Sari, 2020). However, challenges in accessing capital are often faced by SMEs, primarily due to insufficient collateral or a lack of a good credit history with formal financial institutions (Handayani, 2021; Wahyudi, 2019; Rachman, 2021).

On the other hand, product innovation is also key to the success of SMEs in facing increasingly competitive markets (Hermawan, 2019; Supriyadi, 2019; Rahmawati, 2019). Through innovation, SMEs can offer more appealing products that meet evolving consumer needs (Hidayat, 2021; Arifin, 2020; Wahyuni, 2019). Product innovation not only enhances competitiveness but also positively impacts customer loyalty and opens up new market opportunities (Hermawan, 2021; Supriyadi, 2019; Rahman, 2019).

Additionally, business training is a crucial means to enhance the knowledge and skills of SME owners and employees (Andi, 2022; Nugroho, 2020; Rahayu, 2021). This training covers various aspects such as management, marketing, finance, and technology (Wahyuni, 2019; Widodo, 2019; Rahman, 2019). Studies indicate that SMEs that regularly participate in business training exhibit better performance in terms of sales growth and profitability (Benzing & Chu, 2019; Susilo, 2019; Rahayu, 2021). Thus, business capital, product innovation, and business training are interrelated and play crucial roles in the success of SMEs.

Based on the literature review presented, the hypotheses proposed in this study are as follows:

H1: Business capital has a positive and significant impact on the performance of SMEs in Pontianak.

Business capital is a crucial element in the development and sustainability of SMEs in the city of Pontianak. According to Prasetyo (2019), sufficient capital enables SMEs to compete and endure in the long term by enhancing production capacity and adopting new technologies. Hermawan (2019) adds that strong business capital can increase operational scale and market penetration, allowing SMEs to expand their reach both locally and nationally. Additionally, adequate capital helps SMEs manage business risks and navigate uncertainties, as described by Sari (2019), by providing reserves for emergency situations. However, Wahyudi (2019) indicates that access to business capital remains challenging due to stringent requirements from formal financial institutions. Therefore, expanding capital access through alternatives such as venture capital and crowdfunding is crucial to supporting the growth and sustainability of SMEs in Pontianak. The significant relationship between business capital and SME sustainability lies in capital's ability to support innovation, expansion, risk management, and business stability, all of which contribute to long-term competitiveness and growth.

H2: Product innovation has a positive and significant impact on the performance of SMEs in Pontianak. Enhanced product innovation will improve SME performance.

Product innovation is a critical strategy for SMEs in the city of Pontianak to enhance competitiveness and business sustainability. According to Hermawan (2019), product innovation enables SMEs to create added value and unique differentiation in the market, attracting more customers and expanding market share. For example, the development of food and beverage products based on local ingredients with a modern touch, as described by Supriyadi (2019), can increase customer loyalty. The use of digital technology also supports product innovation by enabling more effective market research and production process efficiency, as stated by Wahyuni (2019). Additionally, government support through training and mentoring programs plays a crucial role in driving product innovation, enhancing SME skills to produce more competitive products, as noted by Sari (2019). The significant relationship between product innovation and SME sustainability lies in its ability to create differentiation, enhance market attractiveness, operational efficiency, and adaptation to changes, all contributing to long-term growth and competitiveness of SMEs in Pontianak.

H3: Business training impacts the performance of SMEs in Pontianak. Effective business training will enhance SME performance.

Business training for SMEs in Pontianak has the potential to improve management capabilities and entrepreneurial skills among small and medium business operators. A study in 2019 indicated that business training significantly enhances operational efficiency, productivity, innovation, and creativity in SMEs (Widodo, Susilo, 2019). Additionally, this training provides the knowledge and skills necessary for effective and sustainable business management, as well as understanding and leveraging digital technologies for business development, such as online marketing and e-commerce, which can expand customer networks and market access (Rahman, 2019). Comprehensive training also aids in financial management and risk management, enabling SMEs to grow more steadily and sustainably (Santoso, 2019). This underscores that business training plays a significant role in enhancing competitiveness and growth of SMEs in local and international markets.

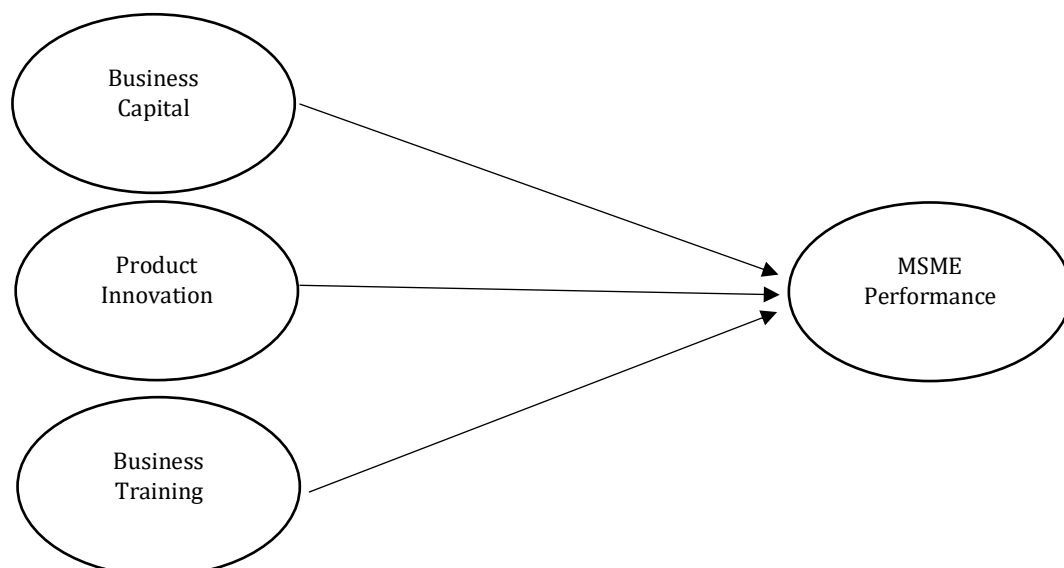


Figure 1: Research Model

3. METODOLOGI

3.1 Research Design

This study employs a quantitative method with a survey approach. This approach was chosen to measure and analyze the relationships between business capital, product innovation, and business training with SME performance. Quantitative research allows for the collection of large-scale data and statistical analysis to test the proposed hypotheses. The data collection conducted will serve as a benchmark to determine whether the existing variables significantly influence SME performance or not. According to Yulianto (2020), the quantitative survey approach is effective in providing a comprehensive overview of factors influencing SME performance. Another study by Pratama (2021) indicates that business capital and product innovation have a significant correlation with enhancing SME productivity. Additionally, research by Lestari (2022) found that comprehensive business training can improve managerial skills and competitiveness of small and medium enterprises.

3.2 Population and Sample

The population in this study consists of all SMEs registered with the Department of Cooperatives and SMEs of Pontianak City. According to the latest data, there are approximately 500-1000 registered SMEs. The sample is selected using purposive sampling method, which involves selecting samples based on specific criteria. The criteria used include: SMEs that have been operational for at least 1 year, whether they have employees or not, and whether they have attended business training. The sample size selected is 51 SMEs in Pontianak across various sectors. The data collection technique involves distributing questionnaires to SMEs in Pontianak.

3.3 Research Instrument

This study uses a questionnaire method distributed to SME respondents. To measure business capital, the study employs a 6-item questionnaire adapted from Beck et al. (2005). For measuring product innovation, this research utilizes a 6-item questionnaire adapted from Ayyagari, M., Demircug-Kunt, A., & Maksimovic, V. (2010). Business training is assessed using a 6-item questionnaire adapted from Beck, T., & Demircug-Kunt, A. (2006). SME performance is evaluated using 2 items adapted from Widodo (2019), 2 items from Susilo (2019), 1 item from Rahman (2019), and 1 item from Santoso (2019). The questionnaires employ a 5-point Likert scale (1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, 5 = strongly disagree).

4. RESULT AND DISCUSSION

4.1 Data Anlysis

The data table shows that in this study, there are 51 SME samples who are our respondents. Our study is predominantly male, with 39 individuals or 76.5% of the respondents who completed the questionnaires we distributed being male. Meanwhile, females accounted for only 12 individuals or 23.5% of the respondents who completed our questionnaires. Our questionnaires were distributed to SMEs in Pontianak, covering various business sectors. Our respondents are involved in diverse fields such as Culinary (22 respondents or 43%), Beauty (2 respondents or 4%), Fashion (9 respondents or 17%), Agribusiness (2 respondents or 4%), Automotive (3 respondents or 6%), Waste Management (3 respondents or 6%), Grocery Store (2 respondents or 4%), Freelance (4 respondents or 8%), Services (2

respondents or 4%), Graphic Designer (1 respondent or 2%), and Jockey (1 respondent or 2%). Our questionnaires encompass various business fields in Pontianak and are open to anyone who could participate in completing them.

Tabel 1
Demographic Characteristics

Categori	n (%)	
Male	39 (76,5%)	
Female	12 (23,5%)	
Total		51 (100%)
Culinary	22 (43%)	
Beauty	2 (4%)	
Fashion	9 (17%)	
Agribusiness	2 (4%)	
Automotive	3 (6%)	
Waste management	3 (6%)	
Grocery Store	2 (4%)	
Freelance	4 (8%)	
Services	2 (4%)	
Graphic Designer	1 (2%)	
Jockey	1 (2%)	
Total		51 (100%)

4.2 Validity and Realibility Testing

To determine whether the questionnaire items for each competency variable are valid, we focus on the values in the "Corrected Item-Total Correlation" table. In validity testing, this corrected item-total correlation value is also known as the r-value. The decision criteria for validity testing are as follows:

1. If the r-value > critical r-value (product moment), then the questionnaire item is considered valid.
2. Conversely, if the r-value < critical r-value (product moment), then the questionnaire item is considered not valid.

Through analysis using SPSS software, we already know the r-values. The next step is to find the critical r-value. This critical r-value (product moment) is found in the distribution of statistical r-table values based on the degrees of freedom (df) in the research. The formula for df is $n-2$. Therefore, in this research example, the $df = 18-2 = 16$. Refer to the distribution of r-table values accordingly.

Tabel 2 Validity Test

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
MU1	60.6242	438.483	.655	.	.963
MU2	60.1144	444.154	.626	.	.964
MU6	60.5850	437.912	.633	.	.964
IP1	60.1536	444.903	.645	.	.963
IP2	60.6634	438.598	.713	.	.963
IP3	60.5850	437.158	.699	.	.963
IP4	60.4869	435.859	.775	.	.962
IP5	60.1732	442.043	.598	.	.964
IP6	60.4085	439.057	.749	.	.963
PB1	60.1144	440.567	.716	.	.963
PB2	60.3693	443.815	.743	.	.963

PB3	60.3889	444.373	.718	.	.963
PB4	60.4477	444.936	.705	.	.963
PB5	60.4085	440.070	.797	.	.962
PB6	60.2124	439.955	.777	.	.962
MU3	60.3301	443.936	.628	.	.964
MU4	59.7222	453.462	.420	.	.965
MU5	59.5065	452.086	.386	.	.966
KU1	60.6242	442.896	.777	.	.963
KU2	60.4085	442.044	.781	.	.962
KU3	60.2516	441.409	.720	.	.963
KU4	60.4673	443.958	.736	.	.963
KU5	60.4281	448.207	.634	.	.963
KU6	60.4673	446.011	.685	.	.963
X1	60.1471	444.321	.785	.	.963
X2	60.4118	439.186	.849	.	.962
X3	60.3235	442.023	.870	.	.962
Y1	60.4412	443.892	.815	.	.962

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

From the table output above, it is known that there are N = 18 items with a Cronbach's alpha value of 0.939 > 0.05. Based on the decision-making in the reliability test above, it can be concluded that all 18 questionnaire items for the variable "impact of business capital, product innovation, and business training on SME performance in Pontianak" are reliable or consistent.

Tabel 3 Realibility Test

Table 3. Pearson Correlation Output				
#	Variable	Items	Correlation	Cronbach's Alpha
1	Business Capital	MU1	0.755	0.837
		MU2	0.656	
		MU3	0.636	
		MU4	0.581	
		MU5	0.383	
		MU6	0.694	
2	Product Innovation	IP1	0.618	0.915
		IP2	0.806	
		IP3	0.795	
		IP4	0.871	
		IP5	0.674	
		IP6	0.817	
3	Business Training	PB1	0.773	0.934
		PB2	0.857	
		PB3	0.824	
		PB4	0.684	
		PB5	0.862	
		PB6	0.838	
4	MSME Performance	KU1	0.833	0.951

	KU2	0.855
	KU3	0.845
	KU4	0.796
	KU5	0.853
	KU6	0.87

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

4.3 Classical Assumption

It is assumed that business training significantly enhances the adaptability and decision-making abilities of individuals within SMEs. In a constantly changing business environment, training focusing on leadership skills, problem-solving, and innovation makes SME owners and employees more proactive and responsive to changes. Continuous training also enhances SMEs' ability to identify and manage risks, contributing to long-term business stability and growth.

From the table output data, with a Cronbach's alpha value of 0.939, which is greater than 0.05, it can be concluded that all 18 questionnaire items measuring the variables "impact of business capital, product innovation, and business training on SME performance in Pontianak" are reliable or consistent. This indicates that the instrument used in the study has a high level of reliability in measuring the intended variables.

4.4 Normality

Based on the SPSS output table, it is known that the Asymptotic Significance (2-tailed) value is 0.174, which is greater than 0.05. Therefore, according to the decision-making basis in the Kolmogorov-Smirnov normality test above, it can be concluded that the data are normally distributed. Thus, the assumption or requirement of normality in the regression model is satisfied. Note: besides comparing the Asymptotic Significance (2-tailed) value with 0.05, another way to determine whether the regression model is normally distributed is by comparing the Z value obtained from SPSS with the critical Z value from the table.

Tabel 4 Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.26503716
Most Extreme Differences	Absolute	.110
	Positive	.110
	Negative	-.066
Test Statistic		.110
Asymp. Sig. (2-tailed)		.174 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

4.5 Multicollinearity Test

The decision-making basis in testing for multicollinearity can be done by examining the values of Tolerance and VIF. Based on the "Collinearity Statistics" table output in the "Coefficients" section, it is known that the Tolerance value for variable (X1) is 0.397, (X2) is 0.358, and (X3) is 0.656, which are all greater than 0.10. Meanwhile, the VIF values for variable (X1) are 2.520, (X2) is 2.797, and (X3) is 1.525, all of which are less than 10.00. Therefore, according to the decision-making basis in testing for multicollinearity, it can be concluded that there is no multicollinearity issue in the regression model.

Tabel 5 Multicollinearity Test

		Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics
Model		B	Std. Error	Beta	T	Sig.	Tolerance VIF
1	(Constant)	.499	.121		4.109	.000	
	X1	-.152	.067	-.326	-2.274	.028	.397 2.520
	X2	.172	.065	.398	2.635	.011	.358 2.797
	X3	.328	.054	.683	6.129	.000	.656 1.525

a. Dependent Variable: Y1

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

4.6 Heteroskedasticity Test

The regression results show that variable X1 (business capital) has a significant negative effect on MSME performance (Beta = -0.376, Sig. 0.083). This indicates that an increase in business capital that is not optimized, such as being used for less productive investments or wasting operational costs, can reduce business efficiency. In contrast, variables X2 (product innovation) and X3 (business training) have a significant positive effect on MSME performance, with Beta = 0.079, Sig. 0.726 and Beta = 0.430, Sig. 0.012. These results are in line with the theory that innovation can improve competitiveness, while business training improves managerial skills. Therefore, MSME actors need to manage capital effectively, encourage innovation, and attend training on an ongoing basis to improve competitiveness and business performance.

Tabel 6 Uji Heteroskedastitas

		Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients			
Model		B	Std. Error	Beta	T	Sig.	
1	(Constant)	.179	.062		2.878	.006	
	X1	-.061	.034	-.376	-1.772	.083	
	X2	.012	.033	.079	.352	.726	
	X3	.071	.027	.430	2.606	.012	

a. Dependent Variable: ABS_RES

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

4.7 R², F Test, T Test

Based on the SPSS output table "Model Summary" above, it is known that the coefficient of determination or R Square is 0.617. This R Square value of 0.617 comes from multiplying the correlation coefficient "R", which is 0.786 x 0.786 = 0.617. The R Square value of 0.617 or 61.7% indicates that the variables (X1), (X2), and (X3) together (simultaneously) affect the performance variable (Y) by 61.7%, although X1 based on the heteroscedasticity test shows that business capital has a negative effect on the performance variable (Y). The rest (100% - 61.7% = 38.3%) is influenced by other variables outside this regression equation or variables not examined in this study.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786 ^a	.617	.593	.27336

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y1

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

Tabel 7 R Test

Based on the ANOVA table output above, the significance value (Sig.) in the F test is 0.000. Since Sig. $0.000 < 0.05$, according to the decision-making basis in the F test, it can be concluded that (X1), (X2), and (X3) collectively (together) have a significant impact on performance (Y). This implies that the relationship is statistically significant. Therefore, the requirement to interpret the coefficient of determination in multiple linear regression analysis has been fulfilled.

Tabel 8 F Test**ANOVA^a**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.664	3	1.888	25.266	.000 ^b
	Residual	3.512	47	.075		
	Total	9.176	50			

a. Dependent Variable: Y1

b. Predictors: (Constant), X3, X1, X2

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

Based on the statistic above, showed that F test < 0.05 indicating fit model. This means that Capital, innovation and training on performance in this study showed significant relationship.

Tabel 9 T Test**Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.499	.121		4.109	.000		
	X1	-.152	.067	-.326	-2.274	.028	.397	2.520
	X2	.172	.065	.398	2.635	.011	.358	2.797
	X3	.328	.054	.683	6.129	.000	.656	1.525

a. Dependent Variable: Y1

Source: Data processed by researchers, 2024 (using IBMSPSS statistical version26)

4.8 Discussion

From the regression model analysis conducted above, it can be seen that business capital significantly affects the performance of MSMEs. The results show that business capital affects the performance of MSMEs as shown in the unstandardized Coefficients Beta data, namely, -0.152, while the T test shows a figure of -2.274. The results of this hypothesis are in line with the research findings of Utomo et al (2024), in their research there are variables related to business capital and the findings are that capital assistance programs play an important role in increasing the growth of MSMEs by providing access to financial resources for investment, expansion, and working capital. Therefore, this idea is also in line with the current research, because from the tests that have been carried out, it shows that increasing access to business capital and financial services can have a positive and significant impact on the development of MSMEs specifically in Pontianak.

The product innovation variable shows the results that product innovation affects the performance of MSMEs as indicated in the unstandardized Coefficients Beta data, namely, 0.172, while the T test shows a figure of 2.635. From the results of the regression model that has been carried out above, it can be seen that product innovation has a positive effect on the performance of MSMEs. The results of this hypothesis are also in line with the research findings of Saputra et al (2024). In Saputra's research, the calculation used was a multiple linear regression calculation with a result of 0.174, which means that every increase of 1 unit of product innovation value will increase the performance of food MSMEs by 0.174. Therefore, this study also obtained a calculation result of 0.172 and this figure has a positive effect on the performance of MSMEs from the influence of product innovation.

The business training variable shows the results that business training affects the performance of MSMEs as shown in the unstandardized Coefficients Beta data, namely, 0.328, while the T test shows a figure of 6,129. From the results of

the regression model that has been carried out above, it can be seen that product innovation has a positive effect on the performance of MSMEs. The results of this hypothesis are also in line with the research findings of Utomo, S. B. et al (2024), in their research covering areas such as business planning, marketing, financial management, and networking can empower entrepreneurs to overcome challenges and seize growth opportunities. Therefore, this study is also in line with the thoughts of previous researchers, namely Utomo, et al (2024), so it is certain that this business training can have a positive and significant impact on the development of MSMEs in Pontianak.

5. Conclusion

This study utilized a survey method to collect data from SMEs in Pontianak, gaining insights directly from owners or managers regarding the level of capital investment, product innovation, and the impact of business training on their operational practices, as well as the contribution of these variables to their business performance. This approach provides a direct perspective from SMEs, ensuring adequate representation across sectors through the validity and reliability of the questionnaire, thus minimizing bias and improving data accuracy (Sekaran & Bougie, 2016; Hair et al., 2019; Bryman, 2012). The results of this study can provide valuable insights for local stakeholders, government agencies, and financial institutions in supporting the sustainable development of SMEs in Pontianak.

6. Implications

This study has theoretical implications in expanding knowledge about SME performance and the influencing factors, enriching the existing research scope. These findings support previous research by Beck et al. (2005), indicating that capital investment, product innovation, and business training significantly impact SME performance in Pontianak. Additionally, SME performance also significantly influences individual entrepreneurial intentions. The implications of these findings are expected to guide further research in this field. The influence of capital investment, product innovation, and business training on SME performance in Pontianak can help business owners integrate entrepreneurial intentions into their business activities, leveraging the knowledge gained from this study. With the evolving potential of product innovation and business training in today's era, entrepreneurs can more effectively navigate entrepreneurial challenges and opportunities, aligning with the concept of entrepreneurial intention.

7. Limitations

Lack of Alignment with Specific Focus for Samples This study used a relatively broad and general sample without clear alignment to a specific focus. This could affect the generalizability and applicability of the research findings to a more specific population or context. **Errors in Analysis** There is a possibility of errors in data analysis that could affect the validity and accuracy of the research findings. These errors need to be carefully considered to ensure accurate interpretation of the collected data. **Sample Focused on Limited Space and Time** The sample in this study was focused on limited space and time. This limitation may restrict the generalization of research findings to broader situations or populations. For example, the results from the regression model developed may only be applicable within a specific context and timeframe.

8. Future Research

Based on our limitations in conducting this research, it is recommended that future researchers interested in similar topics increase the sample size compared to our study, which only included 51 respondents. This may lead to more accurate findings compared to the actual number of SMEs in Pontianak. Therefore, it is highly recommended that future researchers increase their sample size to better understand the significant or insignificant relationships of variables under study.

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