

ABSTRACT

This research is driven by several issues identified from gaps in previous studies regarding the relationship between entrepreneurial orientation and MSME performance. The main problem is the inconsistency in research results, where some studies show a positive influence, while others do not show a significant impact. Based on the problem, the research problem formulated is how this study contributes to providing solutions so that entrepreneurial orientation can improve the performance of MSMEs.

To solve this research problem, this study uses a deductive approach, which begins with the exploration of theories as the basis for developing concepts, hypotheses, and research models. In previous studies, the main cause of entrepreneurial orientation not being able to improve performance is the limitation of internal resources, thus this study uses the Resource Advantage Theory of Competition (RAToC) as a theoretical basis, which the achievement of competitive advantage for the company depends on the company's ability to utilize available resources, not only internal but also external. Based on RAToC, this research explores (1) the mediating role of a new concept, namely pro-growth partnership capability, in the relationship between entrepreneurial orientation and MSME performance; (2) the interaction of this relationship with other relevant variables, namely quality orientation and market development; and (3) the moderating effect of government support on the impact of entrepreneurial orientation and quality orientation on pro-growth partnership capability.

Based on the results of the research model testing on 349 SMEs in Indonesia that partner with large companies through government facilitation using SEM AMOS, the research findings indicate that pro-growth partnership capability fully mediates the relationship between entrepreneurial orientation and performance. Another finding from the direct effect test between variables is that all hypotheses were accepted. Furthermore, the results of the moderation effect test show that government support has been proven to moderate the relationship between entrepreneurial orientation and pro-growth partnership capability. However, there is no significant moderating role in the relationship between quality orientation and pro-growth partnership capability. These findings indicate that the role of external support in facilitating resource needs and helping to overcome emerging obstacles, according to the RAToC framework, depends on the nature of the company's strategic orientation. This means that quality-oriented SMEs may require more specific government intervention focused on supporting the improvement of product or service quality.

This research contributes theoretically by enriching the RAToC framework through the involvement of pro-growth partnership capability as a mediator that facilitates entrepreneurial orientation in enhancing performance, emphasizing the role of quality orientation and market development, and refining the understanding of RAToC regarding how government support interacts with various strategic orientations in SMEs to achieve competitive advantage.

Keywords: *entrepreneurial orientation, quality orientation, performance, pro-growth partnership capability, market development, government support, RAToC*