

THE INFLUENCE OF SOCIAL CAPITAL AND RATIONALITY ON MSME PERFORMANCE THROUGH INNOVATIVE WORK BEHAVIOR AND ENTREPRENEUR LEARNING ORIENTATION IN JAMBI CITY

Muazza, Universitas Jambi

muazza@unja.ac.id

Mayasari*, Universitas Jambi

mayasari@unja.ac.id

Shofia Amin, Universitas Jambi

shofiaamin@unja.ac.id

Mohamad Idham Haji Md Razak, Universiti Teknikal Malaysia
Melaka

iedham@uitm.edu.my

**Corresponding author*

ABSTRACT

This study analyzes the impact of Social Capital and Rationality on the performance of MSMEs in Jambi City, mediated by Innovative Work Behavior and Entrepreneur Learning Orientation. Using a quantitative approach with PLS-SEM, data were collected from MSME actors to examine these relationships. The findings reveal that Social Capital has a positive but insignificant influence on MSME performance, indicating that social networks may not directly enhance outcomes due to limited resource access or ineffective linkages. In contrast, Rationality shows a significant negative effect on performance, suggesting that highly rational decision-making can reduce adaptability in dynamic markets. Interestingly, both Social Capital and Rationality significantly improve Innovative Work Behavior, but this behavior negatively impacts performance possibly due to innovation not aligning with market needs or requiring time to show results. Meanwhile, Entrepreneur Learning Orientation has a significant positive influence on performance, emphasizing the role of continuous learning. Rationality supports learning orientation, while Social Capital does not. Overall, these findings highlight the complex dynamics shaping MSME success and offer strategic insights for development in Jambi City.

Keywords: *Social Capital, Rationality, MSMEs Performance, Innovative Work Behavior, Entrepreneur Learning Orientation.*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy, including in Jambi City. The contribution of MSMEs in creating jobs, increasing community income, and driving local economic growth has made this sector the backbone of the economy. However, MSMEs are faced with various challenges that affect their performance and

sustainability, especially in facing market dynamics, technological innovation, and global competition.

Social capital, which includes networks, trust, and social norms, has been recognized as one of the factors that can strengthen the performance of MSMEs. Social capital refers to resources derived from social networks, relationships, and norms that enable individuals or groups to collaborate and support each other in achieving common goals. Social capital explains how social relationships and networks can create value and benefits for individuals and communities (Lee, et.al, 2017). In carrying out daily tasks like working, selling, and other social activities, social capital greatly aids in boosting the productivity of both individuals and communities (Nurbaiti & Chotib, 2020). Focus on how individuals or organizations are connected through networks and how network structures affect behavior and outcomes (Granovetter, 2018). Strong networks can increase access to business opportunities and information. The level of trust that exists among members of a social network. Through social capital, MSME actors can access wider resources, knowledge, and business opportunities. In the context of MSMEs in Jambi City, social capital can provide support for entrepreneurs to overcome resource limitations, build strong cooperation, and increase trust in business transactions. Social capital will strengthen human capital in promoting quality economic growth and competitiveness (Prasetyo et al, 2020). In addition, social capital will encourage innovation and improve the performance of MSMEs (Sulistyo & Ayuni, 2020).

MSMEs with local governments or institutions that provide assistance, such as MSME development programs or access to capital as seen from the realization of the *Jambi Mantap Dumisake* Program for the MSME sector alone, for 2022 and 2023 the number of recipients of working capital assistance reached 5043 MSMEs. The assistance is distributed through the Jambi Provincial Cooperative and MSME Service with the number of recipients in 2022 reaching 1453 MSMEs and in 2023 reaching 3590 MSMEs throughout Jambi Province. The working capital assistance which is part of the realization of the *Jambi Mantap Dumisake* is worth IDR 37280 billion. Distributed for 2 consecutive years, where in 2022 the realization of MSME *Dumisake* was IDR 19330 billion and in 2023 the realization was IDR 17950 billion (Jambi Provincial Communication and Information Office: December 15, 2024).

Problems experienced by MSME entrepreneurs in Jambi City among many MSME entrepreneurs in Jambi City who experience limitations in building strong and broad business networks. This can hinder their access to information, business opportunities, and other important resources such as financial support, marketing, or technology. Lack of trust in business cooperation, both between MSME entrepreneurs and with other stakeholders such as the government or financial institutions, is often a major obstacle to creating effective collaboration.

On the other hand, rationality in business decision-making also plays an important role. Rationality is one of the important elements in economics (Kustiandi et al., 2024). Rationality in the context of MSMEs refers to the ability of owners or managers to make logical and effective decisions to maximize profits, manage resources, and respond to market dynamics.

Bounded rationality refers to the concept that individuals cannot always make completely rational decisions due to limitations in information, cognition, and time. Bounded rationality influences the decision-making process in small businesses, with an emphasis on strategic decisions (Zhang & Zhuang, 2019). Rationality is limited when MSME individuals make decisions based on the regularity of the decision problem, cognitive limitations in thinking, and the time available to make decisions (Noviarto & Samputra, 2021). Therefore, rationality must be supported by economic knowledge so that every decision made will be better (Rifki et al., 2023).

Entrepreneurs who are able to think rationally in facing business challenges, managing risks, and making data-based decisions tend to have better performance. Shepherd et al. (2020) stated that MSME entrepreneurs who rely on rationality tend to be better able to navigate market uncertainty and find creative solutions to business challenges. Social capital and rationality alone are not enough to drive MSME performance. The problem of rationality of MSME entrepreneurs in Jambi City shows the need to increase access to information, technology, and managerial education.

Innovative Work Behavior, which reflects the innovative work behavior of employees and MSME owners, also plays an important role. Hughes et al. (2018) revealed that innovative work behavior significantly affects organizational performance, especially in a competitive business environment such as MSMEs. Innovative behavior in organizations is indeed seen as very important to improving competitiveness and organizational survival (Udin, 2022). Business organizations such as MSMEs need to maintain competitive advantage and good environmental management with innovative performance behavior (Arijanto et al., 2022). Innovative Work Behavior (IWB) is a series of actions and behaviors of employees or managers that aim to generate, promote, and implement new ideas that can improve organizational performance. The realization of an innovation in the organization if workers or human resources of the organization are involved in innovative work behavior (Fatmawaty et al., 2023). IWB is often limited due to various factors, such as limited resources, work culture, and lack of knowledge or access to technology. MSMEs that have limitations in innovative work behavior show a decline in overall performance, especially in terms of growth and competitiveness (Kemenetz et.al, 2022).

Limited Innovative Work Behavior leads to a lack of innovation in products, processes, or business models, which ultimately leads to performance stagnation. Without innovation, MSMEs may struggle to compete in a dynamic market. MSMEs often experience obstacles in implementing innovative ideas due to a lack of resources and skills needed to implement innovation (Rosenbusch et.al, 2020). In the context of MSMEs, this orientation is very important to encourage innovation, improve performance, and increase competitiveness. Innovative behavior helps entrepreneurs in developing needs of psychological support, social support, motivation and confidence (Andri et al., 2020). However, ELO is often limited by various factors, such as limited resources, lack of access to training, and an underdeveloped learning culture. MSMEs with low learning orientation are slower to respond to market changes

and innovations compared to larger competitors (Karpacz & Wojcik-Karpacz, 2024).

The ability to innovate in products, services, and business processes will determine the extent to which MSMEs can survive and grow in a rapidly changing business environment. In addition, Entrepreneur Learning Orientation (ELO), namely the orientation of entrepreneurial learning, is a crucial aspect. Saunila (2020) stated that innovation and continuous learning are the main drivers for improving the performance of MSMEs in various industrial sectors.

Based on this background, this study aims to analyze the influence of social capital and rationality on the performance of MSMEs in Jambi City, by considering the moderating role of innovative work behavior and entrepreneurial learning orientation. While prior studies have examined the effects of social capital and rationality on MSME performance, they often overlook the combined mediating roles of Innovative Work Behavior (IWB) and Entrepreneurial Learning Orientation (ELO). Most research treats these mediators separately, without exploring their simultaneous and complementary impact. Moreover, few studies have investigated how IWB and ELO moderate the potentially negative effect of rationality, which, in resource-constrained MSMEs, may hinder adaptability. The local cultural context, such as community-based social capital in Jambi, is also underrepresented in existing models. Additionally, the literature rarely distinguishes between full and partial mediation, limiting the understanding of the true role of IWB and ELO. Finally, innovation is often assumed to be beneficial, while misaligned innovation without proper learning orientation may harm performance—an issue not yet thoroughly explored.

RESEARCH METHOD

This quantitative research uses a survey approach with purposive and multistage sampling. Data were collected through questionnaires completed by MSME owners or managers in Jambi City. The population consisted of 50747 MSME actors by the end of 2023, with a sample size of 384. The first stage selected districts with high MSME density based on data from the Office of Cooperatives and MSMEs. Then, respondents were purposively chosen based on criteria: MSME owner and manager, minimum two years of operation, active in business networks, and willing to participate. Purposive sampling targeted informed MSME actors, while multistage sampling ensured regional representation. Potential biases—such as selection, response, and area bias—were mitigated through respondent-population alignment, trained enumerators, and field validation with data triangulation.

PLS-SEM will be used to analyze the relationship between research variables. This approach aims to find regularities, correlations, or causal relationships between the variables studied (Creswell & Creswell, 2018). PLS-SEM is very suitable for use in exploratory research or theory development, especially when the relationship between variables still needs empirical strengthening. Because this study wants to test a relatively new theoretical model in a local context (Jambi City), the predictive approach of PLS-SEM is

more appropriate than covariance-based SEM (CB-SEM) which is more suitable for testing established theories.

The instrument in this study used a questionnaire to measure the variables of Social Capital, Rationality, Innovative Work Behavior, Entrepreneur Learning Orientation, and MSME Performance using a Likert scale with a range of 1-5 points to measure the level of respondent agreement. After the data was collected, statistical analysis was used to identify patterns and relationships between variables. The variables of this study can be seen in the following table 1.

Table 1. Research Variables and Indicators

Variable	Indicators	Understanding Indicators
Social Capital (X2)	X2.1	Status
	X2.2	Interlinking and family support
	X2.3	Complicity
	X2.4	Personal relations
	X2.5	Social relations
Rationality (X3)	X3.1	Identify opportunities
	X3.2	Managing risk
	X3.3	Optimize existing resources
Innovative Work Behavior (Z1)	Z1.1	In the work process, employees generate innovative ideas or solutions to problems
	Z1.2	Efforts will be paid to the practice
	Z1.3	Innovative personal traits
	Z1.4	Ability to participate in innovation
	Z1.5	The open team environment
	Z1.6	The support of leaders
	Z1.7	The innovative efficacy
	Z1.8	Creative willingness
Entrepreneur Learning Orientation (Z2)	Z.2.1	Shared vision
	Z.2.2	Commitment learning
	Z.2.3	Open mindedness
MSME Performance	Y1	Bookkeeping literacy
	Y2	Debt literacy
	Y3	Budgeting literacy

Source: social capital (Meng et.al, 2016); Rationality (Verbeke & Kano, 2016); Innovative Work Behavior (Susanto & Meiryani, 2019); Entrepreneur Learning Orientation (Marrucci & Rialti, 2025); MSME Performance (Suidarma et.al, 2024).

The data analysis technique used is path analysis with Confirmatory Composite Analysis PLS_SEM (Agresti & Finlay, 2018; Ghozali, & Latan, 2017). Path analysis can be described in the following figure 1:

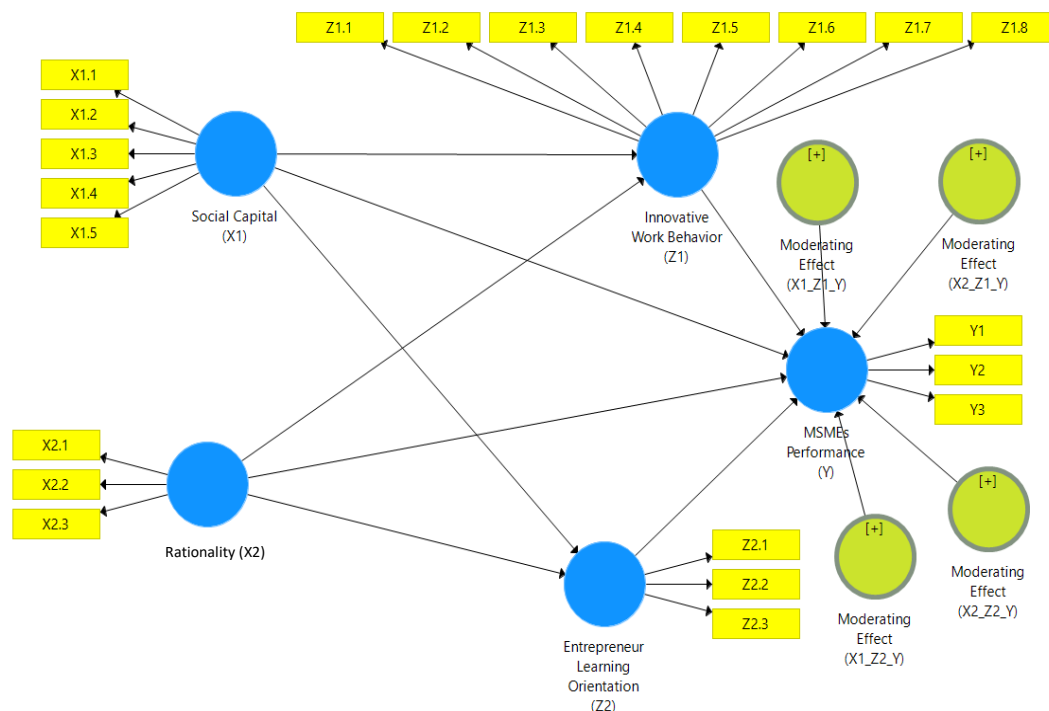


Figure 1. Path Analysis Model Framework

Source: Processed Data (2024)

From the figures that have been explained, a hypothesis can be drawn from this study, namely:

- H1: There is a positive influence of Social Capital on Innovative Work Behavior in MSMEs in Jambi City.
- H2: There is a positive influence of Rationality on Innovative Work Behavior in MSMEs in Jambi City.
- H3: There is a positive influence of Social Capital on Entrepreneur Learning Orientation in MSMEs in Jambi City.
- H4: There is a positive influence of Rationality on Entrepreneur Learning Orientation in MSMEs in Jambi City.
- H5: There is a positive influence of Entrepreneur Learning Orientation on MSME Performance in Jambi City.
- H6: There is a positive influence of Innovative Work Behavior on MSME Performance in Jambi City.
- H7: Innovative Work Behavior and Entrepreneur Learning Orientation act as mediating variables in the relationship between Social Capital, Rationality, and MSME Performance.

RESULTS AND DISCUSSION

Before testing the structural model, descriptive statistics were used to describe the characteristics of the respondents:

Table 2. Descriptive Statistics

Variable	Category	Frequency	Percentage (%)
Gender	Male	152	39.6%
	Female	232	60.4%
Age	< 30 years	78	20.3%
	30–45 years	210	54.7%
	> 45 years	96	25.0%
Business Sector	Culinary	145	37.8%
	Fashion	96	25.0%
	Handicraft	72	18.8%
	Other	71	18.5%
Business Duration	< 3 years	88	22.9%
	3–7 years	194	50.5%
	> 7 years	102	26.6%

Source: Processed Data (2024)

The results obtained from the data that has been collected and processed using the SmartPLS 3.0 tool can be seen in the image below:

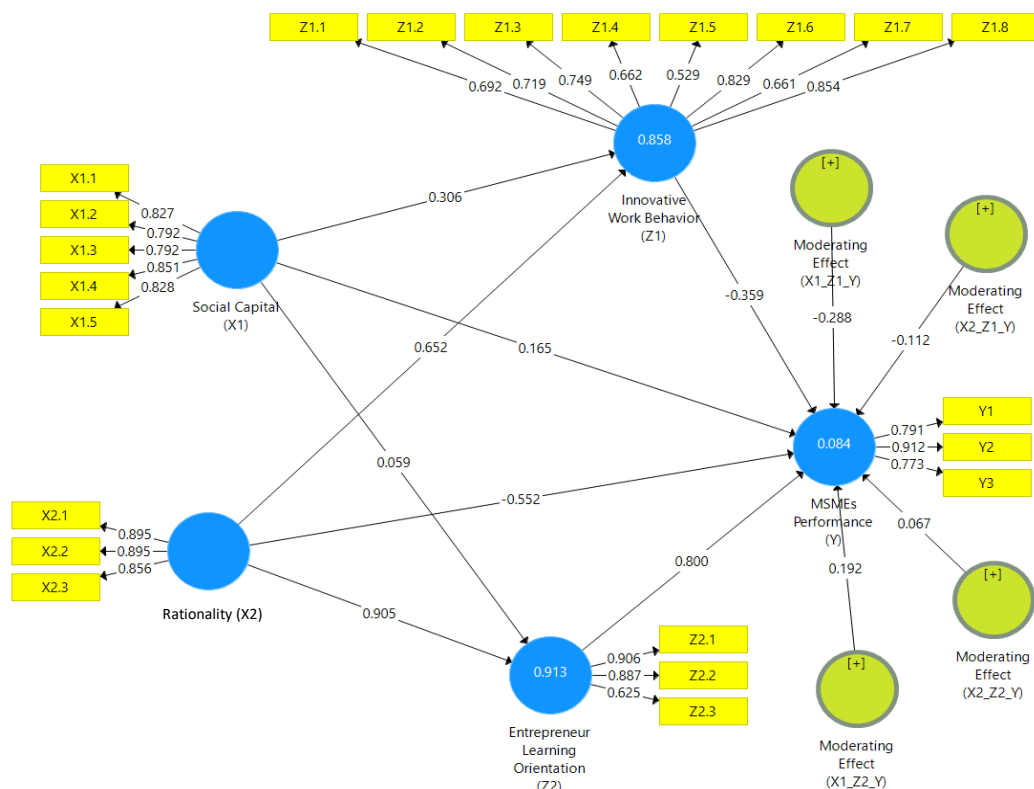


Figure 2. SmartPLS Data Processing Results (Algorithm)

Source: Processed Data (2024)

In the image above, the analysis can be interpreted using the outer model and inner model. The outer PLS-SEM model is carried out by examining the validity and reliability of indicators that measure latent variables, while the

inner model explains how one latent variable affects another latent variable, based on the hypothesized causal relationship in the model (Hair et.al, 2017). The results of the outer model can be seen from:

Convergent Validity

Convergent validity is very important because it ensures that the indicator variables truly reflect or measure the same latent variable. The calculation results can be seen in the following table 3.

Table 3. Loading Factor of Indicators of Each Latent Variable

Variable	Indicators	Loading Factor	Rule of Thumb	Information
Social Capital (X1)	X1.1	0.827	≥ 0.50 or ≥ 0.70	Ideal
	X1.2	0.792	≥ 0.50 or ≥ 0.70	Ideal
	X1.3	0.792	≥ 0.50 or ≥ 0.70	Ideal
	X1.4	0.851	≥ 0.50 or ≥ 0.70	Ideal
	X1.5	0.828	≥ 0.50 or ≥ 0.70	Ideal
Rationality (X2)	X2.1	0.895	≥ 0.50 or ≥ 0.70	Ideal
	X2.2	0.895	≥ 0.50 or ≥ 0.70	Ideal
	X2.3	0.856	≥ 0.50 or ≥ 0.70	Ideal
Innovative Work Behavior (Z1)	Z1.1	0.692	≥ 0.50 or ≥ 0.70	Sufficient
	Z1.2	0.719	≥ 0.50 or ≥ 0.70	Ideal
	Z1.3	0.749	≥ 0.50 or ≥ 0.70	Ideal
	Z1.4	0.662	≥ 0.50 or ≥ 0.70	Sufficient
	Z1.5	0.529	≥ 0.50 or ≥ 0.70	Sufficient
	Z1.6	0.829	≥ 0.50 or ≥ 0.70	Ideal
	Z1.7	0.661	≥ 0.50 or ≥ 0.70	Sufficient
	Z1.8	0.854	≥ 0.50 or ≥ 0.70	Ideal
Entrepreneur Learning Orientation (Z2)	Z2.1	0.906	≥ 0.50 or ≥ 0.70	Ideal
	Z2.2	0.887	≥ 0.50 or ≥ 0.70	Ideal
	Z2.3	0.625	≥ 0.50 or ≥ 0.70	Sufficient
MSME	Y1	0.791	≥ 0.50 or ≥ 0.70	Ideal
Performance (Y)	Y2	0.912	≥ 0.50 or ≥ 0.70	Ideal
	Y3	0.773	≥ 0.50 or ≥ 0.70	Ideal

Source: Output SmartPLS version 3.0 (2024)

The results of data processing in the table 3 show that the outer model value or correlation between constructs and research variables has met convergent validity because the indicators of the latent variables of this study have a loading factor value of ≥ 0.50 or ≥ 0.70 with the ideal criteria being ≥ 0.70 , sufficient is $0.50 - 0.69$ and none of the calculation results are in the sufficient criteria being <0.50 . It can be concluded that the construct has met the convergent validity criteria.

Discriminant Validity

Discriminant validity is very important in SEM model analysis because it shows that different latent variables in the model The calculation results can be seen from the cross-loading value.

Tabel 4. Cross Loading Value

	Entrepreneur Learning Orientation (Z2)	Innovative Work Behavior (Z1)	MSMEs Performance (Y)	Rationality (X2)	Social Capital (X1)
X1.1	0.900	0.858	0.029	0.891	0.827
X1.2	0.567	0.652	0.073	0.570	0.792
X1.3	0.521	0.661	0.027	0.557	0.792
X1.4	0.666	0.664	0.051	0.715	0.851
X1.5	0.639	0.627	0.090	0.659	0.828
X2.1	0.906	0.865	0.035	0.895	0.828
X2.2	0.887	0.831	0.019	0.895	0.728
X2.3	0.713	0.702	0.041	0.856	0.682
Y1	0.128	0.085	0.791	0.088	0.096
Y2	0.024	-0.048	0.912	-0.025	0.014
Y3	0.067	0.040	0.773	0.056	0.074
Z1.1	0.677	0.692	0.255	0.609	0.631
Z1.2	0.603	0.719	-0.138	0.555	0.480
Z1.3	0.607	0.749	-0.127	0.607	0.486
Z1.4	0.502	0.662	-0.094	0.547	0.402
Z1.5	0.386	0.529	0.096	0.406	0.471
Z1.6	0.884	0.829	0.019	0.892	0.725
Z1.7	0,521	0.661	0.027	0.557	0.792
Z1.8	0.889	0.854	0.029	0.878	0.810
Z2.1	0.906	0.865	0.035	0.895	0.828
Z2.2	0.887	0.831	0.019	0.895	0.728
Z2.3	0.625	0.472	0.225	0.447	0.378

Source: Output SmartPLS version 3.0 (2024)

The results in the table 4 show that the latent construct predicts the indicators in the variable blocks better than the indicators in other blocks. If all indicators have the highest loading on the measured latent variables, discriminant validity is achieved (Henseler et.al, 2017). So, it can be stated that discriminant validity in the model is achieved.

The threshold for the AVE value should be greater than 0.50. This threshold ensures that the construct explains more than half of the variance in its indicators. Constructs with AVE values below 0.50 may have issues with convergent validity, meaning that their indicators do not adequately represent the construct. The horizontal blue line on the chart indicates the 0.50 threshold. All other constructs social capital (X1) of 0.670, rationality (X2) of 0.778, innovative work behavior (Z1) of 0.516, entrepreneur learning orientation (Z2) of 0.666 and MESM performance (Y) of 0.685, Moderating Effect (X1_Z1_Y) of 1.000 Moderating Effect (X1_Z2_Y) of 1,000 Moderating Effect (X2_Z1_Y) of 1.000 and Moderating Effect (X2_Z2_Y) of 1.000 have AVE values above 0.50, which indicates good convergent validity for this construct.

Composite Reliability

The results for composite reliability and Cronbach's alpha at the construct verification stage can be shown in the following table 5.

Table 5. Output Composite Reliability dan Cronbach's Alpha

	<i>Composite Reliability</i>	<i>Cronbach's Alpha</i>
Entrepreneur Learning Orientation (Z2)	0.749	0.854
Innovative Work Behavior (Z1)	0.863	0.893
MSMEs Performance (Y)	0.778	0.867
Moderating Effect (X1_Z1_Y)	1.000	1.000
Moderating Effect (X1_Z2_Y)	1.000	1.000
Moderating Effect (X2_Z1_Y)	1.000	1.000
Moderating Effect (X2_Z2_Y)	1.000	1.000
Rationaliti (X2)	0.858	0.913
Social Capital (X1)	0.878	0.910

Source: Output SmartPLS version 3.0 (2024)

The table 5 shows the construct of the research variables above 0.70. So it can be stated that the construct of the latent variables has good internal consistency. The next stage after calculating the outer model analysis is to calculate the inner model analysis. The focus of the Inner Model is on the R^2 , f^2 , Q^2 , and path coefficient values and testing the significance of the relationship between constructs with the t-test and p value < 0.05 . The following are the steps that can analyze the Inner Model:

R Square (R^2)

R Square (R^2) shows how well the existing data fits the proposed model. The higher the R^2 value, the better the independent variables are at explaining the dependent variable, meaning the model has better predictive power (Hair et.al, 2017). Here are the results of the R^2 calculation:

Table 6. Output R Squer dan Adjusted R Square

	<i>R Square</i>	<i>Adjusted R Square</i>
MSMES performance (Y)	0.913	0.912
Innovative Work Behavior (Z1)	0.858	0.857
Enterpreneur Learning Orientation (Z2)	0.084	0.065

Source: Output SmartPLS version 3.0 (2024)

The determination coefficient listed in the table 6 can be stated that the determination coefficient test (R^2) of the variance of MSME performance (Y) can be explained by independent variables such as social capital (X1) and rationality (X2) of 0.913 with R^2 of this size, the model has strong predictive power and can be said to be substantial in explaining MSME performance (Y). While the Adjusted R Square value is 0.912 (91.2%) which means that the variables of social capital (X1), and rationality (X2) only affect the variables on MSME performance (Y) by 91.2%, while the remaining 8.8% is influenced

by other variables besides the variables of social capital (X1), and rationality (X2).

For the determination coefficient of Innovative Work Behavior (Z1) can be explained by independent variables such as social capital (X1) and rationality (X2) of 0.858, with R^2 of this size, the model has strong predictive power and can be said to be substantial in explaining Innovative Work Behavior (Z1). While the Adjusted R Square value is 0.857 (85.7%) which means that the variables of social capital (X1), and rationality (X2) only affect the variables on Innovative Work Behavior (Z1) by 91.2%, while the remaining 14.3% is influenced by other variables besides the variables of social capital (X1), and rationality (X2).

Likewise, the coefficient of determination of Entrepreneur Learning Orientation (Z2) can be explained by independent variables such as social capital (X1) and rationality (X2) of 0.084, with R^2 of this size, the model has weak predictive power and cannot be said to be substantial in explaining Innovative Work Behavior (Z1). While the Adjusted R Square value is 0.065 (6.5%) which means that the variables of social capital (X1), and rationality (X2) only affect the variables on Entrepreneur Learning Orientation (Z2) by 6.5%, while the remaining 93.5% is influenced by other variables besides the variables of social capital (X1), and rationality (X2).

Effect Size (f^2)

Effect size provides information about how much each independent variable contributes to explaining the variability of the dependent variable. The calculation can be seen in the following table 7.

Table 7. Effect Size (f^2)

	Entrepreneur Learning Orientation (Z2)	Innovative Work Behavior (Z1)	MSMEs Performance (Y)
Entrepreneur Learning Orientation (Z2)			0.050
Innovative Work Behavior (Z1)			0.017
MSMEs Performance (Y)			
Moderating Effect (X1_Z1_Y)			0.004
Moderating Effect (X1_Z2_Y)			0.002
Moderating Effect (X2_Z1_Y)			0.001
Moderating Effect (X2_Z2_Y)			0.000
Rationaliti (X2)	2.611	0.831	0.024
Social Capital (X1)	0.011	0.183	0.007

Source: Output SmartPLS version 3.0 (2024)

The table 7 explains f^2 which functions to measure changes in R^2 when one independent variable is removed from the model. This shows the contribution of the independent variable to the dependent variable. The greater the f^2 , the greater the influence of the exogenous variable on the endogenous variable. Where it is known that the variables that have a large influence are

seen in the rationality variable (X2) on Entrepreneur Learning Orientation (Z2) of 2.611 and the rationality variable (X2) on Innovative Work Behavior (Z2) of 0.831 and the social capital variable (X1) on Innovative Work Behavior (Z2) of 0.183. It is said that these variables have a large influence because the f^2 assessment criteria > 0.35 are included in the category of having a large influence (Hair et al, 2017).

Q-Square (Q²) or Stone-Geisser's Q²

Q² is measured using the cross-validation method, which involves dividing the dataset into two parts: one for building the model and one for testing the model. Q² is calculated by looking at how well the model can predict unseen data (out-of-sample). Q² seen from Cross-validated redundancy can be presented in the following table 8.

Table 8. Cross-Validated Redundancy

	SSO	SSE	Q ² (=1-SSE/SSO)
Entrepreneur Learning Orientation (Z2)	1152.000	476.788	0.586
Innovative Work Behavior (Z1)	3072.000	1767.743	0.425
MSMEs Performance (Y)	1152.000	1107.533	0.039
Moderating Effect (X1_Z1_Y)	384.000	384.000	
Moderating Effect (X1_Z2_Y)	384.000	384.000	
Moderating Effect (X2_Z1_Y)	384.000	384.000	
Moderating Effect (X2_Z2_Y)	384.000	384.000	
Rationality (X2)	1152.000	1152.000	
Social Capital (X1)	1920.000	1920.000	

Source: Output *SmartPLS* version 3.0 (2024)

From the table 8, it can be interpreted that MSME Performance (Y) has a Q² value = 0.039, this model has a small predictive relevance to predict MSME Performance (Y). While for the innovative work behavior variable (Z1) has a Q² value = 0.425, this model has a large predictive relevance to predict innovative work behavior (Z1). Likewise, the entrepreneur learning orientation variable (Z2) has a Q² value = 0.586, this model has a large predictive relevance to predict entrepreneur learning orientation (Z2).

Hypothesis With Path Analysis

Hypothesis analysis in SEM PLS aims to test whether the hypothesized relationship between latent variables in the structural model is significant or not. This process usually involves statistical testing based on bootstrapping on stage 3 data processing to assess the significance of the path coefficient of the relationship between constructs, the results of which can be seen based on the T-Statistic and P-Value. The results can be seen in the following table 9.

Table 9. T-statistics

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Entrepreneur Learning Orientation (Z2) -> MSMEs Performance (Y)	0.800	0.813	0.187	4.272	0.000
Innovative Work Behavior (Z1) -> MSMEs Performance (Y)	-0.359	-0.367	0.142	2.536	0.012
Moderating Effect (X1_Z1_Y) -> MSMEs Performance (Y)	-0.288	-0.290	0.251	1.144	0.253
Moderating Effect (X1_Z2_Y) -> MSMEs Performance (Y)	0.192	0.195	0.229	0.841	0.401
Moderating Effect (X2_Z1_Y) -> MSMEs Performance (Y)	-0.112	-0.110	0.256	0.439	0.661
Moderating Effect (X2_Z2_Y) -> MSMEs Performance (Y)	0.067	0.065	0.225	0.296	0.767
Rationaliti (X2) -> Entrepreneur Learning Orientation (Z2)	0.905	0.906	0.027	32.990	0.000
Rationaliti (X2) -> Innovative Work Behavior (Z1)	0.652	0.653	0.038	16.948	0.000
Rationaliti (X2) -> MSMEs Performance (Y)	-0.552	-0.560	0.180	3.061	0.002
Social Capital (X1) -> Entrepreneur Learning Orientation (Z2)	0.059	0.058	0.032	1.868	0.062
Social Capital (X1) -> Innovative Work Behavior (Z1)	0.306	0.305	0.038	7.981	0.000
Social Capital (X1) -> MSMEs Performance (Y)	0.165	0.170	0.105	1.574	0.116

Source: Output *SmartPLS* version 3.0 (2024)

The table 9 shows the results of the influence of Social Capital (X1) on MSMEs Performance (Y) has a t value of 1.574 with a p value = 0.116 with a path coefficient of 0.165. This shows that Social Capital (X1) on MSMEs Performance (Y) does not have a significant influence and has a positive effect. This finding is in line with a study conducted by Fauzi & Hasanah (2021) which stated that although social capital has the potential to improve MSME performance, its impact is not significant in several sectors due to more dominant competitive factors. Kuncoro & Yulianto (2020) found that social capital does not have a significant effect on MSME performance, especially when facing high market pressure.

Analysis of the influence of social capital on MSME performance can vary greatly depending on the context, network type, and local conditions. Some possibilities to strengthen the influence of social capital in the context of MSMEs are 1.) Building Quality Relationships that focus on building strong and mutually beneficial relationships can increase the potential benefits of social capital; 2.) Integration with Business Strategy: Integrating social capital with broader business strategies, such as innovation and marketing; and 3.) Training and Development: Providing training to MSME owners on how to effectively utilize their social networks can improve the expected results.

The effect of rationality (X2) on MSMEs Performance (Y) has a t value of 3.061 with a p value = 0.002 with a path coefficient of -0.552. This shows that Rationality (X2) on MSMEs Performance (Y) has a significant influence and has a negative effect. The negative influence of rationality on MSME performance contradicts conventional assumptions that rational decision-making always enhances business outcomes. From a theoretical perspective, this supports Simon's bounded rationality theory, which argues that in uncertain and resource-limited environments, over-reliance on logic and risk aversion may limit innovation and responsiveness.

In the practical context, MSME owners who are overly cautious or rely strictly on calculated decision models may hesitate to innovate, delay business expansion, or miss emerging market opportunities. In contrast, MSMEs that balance rational thinking with intuition, experimentation, and adaptive learning are often more agile and competitive. Notably, this negative effect is mitigated when Innovative Work Behavior (IWB) and Entrepreneurial Learning Orientation (ELO) are introduced as mediating variables. The findings show that rationality, when supported by innovation and learning mechanisms, can still lead to performance improvement. This highlights the need to integrate rational analysis with adaptive and innovative practices.

This finding is in line with a study conducted by Rizky & Surya (2017) which revealed that very rational decision making often ignores input from team members, which leads to negative results on performance. Excessive rationality in decision making can result in decreased performance due to the inability to adapt to market dynamics (Sari & Rahman, 2021).

Rationality is an important component in business decision making, negative impacts on MSME performance can arise from several factors including 1.) Awareness of the Limitations of Rationality which is important for MSME owners to realize that not all decisions can be measured quantitatively; 2.) Increasing Team Engagement to encourage participation

from team members in the decision-making process can reduce the negative impact of excessive rationality; 3.) Balance between Rationality and Creativity to find a balance between data-based decisions and creativity is key.

Furthermore, the Influence of Innovative Work Behavior (Z1) on MSMEs Performance (Y) has a t value of 2.536 with a p value = 0.012 with a path coefficient of -0.359. This shows that Innovative Work Behavior (Z1) on MSMEs Performance (Y) has a significant influence and has a negative effect. The results of this study indicate that Innovative Work Behavior (IWB) has a negative effect on MSME performance in Jambi City. Although innovation is often considered a key factor in improving business competitiveness, this finding suggests that innovation can also create problems when not supported by adequate resources and readiness. Many MSMEs in the sample are micro-scale businesses with limited capital, low managerial capacity, and minimal access to technology. When these businesses attempt to innovate—such as creating new products or using digital platforms—they often face challenges in implementation. These challenges can result in higher costs, inefficiencies, or even disruptions in business operations.

In many cases, innovations are carried out reactively or based on trends, without proper market research or preparation. This can lead to mismatches between what is offered and what customers actually need, reducing customer satisfaction and overall performance. Additionally, innovation without a strong learning orientation often becomes speculative and high-risk. Some MSMEs implement change without evaluating its impact, lacking the habit of reflecting on success and failure. Moreover, innovation may disrupt internal processes, especially in small businesses with informal structures, where any change in workflow or roles may cause confusion or resistance.

This finding is in line with a study conducted by Lee & Lee (2023) that innovation in MSMEs can have a negative impact if the company has significant resource constraints, which causes the cost of innovation to exceed its benefits. Innovation is expected to improve performance, in the context of limited resources, innovation can cause operational instability that is detrimental to performance (Santos & Ferreira, 2020). Innovation that is not balanced with operational efficiency in MSMEs can lead to a decline in financial and operational performance (Hussain & Ahmad, 2018).

There are several important points to consider in placing Innovative Work Behavior to run a business including 1.) Effective Resource Management, MSMEs must be careful in allocating resources for innovation; 2.) Mature Planning; and 3.) Focus on Market Needs: Innovation must be oriented to existing customer and market needs.

The analysis of the influence of Entrepreneur Learning Orientation (Z2) on MSMEs Performance (Y) has a t value of 4.272 with a p value = 0.000 with a path coefficient of 0.800. This shows that Entrepreneur Learning Orientation (Z2) on MSMEs Performance (Y) has a significant influence and has a positive effect. This finding is in line with research conducted by Li & Liu (2021). Learning orientation strengthens the ability of MSMEs to respond to market changes, which significantly improves their performance. Entrepreneurs with high learning orientation show significant performance improvements through innovation and adaptation in dynamic markets (Wang & Chugh, 2022).

The results of this study indicate that Entrepreneur Learning Orientation has a significant positive effect on the performance of MSMEs. Some important points that can be noted from these findings include 1.) Continuous Adaptation: Learning orientation allows business owners to continue to learn and adapt quickly; 2.) The Importance of Training and Development: Entrepreneurs and managers in MSMEs should be encouraged to continue to invest in education and development, both for themselves and for their teams, and 3.) Knowledge-Based Innovation: Entrepreneurs who learn from previous experiences and continue to look for new ways to innovate tend to be more successful in facing business challenges.

Furthermore, the analysis related to the Influence of Social Capital (X1) on Innovative Work Behavior (Z1) has a t value of 7.981 with a p value = 0.000 with a path coefficient of 0.306. This shows that Social Capital (X1) on Innovative Work Behavior (Z1) has a significant influence and has a positive effect. This finding is in line with a study conducted by Nguyen & Phan (2021) which showed that social capital has a significant positive effect on Innovative Work Behavior, with a mediating role of trust between coworkers. Social capital has a positive effect on employee innovative behavior, which contributes to company performance (Wang & Liu, 2019). Social capital increases innovative behavior by increasing knowledge sharing among employees (Li & Zhang, 2018).

Social capital has a significant positive impact on innovative work behavior in various contexts with several points to note including 1.) Availability of Networks for Organizations must encourage the formation of strong social networks among employees to facilitate collaboration and exchange of ideas; 2.) Development of Innovation Culture to build a culture that values innovation and creativity; and 3.) Investment in Training and Development for Training programs that improve interpersonal and collaborative.

Analysis related to the Influence of Rationality (X2) on Innovative Work Behavior (Z1) has a t value of 16.948 with a p value = 0.000 with a path coefficient of 0.652. This shows that Rationality (X2) on Innovative Work Behavior (Z1) has a significant influence and has a positive effect. This finding is in line with a study conducted by Chen & Chen (2019) that a rational approach to decision making has a significant positive effect on Innovative Work Behavior. Rationality contributes to increasing IWB by reducing uncertainty in decision making (García-Morales & Llorens-Montes, 2020). Rationality in team decision making contributes positively to individual innovative behavior in the team (Khan & Ali, 2021).

Rationality has a significant positive impact on innovative work behavior, because there are several points that need to be considered including 1.) The importance of education and training to improve rational decision-making skills among employees; 2.) Encouraging Openness to New Ideas to create an environment where employees feel comfortable putting forward new ideas can improve Innovative Work Behavior; and 3.) Data Integration in Decision Making in facilitating employee access to relevant data and information can improve rationality in decision making, which in turn encourages innovation.

The influence of Social Capital (X1) on Entrepreneur Learning Orientation (Z2) has a t value of 1.868 with a p value = 0.062 with a path coefficient of 0.059. This shows that Social Capital (X1) on Entrepreneur Learning Orientation (Z2) does not have a significant influence and has a positive effect. This finding is in line with a study conducted by Liu & Xu (2020) that Social Capital contributes to learning orientation, its influence is not always significant due to moderation by other factors such as the dynamics of the external environment. Although Social Capital provides access to knowledge resources, its impact on learning orientation is not significant due to limitations in the application of this knowledge to small businesses (Brouwer & Staessens, 2019). Although social networks enhance learning opportunities, many micro-entrepreneurs do not have the resources to fully utilize the information they gain from their networks (Johannisson & Olaison, 2017).

The results of the analysis indicate that although Social Capital is theoretically positively related to Entrepreneur Learning Orientation, its effect may not be significant in many MSME contexts. Several factors that may explain this result include: 1.) Implementation Limitations: Entrepreneurs may have access to information and knowledge through their social networks; 2.) Variability in Social Networks: Not all social networks contribute equally, and 3.) Differences in Entrepreneur Capacity: The capacity to learn and apply knowledge from Social Capital is highly dependent on individual and organizational capabilities.

The analysis of the influence of Rationality (X2) on Entrepreneur Learning Orientation (Z2) has a t value of 32.990 with a p value = 0.000 with a path coefficient of 0.905. This shows that Rationality (X2) on Entrepreneur Learning Orientation (Z2) has a significant influence and has a positive effect. This finding is in line with research conducted by Li, Zhang & Matlay (2018) that entrepreneurs who use rationality in their business strategies show a significant increase in their learning orientation, especially in the face of tight market competition. Rationality in the decision-making process enhances entrepreneurs' ability to learn and adapt, which ultimately contributes to competitive advantage (Wiklund & Shepherd, 2017).

Although there is a significant positive relationship, entrepreneurs need to pay attention to several things so that rationality can be utilized optimally to improve 1.) Entrepreneur Learning Orientation: Lack of Time to Learn; 2.) Focus on Short-Term Profits: Entrepreneurs who are too rational may prefer strategies that provide short-term benefits rather than investing in learning that may not provide immediate results.

The analysis of the influence of social capital (X1) on MSMEs Performance (Y) through Innovative Work Behavior (Z1) has a t value of 1.114 with a p value = 0.253 with a path coefficient of -0.288. This shows that social capital (X1) on MSMEs Performance (Y) through Innovative Work Behavior (Z1) does not have a significant influence and has a negative effect. This finding is in line with research conducted by Zhang, et.al (2019) that relational social capital can, in fact, hinder the pace of innovation, even though other dimensions such as structural and cognitive social capital have a positive impact on sustainable performance. This highlights the potential of less productive social aspects in resisting change. Networks that are too tight-knit

or homogeneous (relational) may reinforce the status quo and reduce innovation dynamics, which in turn can undermine business performance. Although social capital can encourage collaboration, in some cases, excessive social capital actually inhibits innovation due to excessive dependence on conservative mindsets in social networks. SMEs that do not innovate are likely to miss opportunities for growth and performance improvement, which are instead seized by their competitors (Le et.al, 2023). Social capital has a direct impact on micro and small businesses and an indirect impact on innovation. However, the study found partial mediation of various dimensions of innovation in the relationship between social capital and performance, except for process innovation, which has no mediation effect (Agyapong et.al, 2017).

Social networks that are not connected to innovation resources or technical knowledge can cause a company to remain stagnant. This reduces the effectiveness of social capital in driving innovation needed to improve MSMEs' performance.

The analysis of the influence of Rationality (X2) on MSMEs Performance (Y) through Innovative Work Behavior (Z1) has a t value of 0.439 with a p value = 0.661 with a path coefficient of -0.112. This shows that Rationality (X2) on MSMEs Performance (Y) through Innovative Work Behavior (Z1) does not have a significant influence and has a negative effect. This finding is in line with research conducted by Wiklund & Shepherd (2018) that rationality can increase company stability, an overly rational approach in a dynamic environment can inhibit innovation. As a result, the influence of rationality on MSMEs performance through innovative behavior is insignificant and sometimes negative. Failures in innovation decision-making apply a cognitive psychology perspective (bounded rationality) to illustrate how human biases and limitations can lead to failures in the innovation process. Innovation often involves uncertainty and complexity, which cannot be fully addressed through a purely rational approach (Badenk & Mieg, 2018).

Rationality can hinder the emergence of creative ideas that are needed to generate innovation in a company. When all new ideas are analyzed rationally, entrepreneurs tend to choose the safest option, Innovation often requires taking risks, but entrepreneurs who rely on rationality are usually more reluctant to take such risks because of the uncertain outcomes. As a result, the effect of rationality on Innovative Work Behavior can be negative, and this negative impact is passed on to the overall performance of MSMEs.

The analysis of the influence of social capital (X1) on MSMEs Performance (Y) through Entrepreneur Learning Orientation (Z2) has a t value of 0.841 with a p value = 0.401 with a path coefficient of 0.192. This shows that social capital (X1) on MSMEs Performance (Y) through Entrepreneur Learning Orientation (Z2) does not have a significant influence and has a positive effect. This finding is in line with research conducted by Cao et.al (2025) that Social capital does not have a direct effect on individual job performance due to the presence of other variables, such as its effect being fully mediated by organizational citizenship behavior (OCB). In other words, social capital stimulates OCB, which in turn enhances job performance. Social capital can improve learning orientation, but its influence on MSME performance is often indirect and depends on the industry and cultural context

(Wang & Zhang, 2016). Social capital can encourage learning orientation in the context of the organization, this relationship does not always have a significant impact on organizational performance, especially in smaller MSMEs (Zhang et.al, 2019). Although social capital can improve entrepreneurial learning, its performance in improving MSME performance is not always significant, especially in highly competitive industries (Su & Liu, 2021).

Social Capital (X1) refers to social networks, trust relationships, and norms and values held by a community or individual that can be used to achieve economic or business goals. In the context of micro, small, and medium enterprises (MSMEs), Entrepreneur Learning Orientation (Z2) reflects the extent to which entrepreneurs have attitudes and orientations toward learning, innovation, and developing new skills. MSMEs Performance (Y) is the result of various factors, including innovation, operational efficiency, and the ability of entrepreneurs to develop their businesses.

The analysis of the influence of Rationality (X2) on MSMEs Performance (Y) through Entrepreneur Learning Orientation (Z2) has a t value of 0.296 with a p value = 0.767 with a path coefficient of 0.067. This shows that Rationality (X2) on MSMEs Performance (Y) through Entrepreneur Learning Orientation (Z2) does not have a significant influence and has a positive effect. This finding is in line with research conducted by Hakeem et.al (2024) that Procedural rationality supports entrepreneurial orientation (EO) and subsequently accelerates the internationalization pace of MSMEs. However, the direct effect of rationality on broader performance outcomes (such as profitability) is not explored, indicating a possible indirect effect through EO. Rationality does not always have a direct impact on business performance due to bias and complexity of decision making in the entrepreneurial environment. The implication is that rationality may enhance learning orientation (LO). However, without LO acting as a mediator, its effect on performance is not significant (Guerra dan Camargo,2024).

Rationality (X2) in this context refers to the ability of entrepreneurs to make logical and planned decisions based on available information. Entrepreneur Learning Orientation (Z2) is the learning orientation of entrepreneurs that focuses on innovation and self-development. MSMEs Performance (Y) represents the performance of MSMEs in terms of finance, innovation, efficiency, and business growth. In several studies, rationality has been found to contribute to better learning and decision making. However, in the context of MSME entrepreneurship, the effect of rationality on MSMEs performance through entrepreneur learning orientation may not be significant, although there is a positive effect. This suggests that rational decisions may play a role in improving learning orientation, but do not directly or significantly affect business performance.

CONCLUSION

This study reveals that social capital has the potential to improve MSME performance; however, its influence is not always significant and depends greatly on the business context. Therefore, it is important for researchers and

practitioners to understand the deeper dynamics of how social capital operates and to consider other contributing factors. Rationality in decision-making demonstrates a significant negative effect on MSME performance, especially when overly analytical approaches overlook emotional, social, and creative dimensions.

While Innovative Work Behavior (IWB) is commonly recognized as a key driver of performance, in the MSME context, unmanaged innovation efforts may negatively affect outcomes. In contrast, Entrepreneur Learning Orientation (ELO) shows a significant positive effect on MSME performance, highlighting the importance of continuous learning, adaptability, and knowledge-driven innovation. Both social capital and rationality contribute to the development of innovative behavior and learning orientation among entrepreneurs. However, their effects on performance are not always direct or significant, suggesting the presence of contextual variables and implementation barriers that must be addressed.

Managerial and Policy Recommendations: 1.) MSME owners should strategically develop and manage high-quality social networks to promote innovation and entrepreneurial learning while avoiding excessive dependence on social norms that may hinder creativity; 2.) Rational, data-driven decision-making should be complemented by flexibility and emotional intelligence to ensure that intuitive and creative approaches are not neglected in the decision-making process; 3.) Training and mentoring programs aimed at enhancing entrepreneurial learning orientation should focus on building adaptive capacity, knowledge exploration, and experiential learning; and 4.) Policies supporting MSMEs should encourage collaboration through trust-based communities and knowledge exchange platforms, while also improving access to data and practical decision-making tools.

REFERENCES

- Agyapong, F.O., Agyapong, A., & Poku, K. (2017). Nexus between social capital and performance of micro and small firms in an emerging economy: The mediating role of innovation. , *Cogent Business & Management* (2017), 4: 1309784, 1-20. <https://doi.org/10.1080/23311975.2017.1309784>
- Andri, G., Adawiyah, W. R., Purnomo, R., & Sholikhah, Z. (2020). The minang - Nomads businesses' performance: The role of proactive personality, creativity and innovative work behavior. *Jurnal Pengurusan*, 58. <https://doi.org/10.17576/pengurusan-2020-58-08>
- Agresti, A., & Finlay, B. (2018). *Statistical methods for the social sciences* (5th ed.). Boston, MA: Pearson.
- Arijanto, A., Suroso, A., & Indrayanto, A. (2022). The Impact of Ethical Leadership and Motivation to Innovative Work Behavior with Friendly Relationship Knowledge Sharing Mediating Variables in Small Medium Enterprises (SMEs). *Quality - Access to Success*, 23(188), 86–91.

<https://doi.org/10.47750/QAS/23.188.12>

- Bedenk, S., & Mieg, H.A. (2018). Failure in Innovation Decision Making. In: Kunert, S. (eds) Strategies in Failure Management. Management for Professionals. Springer, Cham. https://doi.org/10.1007/978-3-319-72757-8_7
- Brouwer, A., & Staessens, M. (2019). Exploring the role of social capital in entrepreneurial learning: A study of small enterprises. *International Journal of Entrepreneurial Behavior & Research*, 25(5), 983–1005. <https://doi.org/10.1108/IJEBr-04-2018-0238>
- Cao, Q., Chen, C.F., Hu, H.L., & Hsiao, Y.C. (2025). Social Capital and Job Performance: A Moderated Mediation Model of Organizational Citizenship Behaviors and Psychological Capital. *Behavioral Sciences*, 15(6), 714. <https://doi.org/10.3390/bs15060714>
- Chen, C., & Chen, S. (2019). The impact of rationality on innovation in the workplace: Insights from Chinese enterprises. *Journal of Innovation & Knowledge*, 4(1), 1–10. <https://doi.org/10.1016/j.jik.2018.01.003>
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). Thousand Oaks, CA: Sage.
- Diskominfo Provinsi Jambi. (2024). *Dumisake Jambi Mantap telah berikan bantuan modal kerja untuk 5.043 UMKM: Warga minta lanjutkan Haris-Sani 2 periode*. Diskominfo Provinsi Jambi. https://diskominfo.jambiprov.go.id/berita/berita_detail/360
- Fatmawaty, A. S., Widigdo, A. M. N., Ie, M., Jumintono, Karlinah, Lady, Julitasari, E. N., Hairani, E., & Muttaqiyathun, A. (2023). Improving Smes Innovative Work Behavior: How The Role Of Transformational Leadership And Knowledge Sharing In The Digital Era. *Journal of Law and Sustainable Development*, 11(3). <https://doi.org/10.55908/SDGS.V11I3.735>
- Fauzi, M., & Hasanah, U. (2021). The role of social capital on micro, small, and medium enterprises performance: Evidence from Indonesia. *Journal of Business Research*, 134, 324–333. <https://doi.org/10.1016/j.jbusres.2021.05.042>
- García-Morales, V. J., & Llorens-Montes, F. J. (2020). The effect of rationality on innovative work behavior: Evidence from Spanish firms. *Journal of Business Research*, 112, 305–315. <https://doi.org/10.1016/j.jbusres.2020.02.018>
- Ghozali, I., & Latan, H. (2017). *Partial least squares: Konsep, teknik, dan*

aplikasi menggunakan program SmartPLS 3.0 untuk penelitian empiris (Edisi ke-3). Semarang, Indonesia: Badan Penerbit UNDIP.

- Granovetter, M. (2018). The strength of weak ties: A network theory revisited. *Sociological Theory*, 36(1), 10–20. <https://doi.org/10.1177/0735275117753546>
- Guerra, Rodrigo Marques de Almeida., & Camargo, Maria Emilia. (2024). Mediation of learning orientation on market orientation and business performance: evidence from Brazilian Small and Medium Enterprises (SMEs). *Benchmarking: An International Journal*; 31 (2): 590–610. <https://doi.org/10.1108/BIJ-06-2022-0404>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Sage Publications.
- Hakeem, A., Raissi, N. & Matoussi, H. (2024). Rationality and dynamism on entrepreneurial orientation to the pace of internationalization: The moderating role of environmental munificence. *Journal International Entrepreneurship*; 22, 213–247. <https://doi.org/10.1007/s10843-024-00359-4>
- Henseler, J., Hubona, G. S., & Ray, P. A. (2017). Partial least squares path modeling: Updated guidelines. In H. Latan & R. Noonan (Eds.), *Partial Least Squares Path Modeling: Basic Concepts, Methodological Issues and Applications* (pp. 19–39). Springer. https://doi.org/10.1007/978-3-319-64069-3_2
- Hughes, M., Hughes, P., & Morgan, R. E. (2018). Exploitative learning and entrepreneurial orientation alignment in emerging young firms: Implications for market and response performance. *British Journal of Management*, 29(2), 258–276. <https://doi.org/10.1111/1467-8551.12241>
- Hussain, S., & Ahmad, M. (2018). Balancing innovation and operational efficiency in SMEs: A complex relationship. *International Journal of Innovation Management*, 22(6), 1850051. <https://doi.org/10.1142/S1363919618500512>
- Johannisson, B., & Olaison, L. (2017). The paradox of social capital in entrepreneurial learning: A study of micro-enterprises. *Small Business Economics*, 49(4), 951–970. <https://doi.org/10.1007/s11187-017-9850-1>
- Karpacz, Jarosław & Wojcik-Karpacz, Anna. (2024). The relationship between learning orientation, firm performance and market dynamism in MSMEs operating in technology parks in Poland: an empirical analysis. *Central European Management Journal*, 32 (2): 216–232. <https://doi.org/10.1108/CEMJ-02-2023-0079>

- Kemenetz, P., doiTag, A., & Productivity, R. (2022). Technology innovation capability and its effect on SME performance and competitiveness. *Sustainability*, 10(8), 2829. <https://doi.org/10.3390/su10082829>
- Khan, M. A., & Ali, M. (2021). The role of rational decision-making in fostering innovative behavior in teams. *International Journal of Business and Management*, 16(3), 45–58. <https://doi.org/10.5539/ijbm.v16n3p45>
- Kuncoro, M., & Yulianto, R. (2020). Social capital and performance of small enterprises: A study from Central Java. *International Journal of Entrepreneurship*, 24(3), 1–12.
- Kustiandi, J., Sahid, S., & Kaharudin, I. H. (2024). Empowering students: Unleashing the impact of economic literacy and family education on economic decision-making, with a focus on economic rationality. *Multidisciplinary Reviews*, 7(7). <https://doi.org/10.31893/multirev.2024158>
- Le, Danh. Vinh., Le, Huong.Thi.Thu., Pham, Thanh.Tien., Vo, Lai.Van. (2023). Innovation and SMEs performance: evidence from Vietnam. *Applied Economic Analysis*; 31 (92): 90–108. <https://doi.org/10.1108/AEA-04-2022-0121>
- Lee, J., & Lee, S. (2023). The dark side of innovation: How innovative work behavior hurts MSME performance under resource constraints. *Journal of Small Business Management*, 61(2), 345–362. <https://doi.org/10.1080/00472778.2022.2081274>
- Lee, S. M., Park, S. Y., & Yoon, H. J. (2017). The impact of social capital on the innovative performance of SMEs: The mediating effect of collaborative networks. *Journal of Small Business Management*, 55(3), 496–513. <https://doi.org/10.1111/jsbm.12252>
- Li, J., Zhang, J., & Matlay, H. (2018). The impact of rational decision-making on entrepreneurial learning in Chinese SMEs. *Journal of Business Venturing*, 33(5), 528–543. <https://doi.org/10.1016/j.jbusvent.2018.03.002>
- Li, S., & Zhang, J. (2018). Social capital, knowledge sharing, and innovative work behavior: A study of Chinese manufacturing firms. *Journal of Knowledge Management*, 22(7), 1445–1466. <https://doi.org/10.1108/JKM-11-2017-0534>
- Li, Y., & Liu, S. (2021). How entrepreneurial learning influences SMEs' performance: The role of market orientation. *Journal of Business Research*, 134, 190–202. <https://doi.org/10.1016/j.jbusres.2021.05.034>

- Liu, X., & Xu, W. (2020). The influence of social capital on entrepreneurial learning and innovation in SMEs: A moderated model. *Journal of Business Research*, 120, 203–212. <https://doi.org/10.1016/j.jbusres.2020.08.015>
- Marrucci A., & Rialti R. (2025). Unpacking the relation between learning orientation and product innovation: Does strategic flexibility matter? *Journal of Management & Organization*, 31(1), 56–72. <https://doi.org/10.1017/jmo.2024.52>
- Meng, F., Rieckmann, J.M., and Li, Cheng. 2016. Empirical evidence how social capital effects the internationalisation process of SME in Zhejiang. *Transnational Corporations Review*, 8(3), 196–206. <https://doi.org/10.1080/19186444.2016.1233731>.
- Nguyen, D. H., & Phan, T. H. (2021). Social capital and employee innovative work behavior: A study in Vietnamese enterprises. *International Journal of Innovation Management*, 25(6), 2150052. <https://doi.org/10.1142/S1363919621500527>
- Noviarto, S., & Samputra, P. L. (2021). MSME's sustainable economic behavior for struggling poverty: Agency theory vs. bounded rationality theory. *IOP Conference Series: Earth and Environmental Science*, 716(1). <https://doi.org/10.1088/1755-1315/716/1/012120>
- Nurbaiti, B., & Chotib. (2020). The impact of social capital on welfare: The evidence from urban informal sector in East Flood Canal (BKT), Jakarta. *IOP Conference Series: Earth and Environmental Science*, 436(1), 012004. <https://doi.org/10.1088/1755-1315/436/1/012004>
- Prasetyo, B., Tuharyati, N., & Tamsil, H. (2020). Social capital will strengthen human capital in promoting quality economic growth and competitiveness. *International Journal of Economics, Business and Accounting Research (IJEBAAR)*, 4(4), 237–247. <https://doi.org/10.29040/ijebar.v4i4.1372>
- Rifki, A., Wardoyo, C., & Rokhmani, L. (2023). The Effect of Financial Experience and Economic Rationality on The Economic Decision of Household Women in Jambi City Mediated by Economic. *Journal of Applied Business, Taxation and Economics Research*, 2(5), 486–499. <https://doi.org/10.54408/jabter.v2i5.188>
- Rizky, F. A., & Surya, P. (2017). The role of rationality in the performance of small and medium enterprises: Evidence from Jakarta. *Journal of Business and Management Sciences*, 5(4), 120–128. <https://doi.org/10.12691/jbms-5-4-4>
- Rosenbusch, N., Brinckmann, J., & Bausch, A. (2020). The limited scope of

- innovative work behavior: How SMEs struggle with innovation due to resource constraints. *International Journal of Innovation Management*, 24(1), 55–71. <https://doi.org/10.1142/S1363919620500055>
- Santos, M., & Ferreira, J. (2020). Innovative work behavior and performance in resource-limited SMEs: A paradox of innovation. *Journal of Innovation and Entrepreneurship*, 9, Article 12. <https://doi.org/10.1186/s13731-020-00132-2>
- Sari, I., & Rahman, H. (2021). Rationality in decision making and its impact on performance of SMEs: An empirical study in Indonesia. *International Journal of Business Management and Economic Research*, 12(1), 1875–1882.
- Saunila, M. (2020). Innovation capability for SME success: Perspectives of financial and operational performance. *Journal of Advances in Management Research*, 18(1), 24–39. <https://doi.org/10.1108/JAMR-11-2019-0196>
- Shepherd, D. A., Williams, T. A., & Patzelt, H. (2020). Thinking about entrepreneurial decision making: Review and research agenda. *Academy of Management Perspectives*, 34(3), 492–515. <https://doi.org/10.5465/amp.2017.0200>
- Su, C., & Liu, S. (2021). Exploring the relationship between social capital, entrepreneurial learning, and innovation in MSMEs. *International Journal of Entrepreneurship and Innovation Management*, 25(1), 45–62. <https://doi.org/10.1504/IJEIM.2021.10037642>
- Suidarma, I. M., Widiyanti, K. S., Masno, Sukarnasih, D. M., Armanida, A., & Marsudiana, I. D. N. (2024). *Financial literacy can overcome barriers to MSME financing: Evidence from Indonesia*. *Jurnal Akuntansi Syariah*, 8(2), 160–183. <https://doi.org/10.46367/jas.v8i2.2050>
- Sulistyo, H., & Ayuni, S. (2020). Competitive advantages of SMEs: The roles of innovation capability, entrepreneurial orientation, and social capital. *Contaduria y Administracion*, 65(1). <https://doi.org/10.22201/FCA.24488410E.2020.1983>
- Susanto, A. B., & Meiryani. (2019). Innovative Work Behavior: The Role of Employee Creativity, Leadership, and Team Climate. *Journal of Workplace Learning*, 31(8), 555–573. <https://doi.org/10.1108/JWL-12-2018-0157>
- Udin, U. (2022). Knowledge Sharing and Innovative Work Behavior: Testing the Role of Entrepreneurial Passion in Distribution Channel. *Journal of Distribution Science*, 20(2), 79–89. <https://doi.org/10.15722/jds.20.02.202202.79>

- Verbeke, A., & Kano, L. (2016). An Internalization Theory Rationale for MNE Regional Strategy. *Journal of International Business Studies*, 47(1), 3–24. <https://doi.org/10.1057/jibs.2015.2>
- Wang, C., & Liu, Y. (2019). Exploring the relationship between social capital and innovative behavior: Evidence from high-tech firms. *Journal of Innovation & Knowledge*, 4(4), 238–245. <https://doi.org/10.1016/j.jik.2018.07.003>
- Wang, C. L., & Chugh, H. (2022). Entrepreneurial learning orientation and firm performance: Evidence from emerging markets. *International Small Business Journal*, 40(6), 640–662. <https://doi.org/10.1177/02662426221084439>
- Wang, P., & Zhang, Q. (2016). Social capital and entrepreneurial learning: Exploring the influence on MSMEs performance. *Entrepreneurship Theory and Practice*, 40(1), 191–212. <https://doi.org/10.1111/etap.12115>
- Wiklund, J., & Shepherd, D. A. (2018). Rationality in entrepreneurial decision-making: A double-edged sword. *Strategic Entrepreneurship Journal*, 5(3), 217–231. <https://doi.org/10.1002/sej.114>
- Wiklund, J., & Shepherd, D. A. (2017). Rationality, entrepreneurial learning, and the creation of competitive advantage. *Strategic Entrepreneurship Journal*, 11(3), 207–210. <https://doi.org/10.1002/sej.1247>
- Zhang, Y., & Zhuang, X. (2019). The impact of bounded rationality on the decision-making process in small enterprises: A case study in China. *Asian Social Science*, 15(4), 20–30. <https://doi.org/10.5539/ass.v15n4p20>
- Zhang, X., Zhang, H., & Song, M. (2019). Does Social Capital Increase Innovation Speed? Empirical Evidence from China. *Sustainability*, 11(22), 6432. <https://doi.org/10.3390/su11226432>