

The Impact of Social Capital, Entrepreneurial Competence on Business Performance: An Empirical Study of SMEs

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ABSTRACT

Building a business venture is a challenge for entrepreneurs. This study explains the understanding of social capital that individuals must have to develop their potential in the form of entrepreneurial competencies that will affect their business performance. This study aims to determine the impact of Social Capital, Entrepreneurship Competence on Business Performance (Empirical Study of SMEs in Bekasi City, West Java). This research is a survey study conducted on UKM players in Bekasi City, West Java. The unit of analysis is an individual who carries out business activities in the micro sector, namely selling food by opening a street food stall along Bekasi City streets. The data were collected using a questionnaire directly from 315 respondents who were selected according to the location that had been determined. The results of the study were described descriptively with analysis tools using the Structural Equation Modeling (SEM) approach using the SmartPLS software.

Keywords: Social Capital, Entrepreneurship Competence, Business Performance, Small Enterprises, Medium Enterprises, Sustainable Growth

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INTRODUCTION

An individual who experiences difficulties at this stage of development can become independent and tend to consider entrepreneurship as an attractive option (Eliyana, Rohmatul, et al., 2020). Because entrepreneurship is not only for survival but is a way to realize self-actualization. As far as self-employment is concerned, one needs to realize that benefits arise only from successful businesses, and in realizing this it is necessary to analyze both predictors (i.e., elements that enable one to predict the likelihood of entrepreneurial success) and indicators (i.e., instruments indicating success) of entrepreneurial success. (Eliyana, Musta'in, et al., 2020). Because the success of the business will measure how the effort made can be considered successful. Furthermore, the entrepreneur can further his goals by gaining a competitive advantage and achieving sustainable growth for his business.

One of the things that can influence entrepreneurial success is the human resources themselves. Human resource issues are still the spotlight and foundation for companies or organizations to stay alive in today's digital era. Human resources or human capital is very important and strategic capital in an organization's life in doing business. The amount of investment made to increase human resources is not small, but the results are difficult to feel in the short term. It takes a long time and patience as well as the right method to produce the desired human resources. One of the capitals attached to humans is social capital (Fukuyama, 1997). Social capital is the amount of actual and potential resources available through a network of relationships owned by individuals or social

units (Schlepphorst et al., 2020). If a person's social capital is low, it will lead to a conflict of values and a low level of trust. That is, it is important to increase the participation of social relations in countries or transitional areas in producing human resources to achieve better sustainable growth. This study will explain the understanding of the social capital profile that individuals must have to develop their potential in the form of entrepreneurial competence for business performance.

Bain and Hicks quoted in (Krishna, 2004) proposed two dimensions of social capital as a conceptual framework in developing a tool to measure the level of social capital existence. The first dimension is called the cognitive dimension, which deals with attitudes, values, and beliefs that can influence solidarity, trust, and reciprocity that lead to the creation of cooperation in society to achieve common goals. Every ethnic group actually has a cognitive dimension, or it can also be called a cultural dimension. It is known that there are those that are rich in cultural values as social capital that allow the maintenance of harmonious relationships, both internally and with people from different ethnic or ethnic groups (Saegert, Susan, Thompson, J. Phillip, Warren, 2005). Meanwhile, certain ethnic groups also emphasize the values of solidarity and cooperation within their own groups and traditionally do not have guidelines for interacting well with other groups. In the cultural values possessed by the first group of people, there is traditionally a balance between social capital that regulates harmony and solidarity of internal relationships among group members, which is called the bonding social capital or social capital binding (Fukuyama, 2002), with social capital enabling the creation of mutually

beneficial cooperation and relationships with members of other ethnic groups, which is referred to as bridging social capital or bridge social capital. The second dimension of social capital is the structural dimension, which is the scope of the organization, structure, and community institutions at the local level, which accommodates and encourages collective activities that benefit all citizens. This structural dimension is very important because there are economic development efforts to improve the welfare of the community that are more successful when carried out through social institutions at the local level. The structural dimension of social capital, which is generally in the form of a network of relationships within institutions, has received important attention in examining the importance of social capital in economic development. Entrepreneurship in this study is aimed at SMEs in Bekasi City, for the sample is determined based on the area (area probability sample), where the sample is determined based on sub-districts, namely Bantar Gebang, West Bekasi, East Bekasi, South Bekasi, North Bekasi, Jatiasih, Jatisampurna, Medan Satria, Mustika Jaya, Pondok Gede, Pondok Melati and Rawa Lumbu. Entrepreneurial competence in entrepreneurship will identify business opportunities, formulate entrepreneurial visions, develop business models, make business plans and drive the organization (Ferrerias-Garcia *et al.*, 2019). This will relate to the social capital of these entrepreneurs. Because in the relationship between individuals there will be an exchange of knowledge through social interaction, so that social capital will represent shared values and a shared vision of individuals who share information through entrepreneurial competence. Entrepreneurs who have knowledge, ability, creativity and imagination will easily grasp an opportunity. Where it is an important factor that affects the success of the business not only in the early stages but also in the future, and this becomes an incentive to encourage creating entrepreneurial wealth with high results of business performance. Thus, this paper aims to examine in depth the influence of social capital, entrepreneurial competence on business performance.

LITERATURE REVIEW

Theory Basis

Social Capital

Coleman (1988) quoted by Hsiao *et al.*, (2016) asserts that social resources can be converted into capital that can be used for development, which is known as social capital. In social capital, there is information that provides the basis on which two people can trust and influence each other. Through the conversion of resources, this information can be enhanced to enable individuals and groups to achieve common goals. Social capital is the amount of actual and potential resources available through a network of relationships owned by individuals or social units (Schlepphorst *et al.*, 2020). These resources are known to include financial capital, skilled labor and knowledge that can be gained from investing in social interactions.

Meanwhile, Nasip *et al.*, (2017) also explain that social capital is a set of hidden values and comes from personal and organizational relationships, which include norms, orientation, values, networks and social relationships that regulate behavior and interactions between individuals. The application of social capital theory will aim to understand trust, social ties, social interactions, and reciprocity (Akintimehin *et al.*, 2019). It can also involve the impact on competitive advantage and sustainable growth in the organization. Because this can help

members to work together in achieving their common goals. In the relationship between individuals there will be knowledge exchange through social interaction, the cognitive dimension of social capital will represent shared values and a shared vision of the individuals who share information (Pindado *et al.*, 2018). These shared values will also provide social support that can enhance the exchange of information between individuals and common ways to understand their context for interpreting new knowledge. Social capital also includes a combination of different entities with the same two elements, including certain structural aspects such as facilitating the actions of individual actors or companies.

2.1.2 Entrepreneurial Competence

Competence is described as a work-related concept that refers to a field of work in which a person has competence (Mamun *et al.*, 2016). This translates into the abilities needed by a person to carry out an intended task. In this study, it is known that entrepreneurs with entrepreneurial competence will be able to look for better opportunities and formulate better strategies that are suitable for their business. In addition, Cubico's research (2018) states that entrepreneurial competencies have been identified as certain groups of competencies that are significant for successful entrepreneurial practice, which include motives, special knowledge, self-image, traits, social roles, and skills. This will make an entrepreneur refer to various abilities, skills and knowledge, not only in terms of technical, financial, organizational and legal knowledge.

Ferrerias-Garcia *et al.*, (2019) have concluded that entrepreneurial competence can be defined as a higher-level feature that represents the capacity of entrepreneurs to succeed in their workplace. Entrepreneurial skills have also been recognized as a key competency for promoting employability, which involves self-learning, personal initiative and business development. Entrepreneurial competence is also associated with the formation, survival and growth of businesses, and entrepreneurial skills also contribute to profitability (S Sajilan *et al.*, 2016). In the research of Ferrerias-Garcia *et al.*, (2019) also divides entrepreneurial competencies into five groups: identification of business opportunities, compiling an entrepreneurial vision, developing business models, making business plans and driving the organization.

Business Performance

In today's economic environment, measuring business performance is an important concern for academics and practicing managers. It is important to consider aspects of differentiation that may potentially confuse subjective (also described as perceptual performance) and objective measures (Nasip *et al.*, 2017). Performance can be defined as the result of job completion that represents the level of achievement of each job and the fulfillment of expectations, policies, or requirements for the official role of the organization (Wardani & Eliyana, 2020). Performance can also be interpreted as productivity which states the quantity, quality and contribution of work, so that when productivity is high, the overall performance in the organization will also be high. Meanwhile, business performance can be defined as a company's potential in adapting to the business environment, along with changes in the market environment consisting of customers, competitors and other forces that can change the way business works (Rekarti & Doktoralina, 2017). Therefore, proper management as well as a better marketing strategy, and good financial planning are required for good business performance.

Entrepreneurial performance is a multidimensional concept related to stakeholders, heterogeneous product market conditions, and timing, and generally accepted performance measures are effectiveness (Sutanto & Eliyana, 2015). In addition, according to Kendall *et al.*, (2019) assessing business performance in small and medium enterprises (SMEs) can refer to three aspects, namely productivity, profitability, and the market. Productivity will be based on the company's achievements in its business activities to meet customer wants and needs, as well as employee productivity. The profitability aspect will look at business performance from the perspective of achieving the financial goals designed by the company. Meanwhile, the market aspect is related to the achievement of product sales, market position and market share as the basis of business performance.

HYPOTHESIS DEVELOPMENT

Social Capital and Entrepreneurial Competence

The entrepreneurial literature has analyzed how entrepreneurs relate to new ideas and opportunities and, thus individuals with large entrepreneurial networks must identify more opportunities. According to Pindado *et al.*, (2018) social capital can increase their identification of opportunities. Through social capital they can facilitate access to certain resources, which can influence the information needed to identify new business opportunities such as dealing with entrepreneurial competencies. This is also supported by a statement from Hsiao *et al.*, (2016) which states that by using their social capital, people can get various types of information and support from many experts, so that they can compensate for their weaknesses. As a result, their ability of entrepreneurial competence increases, and enables them to overcome challenges and difficulties encountered during entrepreneurial endeavors.

Apart from economic development, some communities are known to utilize social capital networks and relationships of trust as a way to deal with emergencies, and a way to reach available opportunities and participate in social events (Mamun *et al.*, 2016). This will relate to an entrepreneur in increasing his entrepreneurial competence. According to Weiss *et al.*, (2019) social capital and individual self-realization (if a person has strong entrepreneurial intentions) must go hand in hand to foster entrepreneurship. So, social capital will be effectively utilized during the business creation process and in fostering entrepreneurship. In addition, social capital will enable them to develop new bonds that are effective and / or useful for future job opportunities (Schlepphorst *et al.*, 2020) in the face of entrepreneurial competencies. Because competence in entrepreneurship can be defined as a high-level conceptual activity in relation to entrepreneurial behavior such as short-term perspectives, instant event completion, or requiring intuitive responses (Mamun *et al.*, 2016).

Social Capital and Business Performance

According to Akintimehin *et al.*, (2019) through social capital, easy access will be created to intellectual, financial and cultural resources that are very important for efficient business performance. In addition, social capital is said to be very vital for an entrepreneur so that it is able to complement each other in ensuring efficient business performance and a sustainable competitive advantage. This can occur because social capital plays a major role in entrepreneurial activities, through socio-economic processes that are based on context and social conditions

from two perspectives. First, entrepreneurship is a product of their social environment and secondly, entrepreneurship is a social activity and the existence or lack of social relationships and connections affects the nature of the business (Nasip *et al.*, 2017). So that research also reveals that social capital is known to be valuable in facilitating the sharing of value creation, knowledge, competitive advantage, and better business performance and faster development.

In addition, Ahmed *et al.*, (2019) also show that human capital is a prerequisite for social capital, which leads to business performance. Through social capital will facilitate the acquisition and creation of knowledge through external and internal resources. Then the solution to the problem is refined through increasing social capital, which increases the performance of the business. In improving business performance to be even better, the role of an entrepreneur who is responsible for transparency, fairness, honesty and ethics is needed. And according to Kendall *et al.*, (2019) this aspect is the basis of social capital. So that the basis of social capital can influence entrepreneurs in improving their business performance. When organizations in a strategic network work on relationship management, social capital such as the division of goals, trust, and organizational structure is formed, which in turn, is the social capital that will influence the behavior or thoughts of members in the organization (Kim & Chung, 2016). Thus, the relationship between social capital and business performance will be established.

Entrepreneurial Competence and Business Performance

In Cubico's research, (2018) states that entrepreneurial competencies have been identified as certain groups of competencies that are significant for successful entrepreneurial practice, which include motives, special knowledge, self-image, traits, social roles, and skills. This will make an entrepreneur refer to various abilities, skills and knowledge. Then through the abilities, skills, and knowledge possessed by an entrepreneur, it will affect their performance in doing their business. If this affects their performance to be better, then they can achieve success in their business. According to Sulaiman Sajilan & Tehseen, (2019) the capability of entrepreneurial competence has a positive impact on the performance of small and medium enterprises (SMEs) in times of economic crisis. Therefore, this study suggests that SMEs focus on developing entrepreneurial capabilities in dealing with this better.

In addition, Sajilan *et al.*, (2016) have stated that entrepreneurial competence will lead to performance. Competent entrepreneurs will seek better business opportunities, and their management competencies will be linked in formulating a business strategy that is more suitable for their business. So that they can influence their business performance for the better. Entrepreneurial competence is also known to include promoting employability, which involves self-learning, personal initiative and business development (Ferrerias-Garcia *et al.*, 2019). This will make the entrepreneur's resources a key element of his business performance, which results in business survival and growth.

Entrepreneurial Competence to Mediate Social Capital on Business Performance

Fostering successful entrepreneurship is very important in creating economic growth. According to Eliyana *et al.*, (2020) entrepreneurship is a platform that acts between

the need for achievement and the economic development of a country in doing new business carried out by an entrepreneur. Success in entrepreneurship can be measured by determining the results after the entrepreneur has overcome various obstacles in his business activities. Entrepreneurial success can also be determined by the competencies an entrepreneur has. The competencies possessed by entrepreneurs will directly affect the success of business performance (Camuffo *et al.*, 2012). In addition, entrepreneurial competence will identify business opportunities, formulate an entrepreneurial vision, develop business models, create business plans and drive organizations (Ferrerias-Garcia *et al.*, 2019). This will be related to the social capital of an entrepreneur. Because in the relationship between individuals there will be an exchange of knowledge through social interaction, so that social capital will represent shared values and a shared vision of individuals

who share information through entrepreneurial competence. Entrepreneurs who have knowledge, ability, creativity, and imagination will easily grasp an opportunity. Where it is an important factor that influences the success of a business not only in the early stages but also in the future, and this becomes an incentive to encourage creating entrepreneurial wealth with high business performance results (Zahra *et al.*, 2009). According to Kim & Chung, (2016) that the main indicators of social capital such as relational assets, frequency of transactions, type of network, trust, relationship commitment, organizational culture, interaction, value sharing, have a positive influence on business performance. In addition, social capital can also facilitate the acquisition and creation of knowledge through external and internal resources. This can influence an entrepreneur in facing an opportunity.

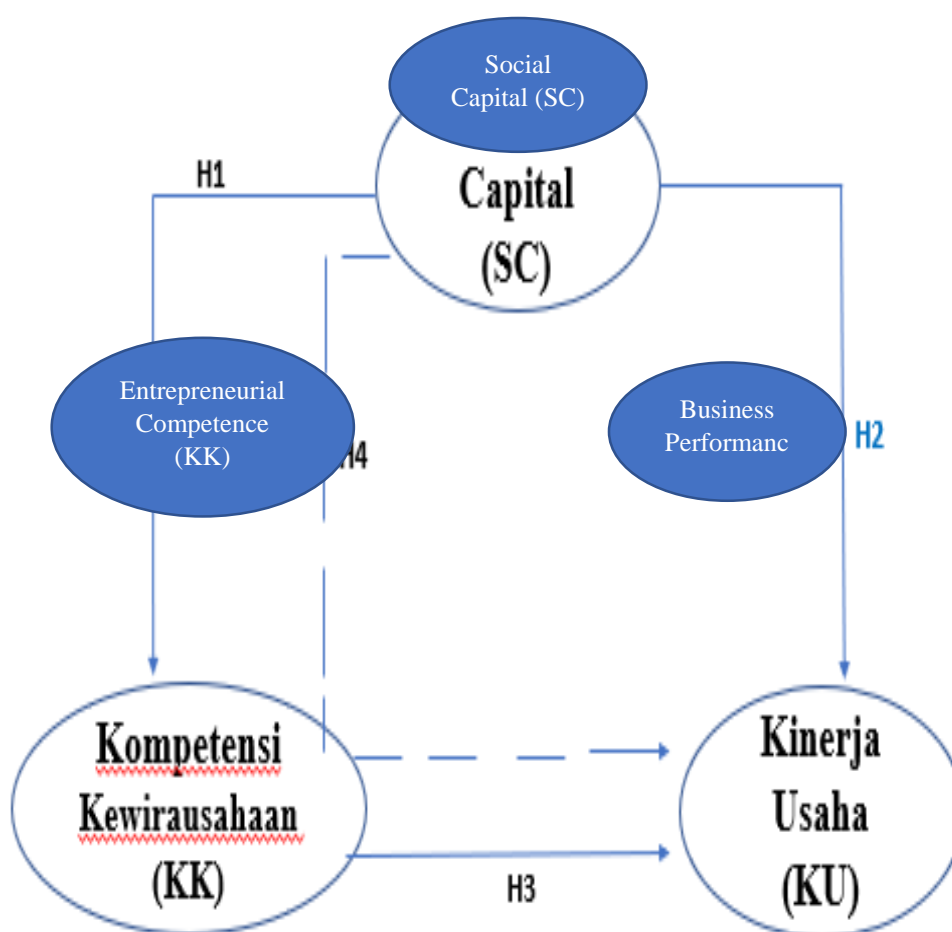


Figure 1. Conceptual Framework & Hypotheses

1. H1: There is a positive effect of SC on KK
2. H2: There is a positive effect of SC on KU
3. H3: There is a positive effect of KK on KU
4. H4: There is a positive effect of SC on KK through KK

RESEARCH METHODS

Research Approach

In this study using a quantitative approach. In this study, there are 3 latent variables observed and measured, namely social capital, entrepreneurial competence as an

independent / exogenous variable, and business performance as a dependent / endogenous variable. The variables in this study are latent / unobserved (unmeasured) variables which are proxied using the respondents' perceptions of the determined indicators.

Measurement

Social Capital

Social Capital is known as status, strength, and goodwill that arise from the quantity and quality of relationships one has with others, as well as a set of hidden values that originate from the personal and organizational relationships of all UKM players in Bekasi City. The indicators used to measure Social Capital refer to (Krishna, 2004a), (Nguyen *et al.*, 2020), (Fukuyama, 1997).

Entrepreneurial Competence

Entrepreneurial competence is an attitude, knowledge, and skills that are connected to one another, which are needed by all UKM players in Bekasi City to be trained and developed. The indicators used to measure Entrepreneurial Competence refer to (Robles & Zárraga-Rodríguez, 2015), (Kraus *et al.*, 2012), (Esubalew & Raghurama, 2020).

Business Performance

The potential of all UKM players in Bekasi City in adapting to the business environment and is the result of the level of achievement along with changes in the market environment that can change the way business works. The indicators used to measure business performance refer to

(Meutia & Ismail, 2012), (Anand, 2015), (Eniola *et al.*, 2019), (Ladge *et al.*, 2019).

Data and Sample Collection Techniques

The data collection technique in this study used primary data collection methods. The field study was carried out to the research location by distributing questionnaires for data analysis purposes. The data source comes from a questionnaire filled out by respondents (entrepreneurs / UKM entrepreneurs). The data are categorized according to the dimension of time so that this research data is cross sectional. The population in this study is all UKM players in Bekasi City, for the sample is determined based on the area (probability sample area), where the sample is determined based on the sub-district area, namely Bantar Gebang District, Bekasi. West, East Bekasi, South Bekasi, North Bekasi, Jatiasih, Jatisampurna, Medan Satria, Mustika Jaya, Pondok Gede, Pondok Melati and Rawa Lumbu. While the sample in this study is SME practitioners according to understanding (Law No. 20 of 2008, 2008) and understanding (BPS, 2020). Based on the data collection plan the sample in this study amounted to 315 respondents of Bekasi City UKM actors.

Data Analysis Techniques

In this study, data will be obtained through SmartPLS with variance-based Structural Equation Modeling (SEM) techniques known as the Partial Least Square (PLS) method (Ghazali, Imam, 2015).

Data Analysis

Table 1. Respondent Demographic

N=315		Frequency	Percentage (%)	Total (%)
Gender	Male	290	92,1	92,1
	Female	25	7,9	100
Age	25-35 years old	204	64,8	64,8
	36-46 years old	111	35,2	100
Last education	Primary School	296	94	94
	Incomplete Primary School	19	6	100

Note: Three demographic variables were coded in the data as (1) gender, (2) age, and (3) last education

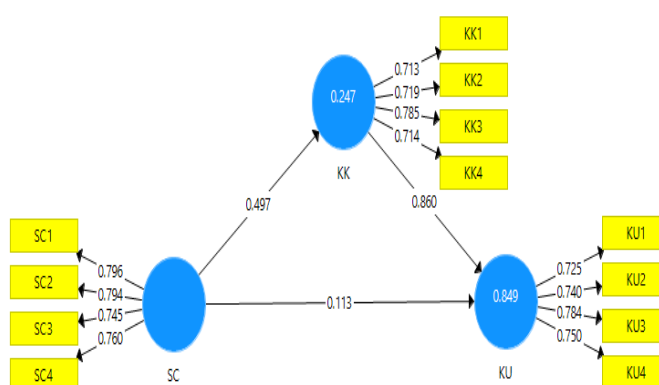


Figure 2. PLS Algorithm results

Table 2. Overview of Quality Criteria

Variables	Code	Factor Loading			α	rho_A	CR	(AVE)
Social Capital	KK1	0,796			0,779	0,787	0,857	0,599
	KK2	0,794						
	KK3	0,745						
	KK4	0,760						
Entrepreneurial Competence	KK1		0,713		0,714	0,717	0,823	0,538
	KK2		0,719					

	KK3		0,785						
	KK4		0,714						
Business Performance	KU1			0,725		0,741	0,742	0,837	0,563
	KU2			0,740					
	KU3			0,784					
	KU4			0,750					

Note: Based on Table 2, it can be explained that all indicators in this study, namely social capital (SC), entrepreneurial competence (KK) and business performance (KU) have met the requirements and are valid, because the value is more than 0.70.

Table 3. Laten Variable Correlations

	KK	KU	SC	AVE	AVE ROOT
Entrepreneurial Competence	0,734			0,538	0,733485
Business Performance	0,916	0,75		0,563	0,750333
<i>Social Capital</i>	0,497	0,541	0,774	0,599	0,773951

Note: From Table 3 shows that the correlation of the latent variable KK which value is 0.734, KU is 0.916 and SC is 0.497 the value of the AVE root is greater than the latent value of the existing variables, so it can be said that the value of a good AVE root is greater than 0, 50. So it can be said to be good. The construct reliability test is also good, because the value of Cronbach's Alpha is greater than 0.70.

Table 4. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Entrepreneurial Competence -> Business Performance	0,860	0,864	0,025	34,438	0
<i>Social Capital</i> -> Entrepreneurial Competence	0,497	0,498	0,056	8,902	0
<i>Social Capital</i> -> Business Performance	0,113	0,108	0,034	3,272	0,001

Note: From table 4 it can be explained that the T statistic is to see the effect of significance, if the value is greater than T Table 1.96 with a significance value less than 0.05% it is declared to have a significant effect.

Table 5. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
<i>Social Capital</i> -> Entrepreneurial Competence -> Business Performance	0,428	0,431	0,051	8,448	0

Note: From table 5 it can be explained that the T statistic is to see the effect of significance, if the value is greater than T Table 1.96 with a significance value less than 0.05% it is declared to have a significant effect.

RESULTS AND DISCUSSION

Discussion

Social Capital and Entrepreneurial Competence

In this study, after being processed and analyzed with SmartPLS, it shows that social capital has a significant effect on entrepreneurial competence which can be seen with the T-statistics value of $8.902 > 1.96$, and the original sample of 0.497. So it can be stated that hypothesis 1 is accepted and it can be concluded that the more social capital increases, the entrepreneurial competence of SMEs in Bekasi City will also increase. This is also supported by a statement from [Hsiao et al., \(2016\)](#) which states that by using their social capital, people can get various types of information and support from many experts, so that they can compensate for their weaknesses. As a result, the competency abilities of UKM players in Bekasi City have increased and have enabled them to overcome the challenges and difficulties faced during entrepreneurial

endeavors. In addition, the social capital of SMEs in Bekasi City will enable them to develop new effective and / or useful new ties for future job opportunities and in facing entrepreneurial competencies.

Social Capital and Business Performance

In this study, after being processed and analyzed with SmartPLS, it shows that social capital has a significant effect on business performance which can be seen with the T-statistics value of $3.272 > 1.96$, and the original sample of 0.113. So it can be stated that hypothesis 2 is accepted and it can be concluded that social capital increases, so the business performance of SMEs in Bekasi City will also increase. According to [Akintimehin et al., \(2019\)](#) through social capital, easy access will be created to intellectual, financial and cultural resources that are very important for efficient business performance. So that in the research results, social capital is said to be very vital for an SME actor in Bekasi City who will then be able to complement

each other in ensuring efficient business performance and a sustainable competitive advantage. Through social capital, SMEs in Bekasi City will facilitate the acquisition and creation of knowledge through external and internal resources. Then the solution to the problem is refined through increasing social capital, which improves the business performance of SMEs in Bekasi City.

Entrepreneurial Competence and Business Performance

In this study, after being processed and analyzed by SmartPLS, it shows that entrepreneurial competence has a significant effect on business performance which can be seen with the T-statistics value of $0.874405 > 1.96$, and the original sample of 0.144257 . So it can be stated that hypothesis 3 is accepted and it can be concluded that entrepreneurial competence increases, so that the business performance of UKM players in Bekasi City will also increase. According to Sulaiman Sajilan & Tehseen, (2019) entrepreneurial competency capabilities have a positive impact on the performance of small and medium enterprises (UKM). Competent SMEs in Bekasi City will look for better business opportunities, and their management competencies will be involved in formulating business strategies that are more suitable for their business. So that UKM players in Bekasi City can influence their business performance to be even better. Entrepreneurial competence is also known to include promoting employability, which involves independent learning, personal initiative, and business development. This will make the resources of SMEs in Bekasi City a key element of their business performance, which results in survival and business growth.

Entrepreneurial Competence to Mediate Social Capital on Business Performance

In this study, after being processed and analyzed by SmartPLS, it shows that social capital has a significant effect on knowledge sharing through entrepreneurial competence which can be seen with the T-statistics value of $8.448 > 1.96$, and the original sample of 0.428 . So it can be stated that hypothesis 4 is accepted and it can be concluded that entrepreneurial competence has increased, so social capital will also increase in business performance in SMEs in Bekasi City. SME entrepreneurs in Bekasi City who have the knowledge, ability, creativity, and imagination, will easily grasp an opportunity. Where this is an important factor that affects the success of a business not only in the early stages but also in the future, and this becomes an incentive to encourage creating entrepreneurial wealth with high results of business performance among SMEs in Bekasi City. According to Kim & Chung, (2016) that the main indicators of social capital such as relational assets, frequency of transactions, type of network, trust, relationship commitment, organizational culture, interaction, value sharing, have a positive influence on business performance. So that the results of this study refer to the social capital of SMEs in Bekasi City which can facilitate the acquisition and creation of knowledge through external and internal resources. This can influence an entrepreneur in facing an opportunity.

CONCLUSIONS AND SUGGESTIONS

Conclusion

This study aims to determine in depth the influence of the variables of Social Capital, Entrepreneurship Competence on the Business Performance of SMEs in Bekasi, West Java. The results of hypothesis testing after discussion concluded that social capital has a significant effect on

business performance, social capital has a significant effect on entrepreneurial competence, entrepreneurial competence has a significant effect on business performance and social capital has a significant effect on business performance through entrepreneurial competence. This study also supports the results of previous studies. This research also means that entrepreneurial SMEs in Bekasi City, West Java, can increase their goals by gaining competitive advantages and achieving sustainable growth for their businesses through the influence of social capital, entrepreneurial competence on their business performance. So that the potential of all UKM players in Bekasi City in adapting to the business environment can increase.

SUGGESTATIONS

Based on the research results, the practical implications that can be suggested from this study are that social capital that exists among members of UKM needs to be improved, because it will be able to be proven in improving business performance both directly and through entrepreneurial competence. Meanwhile, the entrepreneurial competences that SMEs in Bekasi City have so far also need to be improved, because the results of this study indicate that increasing entrepreneurial competence will improve business performance. In addition, management should pay attention to business performance in small and medium enterprises, especially in adapting to the business environment and in dealing with changes in the market environment that can change the way their business works.

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