

**THE EFFECT OF ENTREPRENEURIAL KNOWLEDGE AND  
ENTREPRENEURIAL SKILLS ON PERFORMANCE WITH MANAGEMENT  
SKILLS AS MEDIATING VARIABLE IN CULINARY SMES IN KLATEN,  
CENTRAL JAVA**

Karina Dwi Pusparini, Mahendra Judika  
IKIP Budi Utomo

Correspondence		
Email:	No. Telp:	
Submitted: 19 December 2023	Accepted: 24 December 2023	Published: 25 December 2023

**Abstract**

*The purpose of conducting this research is to further analyze (1) the influence of entrepreneurial knowledge on performance, (2) the influence of management skills on performance, (3) the influence of entrepreneurial knowledge on management skills, (4) the influence of entrepreneurial skills on management skills, and (5) the influence of entrepreneurial knowledge and entrepreneurial skills on performance through management skills as a mediating variable. This study is a survey research using an explanatory research type. The required data consist of primary data obtained using a Likert scale questionnaire given to respondents using SPSS 20 software. The results of the research indicate that there is a significant influence of entrepreneurial knowledge on SMEs performance, there is a significant influence of entrepreneurial skills on SMEs performance, and there is a significant influence of entrepreneurial knowledge and entrepreneurial skills on SMEs performance through management skills as a mediating variable.*

**Key Words:** *Entrepreneurial Knowledge, Entrepreneurial skills, Performance, Management Skill*

## 1. INTRODUCTION

SMEs in Indonesia play a very important role in the country's economy. They form the backbone of the economy, contributing significantly to economic growth, job creation, and equitable income distribution. In this essay, we will discuss various aspects related to SMEs in Indonesia, including their challenges, opportunities, role in economic development, and efforts to improve their competitiveness and sustainability.

Despite their important role, SMEs in Indonesia also face various challenges. One of them is limited access to capital and financing. Many SMEs face difficulties in gaining access to financing from formal financial institutions due to various reasons, such as lack of collateral and poor credit history. In addition, the lack of managerial and technical skills is also an obstacle for SMEs in improving their productivity and competitiveness. (Wijaya: 2018).

However, despite the challenges, SMEs in Indonesia also have many opportunities to grow. One of them is the huge market potential in the country. With a large population and growing consumption levels, SMEs have a wide market for their products and services. In addition, the development of information and digital technology also opens up new opportunities for SMEs to market their products more effectively and reach a wider market.

SMEs were chosen as the object of research because according to the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in a press release HM.4.6/103/SET.M.EKON.3/05/2021 conducted on May 05, 2021, SMEs are an important

pillar in the Indonesian economy. As well as one of the economic sectors with the largest tax payment potential ('Azim: 2023).

The success of a business does not only emphasize the amount of production or product sales, but also the quality of the company's human resources (HR). Things that are directly related to the quality of SMEs are mainly influenced by human resource factors (HR) although it does not rule out the possibility of other factors, the intended HR refers to SMEs actors (Fahmi, et al: 2020).

There are many things that need to be considered in relation to the quality of SMEs human resources, one of which is *entrepreneurial knowledge*. Knowledge of entrepreneurship plays a crucial role in developing an entrepreneurial spirit and the ability to recognize business opportunities. In addition, entrepreneurial skills are also an important foundation as a standard in carrying out tasks, so that performance can be carried out effectively, and can apply the knowledge possessed to the business context. Entrepreneurs recognize that their business development will be hindered if there is no guide or guideline that can lead them to greater success ('Azim: 2023).

According to Eka Handriani (2011), *entrepreneurial skills* are related to the ability to improve something. This means that an entrepreneur must still rely on his ability to apply management principles so that his business can succeed effectively. Entrepreneurial capability encompasses a wide array of skills and characteristics that enable a person to create, manage and grow a business successfully. These include the ability to identify opportunities, take measured risks, innovate, lead, communicate well, build relationships, manage resources and solve problems. These abilities are often developed through experience, education and self-learning.

SMEs *performance* is defined as the results realized by both individuals and groups in order to achieve their business goals (Wicaksono and Hidayatulloh: 2022). Furthermore, Deviana (2020) defines SMEs performance as the achievement of work results from the tasks that employees have carried out according to the responsibilities and tasks they have received and this performance must meet the results in quantity and quality so that the results achieved can be of great benefit to their business.

Management *Skill* is the ability to use opportunities effectively and expertise in leading significant efforts. A manager needs to have at least three basic skills, including conceptual skills, which include the manager's ability in conceptual thinking, ideas, and ideas that are very useful for planning and problem solving (Widjaya, et al: 2014).

Research on the effect of *entrepreneurial knowledge* on *SMEs Performance* has been conducted by Rahmawati, et al (2023) with the title *Entrepreneurial Knowledge and Entrepreneurial Orientation on Enterprises Performance: a Study of SMEs in East Java, Indonesia*. The results showed that *entrepreneurial knowledge* has a positive and significant effect on company performance.

Research on the effect of *entrepreneurial skills* on *SMEs Performance* has been conducted by Darsono, et al (2019) with the title *Entrepreneurial Skills in Tourism Small and Medium Enterprises (Case Study on Small and Medium Enterprises in Aceh)*. The results showed that entrepreneurial skills have a positive and significant influence on the performance of MSMEs.

The novelty that the author brings in this study is to further analyze the effect of *entrepreneurial knowledge* and *entrepreneurial skills* on *performance* through *management skills* as a mediating variable. The author uses mediating variables in the form of *management skills* as a novelty in this study.

Based on the various descriptions of the theories described above, researchers want to conduct further research on the effect of *entrepreneurial knowledge*, *entrepreneurial skills* on

*performance* through *management skills* as a mediating variable in culinary MSMEs in Klaten, Central Java with the aim of knowing: (1) the effect between *entrepreneurial knowledge* on *performance*, (2) the effect of *management skills* on *performance* (3) the effect of *entrepreneurial knowledge* on *management skills*, (4) the effect between *entrepreneurial skills* on *management skills* (5) the effect of *entrepreneurial knowledge* and *entrepreneurial skills* on *performance* through *management skills* as a mediating variable.

## 2. METHODOLOGY

### Type of Research

This research is a survey research using the type of *explanatory* research. Explanatory research is used to test hypothesized variables. The hypothesis itself describes the relationship between variables, finding out whether a variable affects another variable, or whether a variable is caused and influenced by another variable.

### Data

The data needed is primary data obtained using a questionnaire. Secondary data is obtained through a *literature review* of previous studies that are relevant in the form of research journals, books and other sources.

### Population and Sample

The population in this study were MSMEs engaged in the culinary sector in Klaten Regency, Central Java. The sample used was 100 MSMEs. Data was collected through a questionnaire using a Likert scale on each question item.

Table 1. Likert Scale in the Questionnaire

Answer Options	Symbol	Score
Strongly agree	SS	5
Agree	S	4
Neutral	N	3
Disagree	TS	2
Strongly disagree	STS	1

### Variables

The *independent variables* in this study are *entrepreneurial knowledge* (X1) and *knowledge skills* (X2), the *dependent variable* is *performance* (Y), and the *mediating variable* is *management skills* (Z). The *entrepreneurial knowledge* variable consists of 3 indicators (Diana: 2023), namely:

- Benefits of entrepreneurial knowledge
- The role of entrepreneurial knowledge in simplifying the problem
- The role of entrepreneurial knowledge in improving the dignity of life

The *entrepreneurial skill* variable consists of 5 indicators (Dharmawati in Dinata: 2022), namely:

- Conceptual Skills
- Effort technique skills performed
- Skills in communication and interaction
- Leadership and management skills
- Creative skills in adding value

*SMEs performance* variable consists of 5 indicators (Joshua and Tjakrawala: 2022) in the form of:

- Growth in sales of goods/services over the last 3 years
- Net profit growth over the last 3 years.
- There are customers who repurchase the goods/services provided
- Customers are usually satisfied with the goods/services sold.
- The company rarely receives complaints from customers.

The *Management Skill* variable consists of 4 indicators (Peng & Roper, 2019) in the form of:

- Entrepreneurial skills*
- Leadership skills*
- Organizational skills*
- Technical skill*

### Data Processing

Data processing was carried out using the help of SPSS 20 statistical data processing software. By tabulating, scoring, then doing regression tests on each variable. The following is a picture of the research conceptual framework in this study.

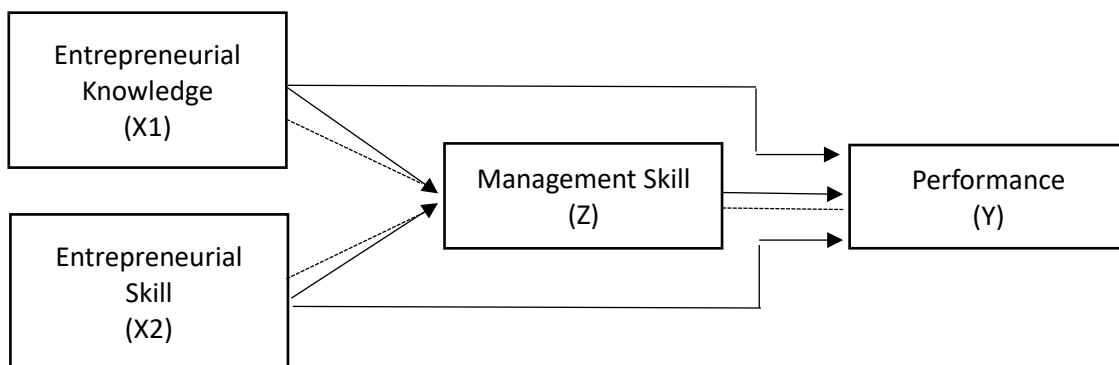


Figure 1. Conceptual Framework

Description:

- > = direct relationship  
 .....> = indirect relationship

### Hypothesis

The hypothesis proposed in this study is as follows:

- H1 = there is a significant influence between *entrepreneurial knowledge (X1)* on *SMEs performance (Y)*
- H2 = there is a significant influence between *entrepreneurial skills (X2)* on *SMEs performance (Y)*
- H3 = there is an influence between *entrepreneurial knowledge (X1)* on *management skills (Z)*
- H4 = there is an influence between *entrepreneurial skills (X2)* on *management skills (Z)*
- H5 = there is a significant influence between *entrepreneurial knowledge (X1)* and *entrepreneurial skills (X2)* on *SMEs performance (Y)* through *management skills (Z)* as a mediating variable.

4. RESULTS AND DISCUSSION

a. Results

Validity and reliability test entrepreneurial knowledge

The data validity test was carried out using SPSS software with the results presented as in the following figure.

		Correlations						
		X1.1	X1.2	X1.3	X1.4	X1.5	X1.6	Total
X1.1	Pearson Correlation	1	.847**	.480**	.480**	.480**	.480**	.710**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100
X1.2	Pearson Correlation	.847**	1	.515**	.515**	.515**	.515**	.744**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100
X1.3	Pearson Correlation	.480**	.515**	1	1.000**	1.000**	1.000**	.951**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	100	100	100	100	100	100	100
X1.4	Pearson Correlation	.480**	.515**	1.000**	1	1.000**	1.000**	.951**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	100	100	100	100	100	100	100
X1.5	Pearson Correlation	.480**	.515**	1.000**	1.000**	1	1.000**	.951**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	100	100	100	100	100	100	100
X1.6	Pearson Correlation	.480**	.515**	1.000**	1.000**	1.000**	1	.951**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	100	100	100	100	100	100	100
Total	Pearson Correlation	.710**	.744**	.951**	.951**	.951**	.951**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	100	100	100	100	100	100	100

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

Figure 2. X1 Validity Test Results

From the results of the validity test of the research data above, it can be obtained information that the significance value obtained for each question item is  $0.000 < 0.005$  so that all entrepreneurial knowledge items in the questionnaire are valid. entrepreneurial knowledge data can be continued in reliability testing. The following are the results of the entrepreneurial knowledge data reliability test.

Reliability Statistics	
Cronbach's Alpha	N of Items
.939	6

Figure 3. X1 Reliability Test Results

Based on the results of the reliability test above, it is known that the cornbachs alpha value obtained is  $0.939 > 0.6$  so it is concluded that all questionnaire items in variable entrepreneurial knowledge are reliable.

**Validity and Reliability Test of entrepreneurial skill**

The entrepreneurial skill variable validity test was carried out using the help of SPSS software with the results presented as in the following figure.

**Correlations**

		X2.1	X2.2	X2.3	X2.4	X2.5	Total
X2.1	Pearson Correlation	1	.718**	.348**	.474**	.308**	.700**
	Sig. (2-tailed)		.000	.000	.000	.002	.000
	N	100	100	100	100	100	100
X2.2	Pearson Correlation	.718**	1	.268**	.517**	.235*	.689**
	Sig. (2-tailed)	.000		.007	.000	.019	.000
	N	100	100	100	100	100	100
X2.3	Pearson Correlation	.348**	.268**	1	.688**	.893**	.836**
	Sig. (2-tailed)	.000	.007		.000	.000	.000
	N	100	100	100	100	100	100
X2.4	Pearson Correlation	.474**	.517**	.688**	1	.636**	.858**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	100	100	100	100	100	100
X2.5	Pearson Correlation	.308**	.235*	.893**	.636**	1	.807**
	Sig. (2-tailed)	.002	.019	.000	.000		.000
	N	100	100	100	100	100	100
Total	Pearson Correlation	.700**	.689**	.836**	.858**	.807**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	100	100	100	100	100	100

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

\* . Correlation is significant at the 0.05 level (2-tailed).

From the results of the validity test of the research data above, it can be obtained information that the significance value obtained by each question item is  $0.000 < 0.005$  so that all entrepreneurial skill items in the questionnaire are valid. entrepreneurial skill data can be continued in reliability testing. The following are the results of the entrepreneurial skill data reliability test

Cronbach's Alpha	N of Items
.836	5

Based on the results of the reliability test above, it is known that the cornbachs alpha value obtained is  $0.836 > 0.6$ , so it is concluded that all questionnaire items in variable entrepreneurial skill are reliable.

**Validity and Reliability Test Management skill**

The validity test of variable Management skill was carried out using SPSS software with the results presented as in the following figure.

		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total
Y1	Pearson Correlation	1	.847**	.462**	.357**	.456**	.462**	.079	.154	.000	.082	.631**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.433	.125	1.000	.415	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y2	Pearson Correlation	.847**	1	.507**	.401**	.474**	.507**	-.012	.095	-.093	-.021	.611**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.904	.345	.359	.839	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y3	Pearson Correlation	.462**	.507**	1	.865**	.913**	1.000**	-.057	.008	.168	.020	.805**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.570	.936	.094	.843	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y4	Pearson Correlation	.357**	.401**	.865**	1	.832**	.865**	-.075	-.069	.067	-.037	.698**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.461	.492	.510	.714	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y5	Pearson Correlation	.456**	.474**	.913**	.832**	1	.913**	.086	.038	.173	.071	.816**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.397	.710	.086	.482	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y6	Pearson Correlation	.462**	.507**	1.000**	.865**	.913**	1	-.057	.008	.168	.020	.805**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.570	.936	.094	.843	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y7	Pearson Correlation	.079	-.012	-.057	-.075	.086	-.057	1	.746**	.568**	.758**	.463**
	Sig. (2-tailed)	.433	.904	.570	.461	.397	.570		.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y8	Pearson Correlation	.154	.095	.008	-.069	.038	.008	.746**	1	.382**	.454**	.435**
	Sig. (2-tailed)	.125	.345	.936	.492	.710	.936	.000		.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y9	Pearson Correlation	.000	-.093	.168	.067	.173	.168	.568**	.382**	1	.742**	.481**
	Sig. (2-tailed)	1.000	.359	.094	.510	.086	.094	.000	.000		.000	.000
	N	100	100	100	100	100	100	100	100	100	100	100
Y10	Pearson Correlation	.082	-.021	.020	-.037	.071	.020	.758**	.454**	.742**	1	.466**
	Sig. (2-tailed)	.415	.839	.843	.714	.482	.843	.000	.000	.000		.000

From the results of the validity test of the research data above, information can be obtained that the significance value obtained for each question item is  $0.000 < 0.005$  so that all Management skill items in the questionnaire are valid. Management skill data can be continued in reliability testing. The following are the results of Management skill data reliability test

Reliability Statistics	
Cronbach's Alpha	N of Items
.827	10

Based on the reliability test results above, it is known that the cornbachs alpha value obtained is  $0.827 > 0.6$ , so it is concluded that all questionnaire items in variable Entrepreneurial skill are reliable.

### Validity and Reliability Test Performance

The validity test of variable Performance was carried out using the help of SPSS software with the results presented as in the following figure.



Correlations							
		Y1	Y2	Y3	Y4	Y5	Total
Y1	Pearson Correlation	1	-.108	-.096	.022	-.060	.333**
	Sig. (2-tailed)		.283	.342	.828	.556	.001
	N	100	100	100	100	100	100
Y2	Pearson Correlation	-.108	1	-.004	-.277**	-.162	.202*
	Sig. (2-tailed)	.283		.971	.005	.106	.044
	N	100	100	100	100	100	100
Y3	Pearson Correlation	-.096	-.004	1	.072	-.092	.556**
	Sig. (2-tailed)	.342	.971		.475	.361	.000
	N	100	100	100	100	100	100
Y4	Pearson Correlation	.022	-.277**	.072	1	.050	.415**
	Sig. (2-tailed)	.828	.005	.475		.619	.000
	N	100	100	100	100	100	100
Y5	Pearson Correlation	-.060	-.162	-.092	.050	1	.399**
	Sig. (2-tailed)	.556	.106	.361	.619		.000
	N	100	100	100	100	100	100
Total	Pearson Correlation	.333**	.202*	.556**	.415**	.399**	1
	Sig. (2-tailed)	.001	.044	.000	.000	.000	
	N	100	100	100	100	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
 \* . Correlation is significant at the 0.05 level (2-tailed).

From the results of the validity test of the research data above, information can be obtained that the significance value obtained for each item is <0.005 so that all *Management Skill* items in the questionnaire are valid. Performance data can be continued in reliability testing. The following are the results of the Performance data reliability test.

**Reliability Statistics**

Cronbach's Alpha <sup>a</sup>	N of Items
.690	5

Based on the reliability test results above, it is known that the cornbachs alpha value obtained is 0.690 > 0.6 so it is concluded that all questionnaire items on variable Y are reliable.

**Direct Regression Test**

Direct regression tests were conducted to determine the significant influence between *entrepreneurial knowledge* (X1) and *entrepreneurial skills* (X2) on *SMEs performance* (Y) using SPSS with the following results.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.953	1.098		15.434	.000
	Enterpreneurial Knowledge	.047	.018	.025	1.061	.035
	Enterpreneurial Skill	.015	.013	.030	1.222	.025

a. Dependent Variable: Performance

Based on the results of the data processing above, it can be seen that the significance value of the entrepreneurial knowledge variable (X1) is  $0.035 < 0.05$  and the Sig value of the entrepreneurial skill variable (X2) is  $0.025 < 0.05$  so it is concluded that the X1 and X2 variables have a significant influence on the performance variable (Y).

Furthermore, a direct regression test was conducted to determine the significant influence between *entrepreneurial knowledge* (X1) and *entrepreneurial skills* (X2) and *SMEs performance* (Y) on management skills (Z). Therefore, a regression test was conducted with the following results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.034	2.892		6.582	.000
	Enterpreneurial Knowledge	1.085	.015	.919	7.107	.000
	Enterpreneurial Skill	.071	.018	.051	.395	.039
	Performance	.012	.014	.046	.496	.038

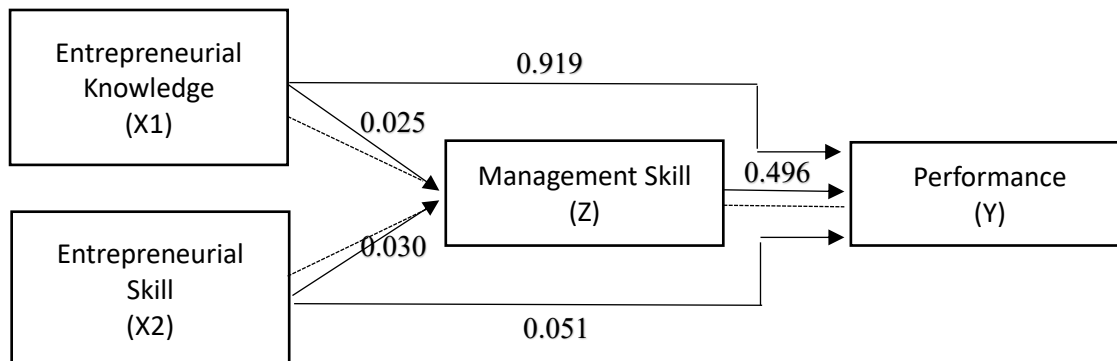
a. Dependent Variable: Management Skill

Based on the results of the data processing above, it can be seen that the significance value of the entrepreneurial knowledge variable (X1) is  $0.000 < 0.05$  and the Sig value of the entrepreneurial skill variable (X2) is  $0.039 < 0.05$ , and the Sig value of the performance variable (Y) is  $0.038 < 0.05$  so it is concluded that the X1 and X2 variables and Y have a significant influence on management skills (Z).

Based on the direct regression test results above, it can be concluded that:

1. Effect of entrepreneurial knowledge on performance  
Obtained a significance value of  $0.035 < 0.05$ . so it can be concluded that there is a direct influence between variable entrepreneurial knowledge on performance
2. Effect of entrepreneurial skill on performance  
Obtained a significance value of  $0.025 < 0.05$ . so it can be concluded that there is a direct influence between variable entrepreneurial skill on performance
3. Effect of entrepreneurial knowledge on management skill  
Obtained a significance value of  $0.000 < 0.05$ . so it can be concluded that there is a direct influence between variable entrepreneurial knowledge on management skill
4. Effect of entrepreneurial skill on management skill  
Obtained a significance value of  $0.039 < 0.05$ . so it can be concluded that there is a direct influence between variable entrepreneurial skill on management skill.
5. Effect of performance on management skill  
Obtained a significance value of  $0.038 < 0.05$ . so it can be concluded that there is a direct influence between variable performance on management skill.

The following is the result of calculating the beta value of the direct regression test presented in the form of a picture.



### Indirect Regression Test

#### Effect of entrepreneurial knowledge with management skill on performance

The direct effect exerted by entrepreneurial knowledge on performance is 0.919, then the indirect effect of entrepreneurial knowledge with management skill on performance is:

$$\begin{aligned} & \Rightarrow \text{Beta (X1Z)} \times \text{Beta (ZY)} \\ & \Rightarrow 0.025 \times 0.496 \\ & \Rightarrow 0.0124 \end{aligned}$$

Then the influence exerted by X1 on Y is:

$$\begin{aligned} & \Rightarrow \text{Indirect effect} + \text{direct effect} \\ & \Rightarrow 0.0124 + 0.919 \\ & \Rightarrow 0.9314 \end{aligned}$$

The calculation results show that the direct effect is smaller than the indirect effect, so it can be said that the variable X1 through Z has a significant effect on Y.

#### Effect of X2 through Z on Y

The direct effect exerted by X2 on Y is 0.051, the indirect effect of X2 through z on y is:

$$\begin{aligned} & \Rightarrow \text{Beta (X2Z)} \times \text{Beta (ZY)} \\ & \Rightarrow 0.030 \times 0.496 \\ & \Rightarrow 0.01488 \end{aligned}$$

Then the effect exerted by X2 on Y is:

$$\begin{aligned} & \Rightarrow \text{Indirect effect} + \text{direct effect} \\ & \Rightarrow 0.01488 + 0.051 \\ & \Rightarrow 0.06588 \end{aligned}$$

The calculation results show that the direct effect is smaller than the indirect effect, so it can be said that the variable X2 through Z has a significant effect on Y.

### Affirmation of Hypothesis Test Results:

1. The first hypothesis proposed is that there is a significant influence between *entrepreneurial knowledge* (X1) on *SMEs performance* (Y). The calculation results show that the significance value is  $0.035 < 0.05$ . So it can be concluded that there is a direct influence between variable X1 on Y. Thus the first hypothesis is accepted.

2. The second hypothesis proposed is that there is a significant influence between *entrepreneurial skills* (X2) on *SMEs performance* (Y). The calculation results show that the significance value obtained is  $0.025 < 0.05$ . so it can be concluded that there is a direct influence between variable X2 on Y. Thus the second hypothesis is accepted.
3. The third hypothesis proposed is that there is an influence between *entrepreneurial knowledge* (X1) on *management skills* (Z). The calculation results show that the significance value obtained is  $0.000 < 0.05$ . so it can be concluded that there is a direct influence between variable X1 on Z. Thus the third hypothesis is accepted. Thus the third hypothesis is accepted.
4. The fourth hypothesis is that there is an influence between *entrepreneurial skills* (X2) on *management skills* (Z). The calculation results show that the significance value obtained is  $0.039 < 0.05$ . So it can be concluded that there is a direct influence between the X2 variable on Z. Thus the fourth hypothesis is accepted.
5. The fifth hypothesis proposed is that there is a significant influence between *entrepreneurial knowledge* (X1) and *entrepreneurial skills* (X2) on *SMEs performance* (Y) through *management skills* (Z) as a mediating variable. The calculation results show that the direct effect is smaller than the indirect effect, so it can be said that the variables X1 and X2 through Y have a significant effect on Z. Thus the fifth hypothesis is accepted. Thus the fifth hypothesis is accepted.

## b. Discussion

### **The Effect of *Entrepreneurial Knowledge* on *SMEs Performance*.**

*Entrepreneurial knowledge* or known as *entrepreneurial knowledge* in this study shows positive results where the hypothesis proposed is accepted, meaning that there is a significant relationship between *entrepreneurial knowledge* and *SMEs performance*. The results of this study are in line with research conducted by Iskandar (2020) where the results showed that respondents positively responded to the *entrepreneurial skills* variable on *entrepreneurial success*.

The influence of *entrepreneurial knowledge* on the performance of *SMEs* can be an important factor in determining the success of these businesses. The better the *entrepreneurial knowledge* possessed by *SMEs* owners, the greater the likelihood of managing the business efficiently and effectively. *Entrepreneurial knowledge* includes an understanding of marketing strategies, financial management, business operations, as well as the ability to identify market opportunities and overcome challenges faced. With strong knowledge in these areas, *SMEs* owners can make better decisions, increase productivity, better manage risks, and ultimately improve their overall business performance.

### **The Effect of *Entrepreneurial Skill* on *SMES Performance*.**

*Entrepreneurial skills* in this study show a significant influence on *SMEs performance*. thus the proposed hypothesis can be accepted. The results of this study are supported by previous research conducted by Dinata (2020) where the results of his research show that the *entrepreneurial skills* variable affects business success in *SMEs*.

The effect of *entrepreneurial ability* on the performance of *SMEs* is very significant. *Entrepreneurial capabilities* include a set of skills, attitudes, and knowledge that enable *SMEs* owners to manage the business well. The higher the *entrepreneurial capabilities* possessed by *SMEs* owners, the greater the likelihood of achieving good business performance.

*Entrepreneurial skills* include the ability to identify market opportunities, product or service innovation, financial management, marketing strategies, leadership, and the ability to manage risk. By having these capabilities, *SMEs* owners can manage their businesses more

efficiently, increase productivity, overcome challenges faced, and take advantage of new opportunities.

In addition, entrepreneurial capability can also help SMEs to compete in a competitive market and adapt to changes in the business environment. Thus, the higher the entrepreneurial capability, the more likely SMEs are to achieve good performance, including revenue growth, high profitability and long-term business sustainability.

### **The Effect of *Entrepreneurial Knowledge* on *Management Skill***

*Entrepreneurial knowledge* in this study showed a significant influence on *management skills*. Entrepreneurial knowledge such as insight into market dynamics, business strategy, and risk assessment, plays a key role in shaping entrepreneurial ability. Entrepreneurial knowledge allows individuals to have a better understanding of the business environment and the opportunities that exist. This can help in formulating more effective strategies in achieving business goals, which is an integral part of management skill. Entrepreneurial knowledge encourages innovation and adaptation to change. This is important in management, where the ability to adapt quickly to market and technological changes is a key factor in business success.

Entrepreneurial knowledge can have a significant impact on the management skill of both individuals and SMEs as a whole. By integrating entrepreneurial knowledge into management skill, individuals can become more effective SMEs can improve their performance in the face of complex and diverse business challenges. Therefore, it is important for individuals and SMEs to continuously develop and strengthen their entrepreneurial knowledge as an integral part of developing the internal management skill of SMEs.

### **The Effect of *Entrepreneurial Skill* on *Management Skill***

Entrepreneurial skills and management skills are two key components that play an important role in individual and organizational success. Although they have different focuses, these two variables are often intertwined and influence each other. Entrepreneurial skills often lead to new innovations and creativity in SMEs. This can help in the development of new strategies or improvement of products and services, which in turn requires management skill to implement them effectively.

Entrepreneurial skills and management skills are interrelated. Understanding the relationship between the two can help individuals and MSMEs to achieve success in a competitive and dynamic business. Therefore, it is important for companies to develop and strengthen these two aspects in an effort to improve their performance and competitiveness.

### **The Effect of *Entrepreneurial Knowledge* and *Entrepreneurial Skill* on *SMEs Performance* with *Management Skill* as a Mediating Variable.**

The results of data processing and data analysis in this study indicate that there is a significant influence between *Entrepreneurial Knowledge* and *Entrepreneurial Skill* on *SMEs Performance* through *Management Skill* as a mediating variable, meaning that the *Entrepreneurial Knowledge* and *Entrepreneurial Skill* variables have a significant indirect effect on the *SMEs Performance* variable.

## **5. CONCLUSIONS**

Based on the results of the study, it is concluded that:

- a. there is a significant influence between *entrepreneurial knowledge* on *SMEs performance*.
- b. there is a significant influence between *entrepreneurial skills* on *SMEs performance*.

- c. there is a significant influence between *entrepreneurial knowledge* on *management skills*
- d. there is a significant influence between *entrepreneurial skills* on *management skills*
- e. There is a significant influence between *entrepreneurial knowledge* and *entrepreneurial skills* on *SMEs performance* through *management skills* as a mediating variable.

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