

### ENTREPRENEURIAL BEHAVIOR OF MSME ACTORS IN THE CASSAVA PROCESSING SECTOR: A CASE STUDY OF PADANG CITY

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#### ABSTRACT

This study aims to analyze the entrepreneurial behaviors of MSME actors in the cassava processing sector in Padang City and their influence on business performance. Cassava processing businesses are still operated on a micro and small scale, with low levels of education among the business owners. The motivation for running the business is primarily to meet daily needs, and operations have yet to be carried out optimally. A descriptive quantitative approach was employed, with data collected through interviews and a 5-point Likert scale questionnaire distributed to cassava processing entrepreneurs. The sample was determined using a non-probability sampling technique, namely the census sampling method. A total of 53 cassava processing entrepreneurs, representing all operational cassava processing businesses in Padang City, participated as respondents. The results indicate that individual factors such as education, experience, and motivation are categorized as high and positively contribute to entrepreneurial behavior. Environmental factors such as input availability, training, capital assistance, promotion, and the cohesiveness among entrepreneurs also support business performance, although challenges remain in extension services, marketing, and business regulations. Overall, the business performance of cassava processing MSMEs in Padang City is classified as high, as reflected in market expansion, increased income, and competitive advantage. The synergy between strong individual characteristics and optimal environmental support is key to enhancing the competitiveness and sustainability of cassava processing businesses in Padang City. These findings suggest that the government should actively provide more targeted support such as entrepreneurship training programs, enhanced access to capital and business credit, integrated marketing policies, and streamlined business regulations, to improve the competitiveness and sustainability of cassava processing MSMEs.

**Keywords:** Business performance; Cassava, Entrepreneurial; Entrepreneurial behavior; MSMEs

#### INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia play a highly strategic role in the national economy (Suyadi et al., 2018). According to data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (Kementerian UKM), the MSME sector contributes 60.34% to Indonesia's Gross Domestic Product (GDP) and absorbs more than 97% of the country's workforce. MSMEs not only contribute to job creation but also play a crucial role in enhancing community welfare through local economic empowerment. (Lubis & Salsabila, 2024) stated that MSMEs are essential for job creation, local economic growth, and overall economic expansion. One of the MSME subsectors with

significant development potential is the processing industry based on local commodities, such as cassava.

Cassava is one of the types of tubers that grows abundantly in Indonesia. It is a shrub plant that can thrive year-round and is the second largest agricultural product after rice (Wisudawaty et al., 2024). Cassava can be processed into various products such as crackers, chips, fermented cassava (tape/peyeum), and cassava flour or tapioca. These processed products not only increase the selling value and hold high economic potential but also possess competitiveness in both local and national markets. So, cassava is a strategic commodity that serves as a source of income for farmers and plays a role in improving their welfare (Anggraini et al., 2017).

Cassava is one of the food crops with excellent development prospects in West Sumatra Province due to its considerable market opportunities. If these opportunities are well-utilized, they can significantly contribute to income generation and the improvement of the regional economy. One of the cassava-producing areas in West Sumatra is Padang City. Cassava-based processed products have become flagship commodities and a distinctive feature of Padang City. The existence of cassava processing enterprises not only assists farmers in marketing their agricultural products and increasing their incomes but also creates employment opportunities, thereby reducing the unemployment rate in the surrounding areas.

However, the development of cassava-processing MSMEs in Padang City still faces several challenges. Preliminary surveys indicate that these challenges include limited access to capital, fluctuations in raw material availability, and low adoption of technology in production processes. Additionally, internal factors such as managerial capacity, skills, and entrepreneurial attitudes of business actors significantly influence the competitiveness and sustainability of these enterprises. In this context, the entrepreneurial behaviors of MSME actors become a critical variable that determines the overall success of business management.

Entrepreneurial behavior encompass several aspects, including motivation, education level, experience, innovation, and risk-taking ability. Entrepreneurs who are innovative and responsive to market opportunities tend to be more adaptive in managing business dynamics. Besides individual factors, external environmental elements such as government support, access to training, and marketing networks also play vital roles in shaping effective entrepreneurial behavior. Entrepreneurial behaviors are considered the most crucial factor in determining the success of micro, small, and medium enterprises (Islam et al., 2011). Given the importance of entrepreneurial behavior in supporting the performance of cassava-processing MSMEs, an in-depth study is needed to examine the profiles of business actors in this sector and the factors influencing their business success. By understanding the entrepreneurial behaviors and behaviors of MSME actors, efforts for coaching and empowerment by various stakeholders can be more targeted and effective. Therefore, this study focuses on analyzing the entrepreneurial behaviors of MSME actors in the cassava-processing sector in Padang City and their influence on business performance.

The findings of this study are expected to serve as a basis for recommending that the government formulate policies to strengthen entrepreneurial behavior through needs-based training programs, enhanced access to capital, collective marketing strategies, and regulatory simplification, thereby enabling cassava-based MSMEs to become more competitive and sustainable.

## RESEARCH METHODS

The object of this research is the cassava-processing MSME entrepreneurs located in Padang City. This study was conducted in Padang City, considering that this area is one of the

main centers of the cassava-processing industry in West Sumatra. Cassava-based products such as balado cassava chips, cassava crackers, and various other processed products have become regional icons with significant market demand, both at the local and national levels.

Data collection was carried out through interviews and the distribution of questionnaires directly to the business actors using a five-point Likert scale. This technique was chosen to enable the researcher to obtain accurate, in-depth, and relevant primary data that reflect the actual conditions in the field. The data collection process was conducted face-to-face with the entrepreneurs at their respective business locations, with the aim of making respondents feel more comfortable and encouraging them to provide objective responses.

The data analysis technique used in this study is descriptive quantitative analysis, which is employed to describe or illustrate the characteristics of the data obtained from the research in numerical (quantitative) form. This analysis does not aim to test hypotheses but rather to provide a general overview of the data, such as frequency distributions, percentages, and mean values (Sugiyono, 2019).

The sample was determined using a non-probability sampling technique, namely the census sampling method. A total of 53 cassava processing entrepreneurs, representing all operational cassava processing businesses in Padang City, participated as respondents. The data was collected from Department of Cooperatives and MSMEs of Padang City. The criteria for respondents are MSME actors that engaged in cassava-based product processing, operating in Padang City, the owners and managers of the business, and have one year minimum of business experience.

The variables of this study consist of individual factors, environmental factors, entrepreneurial behavior, and business performance. The indicators for individual factors are education, experience, and motivation. The indicators for environmental factors include the availability of input materials, training assistance, extension services, capital assistance, promotion assistance, marketing assistance, business regulatory support, and solidarity among entrepreneurs. The indicators for entrepreneurial behavior are responsiveness to opportunities, innovativeness, willingness to take risks, and perseverance. The indicators for business performance are market area expansion, income growth, and competitive advantage.

## RESULTS AND CONCLUSION

### Individual Factors

Individual factors refer to the competencies or technical abilities possessed by an individual (Indarto & Santoso, 2020). The indicators of individual characteristics in this study include education, experience, motivation, and entrepreneurial intention.

The research findings present a score distribution categorized into high, medium, and low levels. The low category refers to respondents who strongly disagree that education, experience, and motivation reflect their personal traits and qualities, with a score range below 1.67. The medium category includes respondents who are less confident that these factors represent their personal characteristics, with a score range between 1.68 and 3.33. The high category encompasses respondents who strongly believe that education, experience, and motivation reflect their personal traits and qualities, with a score range above 3.33.

The variables of education, experience, and motivation are classified under the high category. None of these variables fall into the medium or low categories. Respondents' answers are distributed within an average range of 3.49 to 4.28 (Table 1). The highest average score is observed in the experience variable (4.28), while the lowest average score is found in the education variable (3.49). Overall, respondents demonstrate strong education, experience, and motivation, with all three variables classified in the high category. Experience emerges as the

most prominent strength, while education, though still high, shows relatively lower scores compared to the other variables

**Table 1.** Assessment of Cassava Processing Entrepreneurs on Individual Factors

Individual factors	Percentage of Business Actors (%)			
	Mean	Low	Medium	High
Education	3.49	13.59	27.92	58.49
Experiences	4.28	3.30	7.07	89.63
Motivation	4.17	7.01	15.09	77.90

Note: Low: ≤ 1.67; Medium: 1.68 – 3.33; High: > 3.33

**Education**

Education plays an important role in entrepreneurship, as individuals with higher educational backgrounds generally possess better attitudes and skills (Pambudy, 2010). The majority of respondents categorized education as a high factor, with 58.49% indicating strong agreement. Most cassava-processing entrepreneurs have a high school education level, accounting for 55% of respondents. The remaining respondents’ education levels are as follows: elementary school graduates (8%), junior high school graduates (17%), diploma level (D1) graduates (9%), and bachelor's degree holders (11%).

It can be concluded that the educational backgrounds of cassava-processing entrepreneurs are quite diverse, ranging from low, medium, to high levels. This indicates that managing a cassava-processing business is relatively straightforward and offers promising prospects for entrepreneurs, as evidenced by their ability to analyze problems accurately, read business-related literature, develop creative thinking patterns, and actively express opinions or ideas during meetings and training sessions. The education level of entrepreneurs influences their decision-making regarding the implementation of new ideas and technologies in their business operations.

These findings are consistent with previous studies that state education is crucial for business success and sustainability. However, a different perspective is presented by Riyanti, (2003), who argues that formal education is not a determining factor in business success, as there is often a disconnect between formal educational knowledge and the practical knowledge required for business management. Nevertheless, the formal education level of entrepreneurs provides an opportunity to enhance cassava-processing business activities through improved learning capacity and openness to innovation. A good education can equip individuals with the knowledge, skills, and attitudes necessary to start and develop a business. Furthermore, education can also enhance motivation and self-confidence in entrepreneurial activities.

**Experiences**

Experience is a crucial factor in running a business. It serves as a reference for decision-making in every entrepreneurial action. The length of time an entrepreneur runs an MSME also contributes to the development of their business experience (Ananda & Fitri, 2023). The majority of respondents categorized experience as a high factor, with 89.63% indicating strong agreement. This demonstrates that cassava-processing entrepreneurs generally possess sufficient experience, thereby increasing their chances of successfully developing their businesses.

The duration of business operations among the respondents is classified as long-term, enabling entrepreneurs to independently manage production processes. The majority have 11-15 years of experience (34%), followed by those with 5-10 years of experience (23%). Furthermore, 11% of the business actors have more than 30 years of experience. These figures indicate that most entrepreneurs are well-experienced in managing cassava-processing businesses, from production to marketing.

Entrepreneurs acquire business management knowledge through hands-on experience in their work environment. In operating their businesses, they are often assisted by family members or a small workforce of 1-4 people, typically family or neighbors. Approximately 60.37% of respondents stated that business experience is highly important and significantly influences their business activities. Individuals exposed to entrepreneurial experiences (through role models) are more likely to demonstrate higher levels of self-efficacy than those without such exposure (Firmansyah, 2013).

Cassava-processing entrepreneurs assert that experience is one of the key factors in managing this type of business. This is because producing high-quality cassava-based products requires practical experience and cannot be done haphazardly. These findings align with Riyanti (2003), who stated that entrepreneurs with prior experience in a similar business are more capable of identifying new business opportunities than those shifting from unrelated fields.

Through accumulated experience, entrepreneurs enhance their business development opportunities, as experience directly contributes to skill advancement, capability improvement, and business success, depending on the breadth of information acquired. Individuals who have spent more time engaged in a particular job tend to be more skilled and produce better outcomes compared to those who are new (Yusuf, 2010).

Interestingly, when correlated with education levels, higher education does not diminish the respondents' interest in operating cassava-processing businesses. This indicates that educational background does not significantly influence the respondents' career choices in this sector.

### ***Motivation***

Motivation refers to the underlying reasons or desires that drive entrepreneurs to run their businesses. The majority of respondents categorized motivation as a high factor, with 77.90% indicating strong agreement. This indicates that the business actors possess a high level of motivation to become successful entrepreneurs. Noersasongko (2005) defines motivation as a psychological process that explains entrepreneurial elements, where motivation encourages individuals to achieve their desired goals.

To reach these goals, entrepreneurs must exhibit characteristics such as hard work, perseverance, enthusiasm, and a strong sense of commitment. A significant portion of respondents, 56.60%, indicated that their primary reason for pursuing entrepreneurship is the desire to work independently for themselves and their families, free from external pressures. Furthermore, 67.92% of respondents stated that the freedom to innovate is one of their strongest motivations in running their businesses. Additionally, 50.49% expressed that their aspiration to become successful entrepreneurs is driven by the desire for greater flexibility and autonomy in managing their business activities.

Motivation propels entrepreneurs to achieve their predetermined targets, supported by their willingness to take risks and learn from previous experiences in order to enhance their creativity. Enhanced motivation positively influences the performance of entrepreneurs,

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whereas low motivation may result in decreased business performance (Jon et al., 2023). Based on McClelland theory, high motivation is closely related to the need for achievement, which refers to an individual's internal drive to attain superior performance standards. McClelland explains that every individual possesses a strong drive to succeed (Ridha, 2020). Individuals with a strong need for achievement tend to set challenging yet realistic targets, maintain a results-oriented approach, and make continuous efforts to improve their skills and performance. They are not content with average accomplishments but are driven to seek new, more effective, and efficient ways to complete tasks. This relationship is evident, as the higher an individual's motivation, the stronger their desire to achieve higher standards of success.

### Environmental Factors

Environmental factors (external causality) refer to situational elements within the environment that influence entrepreneurial behavior. Indicators of environmental factors in this study include the availability of inputs, extension services, training, access to capital, business regulations, and the cohesiveness among cassava-processing business actors.

Field research findings indicate a distribution of scores categorized into high, medium, and low levels. The low category refers to respondents who are not confident that these eight variables represent environmental factors influencing their behavior, with score ranges below 1.67. The medium category reflects respondents who are less certain about the influence of these variables, with score ranges between 1.68 and 3.33. The high category includes respondents who strongly believe that these variables are influential environmental factors, with score ranges above 3.33.

Variables such as availability of inputs, training, capital assistance, promotion, and cohesiveness among business actors fall into the high category. Meanwhile, extension services, marketing, and business regulations are categorized as medium. None of the variables fall into the low category. Respondents' answers are distributed with an average score range of 3.00 to 3.72 (Table 2). The highest average score is recorded in the variable of input availability (3.72), while the lowest average score is found in the variables of promotion and marketing (3.00).

Overall, most environmental support factors for business actors are perceived to be strong, particularly the availability of inputs, which is rated the highest. However, certain aspects such as promotion, marketing, extension services, and business regulations remain at a moderate level, indicating areas that require further improvement to enhance overall business support.

**Table 2.** Assessment of Cassava Processing Entrepreneurs on Environmental Factors

External Factors	Mean	Percentage of Business Actors (%)		
		Low	Medium	High
Availability of inputs	3.72	14.72	18.49	66.79
Training	3.51	13.20	27.92	58.88
Extension services	3.17	22.67	39.62	37.74
Access to capital assistance	3.47	14.15	31.13	54.70
Promotion	3.43	28.86	32.08	39.06
Marketing	3.00	22.64	42.13	35.23
Business regulation	3.00	30.19	35.85	33.96
Cohesiveness among business actors	3.91	3.77	23.59	72.64

*Note: Low:  $\leq 1.67$ ; Medium:  $1.68 - 3.33$ ; High:  $> 3.33$*

### ***Availability of inputs***

The availability of inputs such as cassava, sugar, salt, chili, and cooking oil has generally been considered relatively easy to obtain, provided sufficient capital is available. This aligns with the research findings presented in Table 1, where the majority of respondents (66.79%) categorized input availability as high. Cassava-processing entrepreneurs have established relationships with regular suppliers who are ready to deliver raw materials as needed, in the required quantities and with good quality. Adequate and high-quality inputs will encourage entrepreneurs to take greater risks, innovate, and further develop their businesses.

The raw materials are sourced from Padang City, Padang Pariaman, and Riau. Payments for raw materials are made in cash upon delivery to the production site. The usage of raw materials must also be carefully managed; cassava, in particular, needs to be processed immediately upon arrival at the production site because if left for more than three days, the quality will deteriorate, making it unsuitable for processing.

However, the quantity and price of raw materials are subject to fluctuations depending on the season. During certain periods, such as Eid celebrations and holiday seasons, entrepreneurs often face difficulties in securing raw materials due to increased competition among business actors. The normal price range for raw materials is between IDR 150,000 and IDR 170,000 per sack, with each sack containing 30 to 35 kilograms of cassava.

Entrepreneurs also maintain relationships with suppliers who provide secondary inputs such as cooking oil and chili. Meanwhile, sugar and salt are usually purchased directly from the nearest markets to the production sites.

### ***Training***

Entrepreneurial training contributes significantly to the enhancement of business development (Maruwae et al., 2023). The percentage of cassava-processing business actors who perceive government support through training as high is 58.88%. Most entrepreneurs have previously benefited from government-provided training, including training on cassava chip production as well as workshops on creating attractive branding and packaging.

The training programs provided by the Padang City Government aim to enhance the knowledge and skills of business actors, particularly in processing food products based on local raw materials. Entrepreneurs are taught proper techniques for processing cassava and the appropriate use of auxiliary ingredients to meet established quality standards. Training provided by the government can enhance skills, knowledge, and entrepreneurial mindsets, while also contributing to increased income and improved community welfare through MSMEs.

In addition, other forms of training include entrepreneurship development programs and financial management training provided by the Financial Services Authority (OJK). These initiatives are intended to equip business actors with essential skills for managing their enterprises effectively and ensuring business sustainability.

### ***Extension services***

Extension services represent a form of non-formal education provided to business actors. The percentage of cassava-processing entrepreneurs who perceive government support through extension services as medium is 39.62%. According to respondents, not all entrepreneurs receive invitations to attend these extension activities. This is due to a rotation system implemented by the Department of Industry to ensure that the opportunity to participate

is evenly distributed among different business actors. The types of extension services provided to entrepreneurs include 1) Tips for Becoming a Successful Entrepreneur; 2) Achievement Motivation Training (AMT); 3) Business Financial Management.

These programs aim to enhance entrepreneurial competencies and business management skills among cassava-processing business actors, although access remains limited due to the scheduling system.

### ***Access to capital assistance***

Capital is an essential resource for entrepreneurs in operating their businesses, as without adequate capital, business operations cannot run smoothly. Cassava entrepreneurs are actors of MSME's. They usually start their businesses with limited capital and have limited human resources (Firdausya & Ompusunggu, 2023). The percentage of cassava-processing entrepreneurs who perceive government support through capital assistance as high is 54.70%. So far, entrepreneurs have received government attention in the form of capital assistance. The assistance is provided through a submission process by each business group, and groups that meet the criteria receive capital in the form of goods or equipment needed for business development.

However, on the other hand, entrepreneurs still face challenges in accessing credit facilities for business expansion. To date, most entrepreneurs rely on loans from neighbors or close relatives. Several obstacles hinder entrepreneurs from obtaining credit, including a lack of adequate knowledge about credit procedures (such as payment systems and interest rates).

Financial institutions (such as banks) are perceived as not effectively supporting these businesses, mainly due to high collateral requirements and interest rates. As a result, many entrepreneurs are reluctant to take out loans for fear of being unable to repay them. Consequently, cassava-processing entrepreneurs largely depend on their own resources and personal networks to sustain and grow their businesses.

### ***Promotion***

Promotion refers to activities carried out to inform, persuade, and influence consumers or customers to purchase the products offered. Promotional efforts help consumers become more familiar with a product. Support in the form of promotional activities has been considered adequate by a portion of cassava-processing entrepreneurs. The majority of respondents (39.06%) categorized promotional support as high.

This support is perceived as sufficient, particularly through government-initiated promotional programs, such as involving entrepreneurs in bazaars both within and outside of Padang City, including events like World Food Day in Padang, Padang Fair, and the Sumbar Expo in Jakarta. Government support is essential in encouraging entrepreneurs to continuously improve the quality and standards of their products.

Entrepreneurs highly expect the government's contribution as a facilitator in expanding business networks (networking), especially through organizing exhibitions and product promotions at official events and other activities. In addition to government assistance, entrepreneurs are also expected to proactively seek information about their own businesses, as access to diverse information is crucial for business development.

Such information can be obtained through media channels like radio, posters, pamphlets, and group learning sessions. This creates opportunities for entrepreneurs, as reflected in the responses of 75.47% of participants, who stated that the availability of information provides significant opportunities for the development of their cassava-processing businesses.

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## ***Marketing***

Marketing support is perceived as insufficient by a significant portion of cassava-processing entrepreneurs. The majority of respondents (42.13%) rated marketing support in the medium category. Entrepreneurs expressed that government support in the field of marketing remains very limited. So far, marketing efforts have been independently carried out by the entrepreneurs themselves, assisted by family members and neighbors. Therefore, government intervention is needed to help expand market reach not only within Padang City but also beyond Sumatra and even internationally.

The current marketing areas for cassava-processing businesses include regions around Padang City, West Sumatra, Riau, Java, and neighboring countries such as Malaysia, Singapore, and Australia.

## ***Business Regulation***

Government support in the form of business regulations related to marketing and pricing is also perceived as inadequate, as evidenced by 35.85% of respondents placing it in the medium category. Government protection for entrepreneurs in the cassava-processing sector is considered suboptimal, especially regarding pricing policies and market information, which are often difficult to obtain. There is a pressing need to enhance entrepreneurs' knowledge regarding product quality standards, product diversification, and value-added processing. Hence, the government is expected to create a more conducive business climate to stimulate economic activities among entrepreneurs.

## ***Cohesiveness Among Entrepreneurs***

The level of cohesiveness among cassava-processing entrepreneurs is remarkably high, with 72.64% of respondents categorizing it as high. Based on interviews, these entrepreneurs hold monthly gatherings where they share knowledge on product processing technologies and discuss the development of their businesses. Entrepreneurs collaborate to solve problems and seek joint solutions. Furthermore, when one entrepreneur cannot meet a customer's order, they often refer the opportunity to fellow cassava-processing entrepreneurs. However, a minority of respondents display competitive tendencies, viewing fellow entrepreneurs as competitors, especially when they produce similar products, leading them to prioritize the sustainability of their own businesses.

## ***Entrepreneurial Behavior***

Entrepreneurial behavior is an attitude that enables individuals to develop their potential, both internally and in responding to business opportunities, particularly in the context of an unpredictable economic environment (Gulo, 2022). In this study, entrepreneurial behavior is a latent variable consisting of several indicators, namely responsiveness to opportunities, innovativeness, risk-taking, and perseverance.

Field research findings indicate a distribution of scores categorized into high, medium, and low levels. The low category refers to respondents who strongly disagree that an entrepreneur should possess these four indicators, with a score range below 1.67. The medium category reflects respondents who are less certain that an entrepreneur must possess these indicators, with scores ranging from 1.68 to 3.33. The high category represents respondents who are fully convinced that an entrepreneur should embody these four aspects, with scores above 3.33.

All four aspects are classified within the high category. None of the indicators fall into the medium or low categories. Respondents' answers are distributed with average scores ranging

from 3.60 to 4.36. The highest mean score is found in the innovativeness aspect (4.36), while the lowest mean score is in perseverance (3.60).

**Table 3.** Assessment of Cassava Processing Entrepreneurs on Entrepreneurial Behavior

Entrepreneurial Behavior	Mean	Percentage of Business Actors (%)		
		Low	Medium	High
Responsiveness to Opportunities	4.25	2.52	18.47	79.01
Inovativeness	4.36	1.89	16.22	81.89
Risk Taking	3.91	7.39	16.82	75.79
Perseverance	3.60	12.08	30.94	56.89

*Note: Low:  $\leq 1.67$ ; Medium:  $1.68 - 3.33$ ; High:  $> 3.33$*

***Responsiveness to oppurtinities***

Entrepreneurs' perceptions regarding responsiveness to opportunities fall into the high category. Field observations indicate that entrepreneurs are fairly responsive to business opportunities, although only a few are able to fully capitalize on these opportunities for business expansion. In the cassava-processing business, entrepreneurs have numerous opportunities to create various types of cassava-based products.

Currently, the government provides several assistance programs for businesses that meet specific criteria. Entrepreneurs must proactively seize these opportunities to advance their businesses. The ability to access government assistance and leverage it for business development is a key indicator of entrepreneurial behavior. If all entrepreneurs are responsive to such opportunities, it will significantly contribute to the development of the cassava-processing MSME sector. This responsiveness should be complemented by creative and innovative actions, as well as a willingness to take business risks.

***Inovativeness***

Research findings indicate that 81.89% of entrepreneurs demonstrate high levels of innovative behavior. Many entrepreneurs add value to their products by introducing new flavors and varieties. However, some entrepreneurs refrain from innovation due to a lack of confidence in taking risks, which is typically observed in newly established small businesses. Theoretically, Suryana (2003) defines entrepreneurship as the ability to be creative and innovative, serving as the foundation, strategy, and resource for identifying opportunities leading to success.

Innovation, therefore, is central to entrepreneurship and is essential for achieving a competitive advantage. Entrepreneurs are expected to continuously create something new and distinct, whether through technological advancements, new product features, or more efficient production methods. According to Krisnamurthi (2011) , an entrepreneur is someone who systematically learns and practices innovation, effectively managing potential risks in the process.

To foster innovation in technology utilization, entrepreneurs need to be empowered through intensive extension services and mentoring from government agencies or relevant institutions. The better the innovations that are created and managed creatively, the more superior the business will be compared to its competitors (Saputra et al., 2025)

### ***Risk Taking***

In essence, every business activity involves risks and uncertainties, including agricultural-based enterprises. Kountur (2006) states that risk is associated with uncertainty, which arises from a lack of information about future events. Entrepreneurs are expected to strategize to ensure business continuity despite these uncertainties. Business risks commonly faced include market fluctuations, operational accidents, natural disasters, theft, and bankruptcy.

The research shows that 75.79% of respondents fall into the high category for risk-taking behavior. Entrepreneurs in the cassava-processing business have considered potential risks based on years of experience. Consequently, their accumulated experience serves as valuable knowledge for effective risk management. About 66.03% of respondents are willing to continue production even when raw material prices are high to ensure business continuity and meet market demand. Although fluctuating raw material prices increase production costs, entrepreneurs adopt different strategies, such as raising product prices or maintaining current prices to stay competitive. Overall, the perceived risks are still manageable and considered acceptable by most entrepreneurs.

### ***Perseverance in Business***

To achieve business success, an entrepreneur must possess honesty and perseverance, particularly in the cassava-processing sector. The production process of cassava products requires diligence in both generating new, creative ideas and in the hands-on processing itself. Research findings show that 56.98% of entrepreneurs demonstrate high levels of perseverance.

Perseverance is reflected in their determination to sustain their cassava-processing businesses and their patience in facing various challenges. This trait often leads to product innovations, such as improved branding and packaging. Key aspects of perseverance include efficient time management, attention to detail, prioritizing safety, meeting production targets, and resilience in the face of failures.

### ***Business Performance***

Business performance refers to the outcomes achieved in running a business to reach its objectives. The attributes used to reflect the performance of cassava-processing enterprises in this study are market expansion, income improvement, and competitive advantage.

The percentage of business actors' responses to these business performance indicators shows positive results. Field research findings indicate a distribution of scores categorized into high, medium, and low levels. The low category represents respondents who strongly disagree that these three indicators accurately reflect their business performance, with a score range below 1.67. The medium category includes respondents who are less certain about the relevance of these indicators, with a score range between 1.68 and 3.33. The high category encompasses respondents who firmly believe that these indicators successfully represent their business performance, with scores above 3.33.

All indicators fall into the high category. None of the aspects are classified as medium or low. Respondents' answers are distributed with an average score ranging from 3.72 to 4.30. The highest mean score is observed in income improvement (4.30), while the lowest mean score is found in market expansion (3.72).

**Table 4.** Assessment of Cassava Processing Entrepreneurs on Business Performance

Entrepreneurial Behavior	Mean	Percentage of Business Actors (%)		
		Low	Medium	High
Market expansion	3.72	2.52	18.23	79.25
Income improvement	4.30	2.52	16.22	81.26
Competitive advantage	3.87	7.39	16.82	75.79

*Note:* Low:  $\leq 1.67$ ; Medium:  $1.68 - 3.33$ ; High:  $> 3.33$

### ***Market Expansion***

Market expansion refers to the entrepreneur's ability to acquire new market segments or broaden existing market reach. Based on the data, 79.25% of entrepreneurs perceive their efforts in market expansion to be in the high category. This indicates an increasing public interest in cassava-based products and recognition of the region as a cassava-processing hub. However, rising demand has often exceeded production capacity, prompting entrepreneurs to collaborate to fulfill large orders. Government support through training, partnerships, and technology utilization is vital to enhance business performance and sustain market expansion.

### ***Income Improvement***

Entrepreneurs perceive income growth from cassava-processing businesses as highly satisfactory, with 81.26% falling into the high category. Increased income results from rising product demand, competitive pricing, and improved cost coverage. Indicators of income growth include business profits, reduced debt burdens, fulfilling daily living expenses, and reinvesting profits into business capital. Even though income may not double, entrepreneurs continue their businesses as it suffices to meet daily needs.

### ***Competitive Advantage***

Competitive advantage is the entrepreneur's ability to create unique product value to outperform competitors. 75.79% of entrepreneurs believe their products have strong competitive advantages. This is achieved through innovation, value addition, and differentiation from other products in the market. Consumer preferences are increasingly leaning towards hygienically processed and attractively packaged products, emphasizing the need for entrepreneurs to prioritize cleanliness and safety throughout the production and distribution process.

Continuous innovation and creativity are essential for entrepreneurs to maintain and enhance competitive advantage, both in product development and marketing strategies. Government interventions through training, exhibitions, and promotions are vital to enhancing entrepreneurs' creativity and broadening market awareness of their products' unique attributes.

This study underscores the critical role of the government in strengthening support for MSMEs engaged in cassava-based processing, particularly through improving the quality of extension services, developing more conducive regulations, and enhancing broader marketing networks. The government needs to expand entrepreneurship training programs, facilitate easier and more affordable access to capital, and support product promotion so that entrepreneurs can compete more effectively in local and regional markets. Clearer and more supportive regulations will also minimize business obstacles, fostering a more conducive MSME business climate.

MSME actors should continue to leverage their already high levels of education, experience, and motivation as key assets in business development. They are also encouraged to strengthen collaboration and cohesion among fellow entrepreneurs to support one another,

share information, and create synergies that enhance efficiency and collective competitiveness. Additionally, entrepreneurs are advised to actively seek training opportunities and assistance provided by the government or relevant institutions to continuously improve managerial and marketing capabilities.

## CONCLUSION

Entrepreneurs' individual characteristics, such as education, experience, and motivation, are categorized as high and play a crucial role in supporting entrepreneurial behavior. Entrepreneurs exhibit strong entrepreneurial behaviors, as evidenced by their responsiveness to opportunities, innovativeness, risk-taking, and perseverance, all of which are rated high. Environmental factors, including input availability, training, capital assistance, promotional support, and entrepreneur cohesion, also contribute positively to business performance, although challenges remain in extension services, marketing, and business regulations.

Overall, the business performance of cassava-processing MSMEs in Padang City is classified as high, reflected in market expansion, income growth, and competitive advantage. Therefore, the synergy between strong individual factors and effective environmental support is key to enhancing the competitiveness and sustainability of cassava-processing enterprises in Padang City.

Government support in the form of training, financing, enabling regulations, and product promotion provides a strong foundation for entrepreneurs to grow. Conversely, proactive and innovative entrepreneurs who actively develop their businesses and foster collaborations will maximize the benefits of such support, enabling the shared goal of sustainably improving MSME performance to be achieved. The synergy between appropriate government policies and responsive entrepreneurs is the key to the successful development of cassava-based MSMEs in Padang City.

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