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Innovation Practices for Survival of Trading Small and Medium Enterprises

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ABSTRACT

This study aims to develop a theoretical model to provide insights about the association between innovation practices and the SMEs' performance and survival while underlining the auxiliary role of external support in such a relationship. Online questionnaire has been used to collect the data from 125 randomly selected SMEs managers Jakarta Polytechnic Alumni. The data was analyzed using the SmartPLS3 software. The structural equation modeling results showed that the innovation practices adopted by SMEs to face the repercussions of environmental changes had a positive impact on the performance and likelihood of business survival. PLS-SEM bootstrap results indicated that external support aids strengthen the positive impact of SMEs innovation practices on business survival rather than its performance. The theoretical implication of this study is that business performance and survival are a strong package to face various situations and conditions. The study has several significant practical implications for SMEs managers, governments, and policy maker.

SARI PATI

Penelitian ini bertujuan untuk mengembangkan model teoretis guna memberikan wawasan tentang hubungan antara praktik inovasi dengan kinerja dan kelangsungan hidup UKM, sekaligus menggarisbawahi peran pendukung dari dukungan eksternal dalam hubungan tersebut. Kuesioner daring digunakan untuk mengumpulkan data dari 125 manajer UKM yang dipilih secara acak yang merupakan Alumni Politeknik Jakarta. Data dianalisis menggunakan perangkat lunak SmartPLS3. Hasil penelitian menunjukkan bahwa praktik inovasi yang diadopsi oleh UKM untuk menghadapi dampak perubahan lingkungan memiliki pengaruh positif terhadap kinerja dan peluang kelangsungan usaha. Hasil penelitian juga menunjukkan bahwa dukungan eksternal membantu memperkuat dampak positif praktik inovasi UKM terhadap kelangsungan usaha, bukan pada kinerjanya. Implikasi teoretis dari penelitian ini adalah bahwa kinerja dan kelangsungan usaha merupakan satu paket yang kuat untuk menghadapi berbagai situasi dan kondisi. Studi ini juga memiliki beberapa implikasi praktis yang signifikan bagi para manajer UKM, pemerintah, dan pembuat kebijakan.

INTRODUCTION

Since its emergence in late 2019, the environmental changes epidemic has caused negative effects on the economies of countries and has had a disastrous impact on human health. The conditions and restrictions imposed in most countries to limit the virus's spread among people, such as social distancing and quarantines, have led to distortions in the system of supply and demand for goods and slowed many countries' economies (Hasanat et al., 2020). Entrepreneurial education, a set of actions aimed at the development of entrepreneurial competencies, is one of the main contextual predictors of students' (Samo & Mahar, 2017), alongside family influence and network of friends. Those competencies mainly refer to a set of skills for identifying and exploring entrepreneurial opportunities (Albuquerque et al., 2016; Titel & Terzidis, 2020)

The repercussions of the environmental changes pandemic have been felt across all economic sectors and institutions, including small and medium enterprises SMEs (Hasanat etal., 2020). The entrepreneurial career intention involves several individual and contextual predictors (Liñán & Fayolle, 2015). Psychological factors and personality traits, such as risk propensity and locus of control (internal or external), creativity, emotional intelligence, values, motivations, and, above all, attitudes stand as individual predictors of entrepreneurial career intention (Baluku et al., 2018; Sancho et al., 2018; Sieger et al., 2014; Watchravesringkan et al., 2013). Following a relatively new and growing stream of international entrepreneurship research, we suggest that applying effectuation theory to SME internationalization may help to gain a deeper understanding of the interactions and dynamics of entrepreneurs with international actors as the process of internationalization unfolds (Andersson, 2011; Evers & O'Gorman, 2011; Sarasvathy, 2001; Schweizer, Vahlne, & Johanson, 2010).

Research in international entrepreneurship has shown that small and medium-sized enterprises (SMEs) differ from multinationals in the way they internationalize their businesses. Current research highlights the importance of networking, resource scarcity and serendipity in international entrepreneurial processes (Jones, Coviello, & Tang, 2011). While these factors play an essential role in developing successful international activities, they often lead to 'unplanned' internationalization patterns (Chandra, Styles, & Wilkinson, 2009; Crick & Spence, 2005) and SMEs appear to engage in international activities without precise and goal- driven plans (Aharoni, Tihanyi, & Connelly, 2011; Kalinic, Sarasvathy, & Forza, 2014). In accordance, in line with the background description mentioned above, this important study is necessary Innovative practices, environmental changes, SMEs operational, SMEs performance, SMEs survival,

LITERATURE REVIEW

Innovation Practices and SME Performance

The key driver of innovation practices in enterprises is the ambition to get reimbursement in the form of better performance. Therefore, innovation is defined as creation of some modifications in the enterprise's practices that are intended to obtain an improvement in performance (Curristine, 2006). Based on the literature, performance in this study is defined as achieving the institution's objectives related to sales, profitability, competition, market share, and any other strategic goals (Hult et al., 2004).

Researchers also defined performance as achieving a set of desired outcomes resulting from the realization of the marketing objectives (Chittithaworn et al., 2011). For Yıldız et al. (2014), performance refers to an effectiveness in carrying out the enterprise's tasks, which results in achieving its stated objectives. Achieving high performance level implicitly indicates enterprise success (Mahmudova & Kovács, 2018). Measuring the enterprise's performance helps to enhance the positive aspects of its operation and provides an opportunity to take corrective measures to address weaknesses (Mahmudova & Kovács, 2018).

From a SME perspective, innovation commonly indicates new products or processes that address customer needs more competitively and profitably than existing ones (O'Regan & Ghobadian, 2006). We use the term "innovative practices" in this study to refer to the effective implementation of new solutions to challenges faced by SMEs, which include effective implementation of new ideas in relation to the organization's product, services, or processes; new marketing mechanisms; or new administrative practices for work amelioration and upgraded performance (Johannessen et al., 2001).

Hypothesis 1: SME's innovation practices have a significant positive impact on its performance.

Innovation Practices and SME Survival

Enterprise survival was used in the current study to indicate the amount of time the enterprise takes to carry out its activities since its inception up to closure (Bercovitz & Mitchell, 2007). There are many parties in the community who benefit from the enterprise's survival aside from its managers. They include workers, consumers, and suppliers (Bercovitz & Mitchell, 2007). Researchers confirm that enterprise survival is one feature of its performance (Danes et al., 2008). In times of crisis, the existences of SMEs are in danger (O'Reilly III & Tushman, 2011). Crises weaken SMEs' growth and threaten their projects because their negative impact extends to all elements of the external enterprise environment (Dhochak & Sharma, 2015).

Several studies have attempted to explain this link by pointing to some concepts relevant to both innovation and enterprise survival. For instance, a competitive advantage is simultaneously a product of enterprise innovation practices and a fundamental pillar of its survival (Helmers & Rogers, 2010).

Hypothesis 2: SME's innovation practices have a significant positive impact on its SMEs Survival

SMEs Competenceies

Entrepreneurial competencies refer to a set of characteristics (total ability), including individual traits, knowledge and skills, which can improve entrepreneurial performance (Man et al., 2002). Competitive advantage is defined as a firm's ability to perform its activities in a way, which is different, that cannot be imitated by others (Ibrahim & Muniady, 2018).

Small enterprises cannot acquire sustainable competitive advantage if they did not prioritize the effort in enhancing their intangible resources to create more values than their competitors (Ratnawati et al., 2018). Entrepreneurs must possess unique resources such as relevant competencies, which are essential for entrepreneurial success. affirmed that the focus on competencies is the most important factor to enhance the effectiveness and performance at the workplace (Chatterjee and Das, 2016; Fazal et al, 2022).

Hypothesis 3: SME's Competenceies menjadi moderasi innovation practices to SMEs Performance
Hypothesis 4 : SME's Competenceies menjadi moderasi innovation practices to SMEs Survidal

Theoretical framework

This study used the analytical approach of the Resource Based View (RBV) that emphasized on improving competitive advantages through valuable, non-substitutable and inimitable resources of firms (Barney, 1991; Reese, 2018). The core of RBV believed that firms are different from each other due to their specific set of resources. It is believed that acquiring the most sustainable competitive advantages can be done by employing entrepreneurial competence or firm-specific capabilities (Barney, 1991; Ratnawati et al., 2018).

Competencies can be organizational processes, functions and routines, defined strategic competency as the abilities of an entrepreneur in formulating, evaluating and implementing strategies of an enterprise. The significant contribution of entrepreneurs' strategic competency towards firms' capabilities and competitiveness (Fazal et

al, 2022). Competencies must synchronize with the strategic intent to accomplish the organizational mission. Strategic competency is the entrepreneur's capability to develop a vision for the business by planning, formulating and employing strategies, setting clear standards and goals, forecasting financial needs and providing creative ideas to ensure value addition and integration which lead to superior business performance (Man et al., 2002; Fazal et al, 2022).

Saleem et al. (2018) found a significantly positive influence of entrepreneurs' competencies on firm performance. A study by Kurniawan and Yun (2018) found a positive effect of business continuity and entrepreneurial competencies on the competitive advantages of the firms. Hence, it can be said that entrepreneurs' competencies are one of the most significant factors for business success and development in the modern economy (Mitchelmore & Rowley, 2013). For entrepreneurial competency, the extensive review of the literature revealed that most studies emphasized on opportunity recognizing, strategic, organizing, relationship, conceptual and commitment-related abilities of an individual to adopt the key entrepreneurial competencies (Kanniainen & Poutvaara, 2007). This study focused on these specific constructs to develop the hypotheses.

METHODS

Data collection and sample

The current study is limited to SMEs managers Jakarta Polytechnic Alumni that employ a number of employees, ranging between six and 250, with revenue less than 200 million Jakarta. The online questionnaire prepared through SurveyMonkey was used to collect the data from SME managers. The online questionnaire is less expensive and helps obtain large responses in a short period of time (Bryman & Bell, 2014).

The questionnaire was first translated from the English language into the Arabic language so the respondents could understand the questions. Then, an e-mail containing a link to the questionnaire was sent to a randomly selected sample frame, which contained a request to fill out the questionnaire and an explanation of its purpose. The participants were given 15 days to complete the questionnaire.

The online survey distributed during the last 2 weeks of August 2020 included 500 randomly selected SME managers (selected from the General Authority for Statistics [GaStat] database). At the end of the survey period, 125 participants completed the questionnaire, resulting in a response rate of 95%. The total number of questionnaires was sufficient to represent the SMEs managers Jakarta

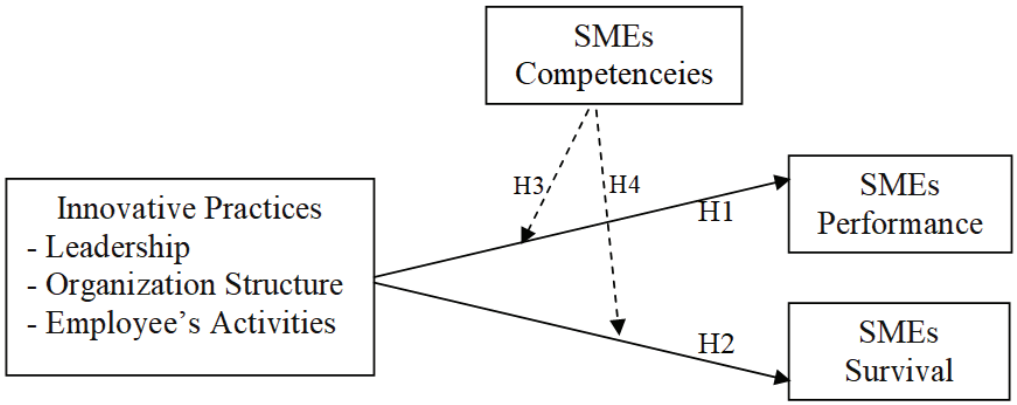

Figure 1. The conceptual research model

Polytechnic Alumni and they were analyzed using PLS- SEM (Sekaran & Bougie, 2003). A majority of the respondent SME managers were males (68%), with a bachelor's degree (63%), and age 26–30 years (32%). The SMEs included in the sample were 95% small and of age groups 1–3 years (27%), 4–7 years (35%), and more than > 7 years old (33%).

Measurements

Measures of the constructs of the proposed research model were derived from the literature and modified to suit the nature of this study. To ensure that these measures are valid for these constructs, two of our colleagues reviewed the questionnaire wording. Then, an initial survey was piloted to 35 SMEs managers in Riyadh. Based on their comments and feedback, some of the questionnaire questions were edited and revised. The survey constructs were measured using multiple items.

All of the questionnaire questions were related to SMEs business activities and situations since the outbreak of various situations and conditions in Indonesia (March 2020). The questionnaire survey was used to examine the impact of SMEs innovative responses to the various situations and conditions and external support received during various situations and conditions on SMEs business performance and survival. The questionnaire consisted of five sections.

The first section addressed the personal profile of the enterprise manager and the enterprise characteristics. The second section focused on the innovation practices that have been adopted in the enterprise since the emergence of various situations and conditions. The third section dealt with enterprise performance after the outbreak of the epidemic. The fourth section addressed project survival indicators, and the fifth section focused on the usage of external support packages provided by the government and NGOs.

Dependent variables

Our dependent variables are SME performance and business survival. SME performance was measured using a subjective scale adapted from Bouchikhi (1993), Miller et al. (1988) and O'Farrell (1986). The components of the scale include items related to enterprise sales, profit, assets, capital, production, and market share. These items were measured using a five- point Likert scale (1–largely decreased, 2–decreased, 3–no change, 4–increased, and 5–largely increased).

Business survival was measured using two set indicators (financial indicator and strategy) derived from Barbosa (2016). The financial indicator included five items used to measure an enterprise's cash availability, debt magnitude, reserved cash, accounts receivable turnover, and technology usage. The strategy indicator comprised five items used to measure the nature of the enterprise's products, market geographical area, and market segment, ability to estimate sales, and risk tolerance. All of the items were measured using a five-point Likert scale (ranging from 5–strongly agree to 1–strongly disagree).

Independent variables

Innovation practices are presented as the main independent variable in the research model. It comprises five sub-constructs adapted from Crossan and Apaydin (2010). Innovation practices usually pertain to new actions and innovation that encourage enterprise internal environmental features (Aragón-Correa et al., 2007). The measures of enterprise innovation practices were made up of several indicators related to enterprise internal settings that operated individually or simultaneously.

The five indicators of SMEs innovation practices embrace "external knowledge," "structure," "leadership," "regeneration," and "employee's activities." All of the items were measured using a fivepoint Likert-scale (ranging from 5–strongly agree to 1–strongly disagree). External knowledge is indicated by knowledge and information obtained as a result of existing within social business-related networks in addition to other

types of knowledge required to develop enterprise innovation capabilities (Crossan & Apaydin, 2010). External knowledge (six items) was derived from a scale developed by (Martensen et al, 2007; Saunila et al, 2014; Smith et al, 2008).

The structures are related to the required system, work organization, and task arrangement to ensure the success of innovation implementation (Martensen et al, 2007; Saunila et al, 2014; Smith et al, 2008).. The structure construct is divided into sub-constructs in relation to business expenses and production. The six items for expenses and the six items for production sub-constructs were developed from Adams et al. (2006). The leadership construct was concerned with the support and the encouragement that an enterprise managerial leadership devotes to innovation (Saunila et al., 2014; Smith et al., 2008). The leadership (seven items) scale was modified from Adams et al. (2006).

Regeneration concerns the extent to which the enterprise is able to learn lessons from the past and benefit from previous experiences in developing current innovations (Saunila et al., 2014; Smith et al., 2008). The regeneration (five items) scale was derived from Crossan and Apaydin (2010). The employees' activity construct indicates the innovation capabilities of the employees and their enthusiasm and motivation to come up with successful, innovative ideas in different enterprise-related fields (Saunila et al., 2014; Smith et al., 2008). The employees' activity (five items) scale was derived from Crossan and Apaydin (2010).

Moderating variable

External support was inserted into the theoretical model as a moderator in the relationship between innovation practices and SMEs performance and innovation practices and business survival. The hypothetical task of external support in this case is to assist the innovative efforts of SMEs exerted since the various situations and conditions, to reflect positively on its performance and survival. External support was measured through a seven- item scale obtained from official websites of government agencies and NGO websites. These measures concern the types of support that are provided to SMEs during the crisis period. All items were measured using a five-point Likert-scale (ranging from 5–strongly agree to 1– strongly disagree).

RESULT AND DISCUSSION

Data analysis

The research hypotheses were tested through the partial least squares structural equation modeling (PLS-SEM) using the SmartPLS 3.2.9 software (Ringle et al., 2005). PLSSEM is efficient in measuring the strength of structural and complex relationships between model constructs, determining the interaction effect of moderating variables and examining the theoretical soundness of relationships between variables (Chin et al., 2003). Initially, SmartPLS was used to estimate the measurement model-for-model constructs, and then, it was exploited to test hypothetical connections between the latent variables shown in the structural model (Hair Jr et al., 2016).

Measurement model

The measurement model was tested for reflective and latent variables to ensure the validity of the model's constructs. Construct validity was evaluated using factor loadings, composite reliability (CR), average variance extracted (AVE), and discriminant validity (Hair Jr et al., 2016).. Indicators' loadings, and constructs CR, and AVE are shown in Table 1. Most items exhibited a loading greater than 0.60 (Bagozzi & Yi, 1988) except for structure (expenses) Leadershipm, Organization Structure, Employee's Activities, SMEsCompetenceies, SMEs Performance and SMEs Survival. From different constructs with loadings less than 0.50 were deleted to improve construct reliability.

Results in the table indicates CR values exceed the criterion (070) as suggested by Hair Jr et al., (2016), ranging between "0.897, 0.822, 0.796, 0.801, 0.779 and 0.825". Regarding the AVE, results showed that all constructs scored values above the threshold of

Table 1. Internal consistency, convergent validity, composite reliability, and AVE

Construct	Loadings	CR	AVE
Leadership (Ldr)	0.644	0.897	0.635
Organization Structure (OS)	0.682	0.822	0.631
Employee's Activities (EA)	0.760	0.796	0.702
SMEs Competenceies (SC)	0.660	0.801	0.685
SMEsPerformance (SP)	0.605	0.779	0.703
SMEs Survival (SS)	0.693	0.825	0.652

Table 2. Discriminant validity

Construct	LDR	OS	EA	SC	SP	SS
Leadership (Ldr)	**0.803**					
Organization Structure (OS)	0.536	**0.525**				
Employee's Activities (EA)	0.401	0.318	**0.856**			
SMEs Competenceies (SC)	0.150	-0.088	0.065	**0.720**		
SMEsPerformance (SP)	0.105	0.032	0.264	0.161	**0.756**	
SMEs Survival (SS)	0.121	0.145	0.127	0.136	0.213	**0.726**

Values in the diagonal indicate the square root of latent variable AVE, representing the highest value in each column

0.50 (Hair Jr et al., 2016). The discriminant validity is confirmed since values depicted in Table 2 indicate that the square of the variable correlations with other factors are less than the square root of its AVE (Fornell & Larcker, 1981).

Structural model

Following examining the measurement model, the next step is to examine the hypothetical relationships between the structural model latent variables using PLS-SEM, structural model's path coefficients of determination (R2), and model goodness of fit (GoF) (Memon & Rahman, 2014). Then, the interaction effect was determined as a part of moderation analysis. Prior to the structural model analysis, the collinearity between constructs was reviewed using variance inflation factors (VIF). Table 3 illustrated that all independent variables have VIF value less than benchmark 5 and tolerance value of less than or equal to 0.10 (Hair Jr et al., 2016).

Structural model examination results in Table 4 present the exogenous latent variable coefficient of determination (R2). R2 indicates the degree to which exogenous latent variables explain the variation in the endogenous variables (Hair Jr et al., 2016).

Table 3. VIF values for inner model

Construct	VIF	Tolerance
Leadership (Ldr)	1.873	0,048
Organization Structure (OS)	1.225	0,071
Employee's Activities (EA)	1.450	0,062
SMEs Competenceies (SC)	1.563	0,057
SMEsPerformance (SP)	1.782	0,033
SMEs Survival (SS)	1.874	0,028

Table 4. Variance explained

Construct	R Square	R square adjusted
Innovative Practices to	0.622	0.487
MEsPerformance (SP)	0.450	0.321
SMEs Survival (SS)		
SMEs Competenceies (SC) - Innovative Practices to :		
SMEsPerformance (SP)	0.475	0.355
SMEs Survival (SS)	0.560	0.401

Falk and Miller (1992) suggested that the R2 value for endogenous variables should not be lower than 0.10 while Chin (1998) classified R2 values into substantial explanation (value 0.622 and 0.450), moderate explanation (value 0.475 and 0.560), and weak explanation (value=0.19). Accordingly, the endogenous variables business survival and business performance have achieved sufficient variance explained values whereas endogenous variable business performance has scored moderate explanation. Therefore, we can conclude that our proposed structural model has sufficient predictive power. In addition, general goodness-of-fit (GoF) was estimated by calculating the square root of product of inner construct average R2 and outer construct average AVE (Fornell & Larcker, 1981). Wetzels et al. (2009) suggested that fitness of structural model is considered sufficient if GoF ≥ 0.36.

Hypotheses testing bootstrapping results

PLS-SEM bootstrapping was used to evaluate the hypothesized relationship among research structural model constructs. The analysis results in Table 5 and Fig. 2 demonstrate path coefficients, significance levels, and t-value. Results indicate that hypothesis (H1) SME's innovation practices have a significant positive impact on its performance (STD beta= 0.450, t=5.250, p=0.000). Similarly, hypothesis (H2), SME's innovation practices have a significant positive impact on its SMEs Survival (STD beta= 0.247, t=3.025, p=0.001).

Moderating effect

For analyzing the moderating effects, the variable "external support" was added to the original structural model as a proposed assistant for strengthening the relationship between the independent variable (innovation practices) and the dependent variables (business performance and business survival) (in Fig. 2). PLS-SEM bootstrapping was utilized to examine such moderation relationships. Hypothesis H3 denoted that "external support" has a moderating effect in the relationship between "innovation practices" and "business performance".

Statistical results in Table 6 demonstrates that the moderator variable "external support" has no significant effect in the relationship between "innovation practices" and "business performance"; wherefore, hypothesis H3 SME's Competenceies menjadi moderasi innovation practices to SMEs is rejected (STD beta=0.302, t=3.347, p>0.000). Hypothesis H4 SME's Competenceies menjadi moderasi innovation practices to SMEs Survidal is rejected (STD beta=0.398, t=4.199, p>0.000).

Discussion of Results

The SME sector has been significantly affected by the various situations and conditions. During this crisis, SMEs faced difficulties in performing their operational activities and severe financial risks (Omar et al., 2020). Previous studies revealed that SME managers have responded in different

ways to the difficulties created by the outbreak of the pandemic (Gerald et al., 2020; Guo et al., 2020; Indriastuti & Fuad, 2020; Sobaih et al., 2021). Additionally, the literature illustrated the importance of external support for performance of SMEs after they have been exposed to the repercussions of the various situations and conditions (e.g., Ahmad et al., 2020; Song et al., 2020).

The main purpose of this study is to highlight the importance of "external support" in enhancing the impact of SMEs innovation practices as a response to the various situations and conditions and its effect on business performance and the likelihood of their survival. This study was based on a comprehensive model developed to test the moderating role of external support in the relationship between SMEs innovation practices adopted during the various situations and conditions and business performance and survival.

The results of the study showed that despite the great shock to SMEs caused by the various situations and conditions, managers of these enterprises have developed new coping practices. The results of the present study confirmed that the innovation practices of SMEs have a significant and positive impact on business performance ($p < 0.01$). These results indicate that the new management practices (in the field of external knowledge, structures and leadership, regeneration, or employee activities) that have been implemented in SMEs after the various situations and conditions outbreak may result in improved performance and increased chances of survival for these enterprises.

In other words, SME managers' intensive communication with others to obtain business information and assistance, including using social media to market their products, spending reductions through workplace sharing and performing tasks online, worker participation in thinking about the business's future, and active involvement in SME social networks, may positively reflect on the business's financial performance. These results partially verified the findings of Gerald et al. (2020) on the importance of technology utilization practices to improve SME performance during the various situations and conditions.

The results of the present study also confirmed that the innovative practices that were used by SMEs during various situations and conditions significantly affect their likelihood of future survival ($p < 0.01$). Indeed, the research findings indicated that SMEs survival indicators were positively affected by innovative practices in the fields of external knowledge, structures, leadership, and renewal of employee activities. These findings indicated that SMEs managers' intensive communication with others to obtain business information and assistance may increase the likelihood of the business's survival. The results of the current study supported the findings of Omar et al. (2020), which stated that small business managers have used financial and marketing strategies to ensure

Table 5. Hypothesis testing results

Hypothesis Relationships	Std Beta	T value	Sig	Decision
H1 SME's innovation practices have a significant positive impact on its performance.	0.450	5.250	0.000	Supported
H2 SME's innovation practices have a significant positive impact on its SMEs Survival	0.247	3.025	0.001	Supported
H3 SME's Competenceies menjadi moderasi innovation practices to SMEs	0.302	3.347	0.000	Supported
H4 SME's Competenceies menjadi moderasi innovation practices to SMEs Survidal	0.398	4.199	0.000	Supported

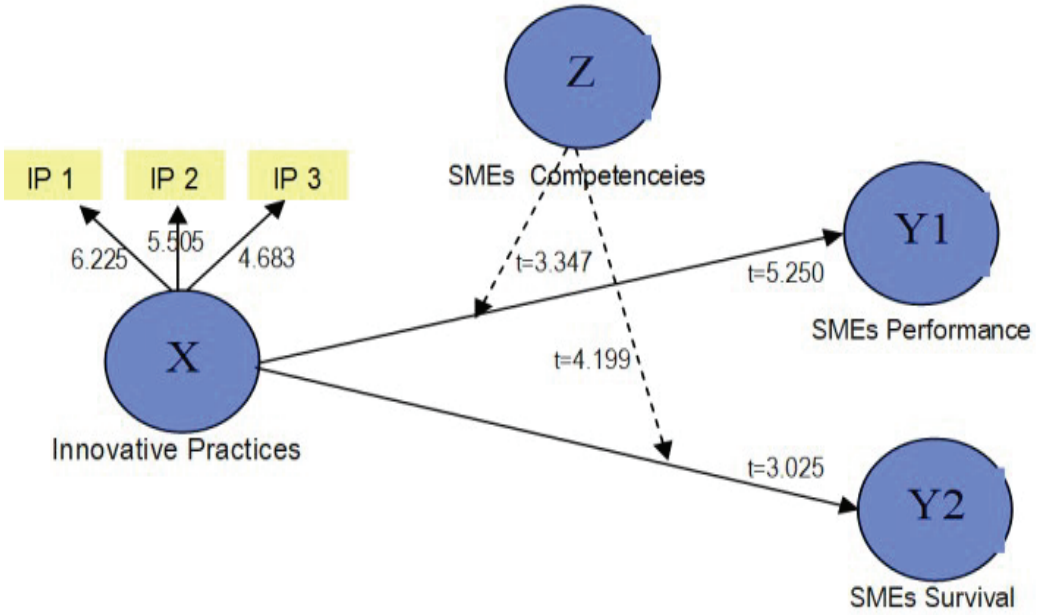

Figure 2. PLS-SEM model with moderating effect

that their projects remain relevant in the face of the challenges created by the various situations and conditions. In regard to the study findings, the impact of innovation practices on the performance of SMEs (0.45) outweighs their impact on enterprise survival (0.054). This indicates that managerial innovation practices have a greater impact on an enterprise's short-term compared to long-term performance.

These findings agreed with Freeman (2004), who pointed out that enterprise performance is an outcome of innovation. The results also indicated that external support provided to SMEs has a significant role in tempering the relationship between innovation practices and enterprise survival. These results indicate that a moderating role of external support is mainly limited to the relationship between innovation practices and enterprise survival, rather than the enterprise short-term performance. The external support provided to SMEs during the various situations and conditions, whether in the form of training, consultancy, or finance, supports the continuity and survival of these enterprises.

The findings partially support the arguments of Song et al. (2020) who called on the finance providers to amend their policies to provide SMEs with the required finance to cope with the repercussions of the various situations and conditions. The present study results signify a vital role of external support in strengthening the association between innovation practices undertaken by SMEs during the various situations and conditions and the survival of these enterprises. At the same time, these results denote that this role is less imperative when addressing the relationship between innovation practices and the performance of these enterprises in the short term.

MANAGERIAL IMPLICATIONS

This study has implications for SME managers, governments, and policymakers. This study has four implications that may help SME managers mitigate the repercussions of this crisis. First, SME managers should continue to develop creative practices in relation to all enterprise activities to adapt to the challenges imposed by the pandemic. Second, SME managers should keep abreast of necessary business information solutions (whether through networking with other entrepreneurs or

consultations and training) to help them make rational decisions to overcome the ordeal (Adam and Alarifi, 2021).

SME managers should constantly update their plans and strategies to achieve the flexibility required to respond to the ramifications of various situations and conditions. Fourth, because the situation of SMEs after the pandemic will largely differ from their pre-pandemic status, SME managers should develop a strategic business plan to address the negative effects of the crisis on their businesses after the pandemic to ensure continuity and survival (Adam and Alarifi, 2021).

Additionally, this study provided empirical evidence of the importance of external support (whether governmental or nongovernmental) for the survival of SMEs in times of crisis. As such, this study has important implications for governments and policymakers, who should develop policies to provide more stimulus packages for SMEs that include financing facilities, advisory services, and training (Adam and Alarifi, 2021).

Moreover, governments should encourage NGOs to provide different kinds of support to SMEs in the form of consultations, training, advice, guidance, and psychological support to help them cope with the difficulties caused by various situations and conditions. Additionally, because the various situations and conditions has greatly affected SMEs financial position, governments must encourage finance providers to adopt more flexible policies when financing SMEs such as low-interest loans and the consideration of the enterprise's financial position for loan installments.

This research also has significant theoretical implications because it developed a comprehensive model to examine the role of external support received by SMEs during the various situations and conditions in moderating the relationship between innovation practices adopted by SMEs and their performance and survival (Adam and Alarifi, 2021). Thus, this study added to the literature by arguing that in times of crisis similar to various situations and conditions, external support can help an enterprise obtain more positive results from innovation practices in the form of performance improvements and strengthened survival indicators. Crises usually weaken the performance of SMEs and their ability to survive (Robbins & Pearce II, 1993), but in this case, external support can push innovation efforts. Likewise, crises usually affect an enterprise's sales, production capabilities, and financial position. Therefore, the present study proposes that SMEs develop new practices and ideas to obtain knowledge and information from external parties, build effective structures for production and expenditures, follow motivational leadership, and implement effective employee activities to ensure good business performance and protect the future of the enterprise.

CONCLUSIONS

The current research proposes a theoretical model for studying the moderating effect of external support, provided during the various situations and conditions, in strengthening the link between innovation practices and the performance and survival of SMEs using the PLS- SEM algorithm. The study based on four basic hypotheses in relation to the association between these variables. The main findings of the study suggest that the innovation practices of SMEs have a significant impact on the performance and survival of SMEs. Additionally, the study results confirmed the significant and moderating role of external support provided to SMEs during the various situations and conditions and the survival of the business.

Results of the study showed that the policies adopted by Jakarta government to reduce the repercussions of the various situations and conditions on SMEs, which represented numerous financial support packages and encouraged the support of nongovernmental organizations, was expected to contribute to the resilience of these enterprises in facing such a crisis. Although the

current study has achieved findings that have significant implications for SMEs managers and policy makers, it has some limitations. Because of the wide range of innovation practices, the study focused only on administrative innovation practices and excluded other fields, such as technological innovations.

Another limitation of this study is the measurement of the performance of SMEs using financial and marketing indicators and ignoring other indicators, such as administrative, social, and psychological elements. Future research could expand upon these conclusions by addressing the shortcomings of the current study. Because of the diversity of the sectors to which small enterprises belong, it would be beneficial to conduct a sector-based examination of their practices. Furthermore, to obtain comprehensive and in-depth insight into the nature of the relationship between SMEs innovation practices, external support, and business performance and survival, all indicators for measuring enterprise performance should be considered, and the types of innovation must be addressed.

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