

THE ROLE OF BUSINESS ADMINISTRATION AND ENTREPRENEURSHIP EDUCATION, WITH GOVERNMENT SUPPORT, IN ADVANCING MSME EFFORTS TOWARDS ACHIEVING THE SDGS

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Abstract

In the era of competitive globalization, MSMEs face pressure to improve their performance to compete in the domestic and international markets. In Indonesia, MSMEs are expected to be the backbone of the economy towards a Golden Indonesia 2045 and the achievement of the SDGs. However, the main challenges lie in the limited insight of business administration, entrepreneurship education that has not been integrated with practice, and lack of access to government support. This research examines the role of business administration, entrepreneurship education, and government support in encouraging MSMEs in Pasuruan to upgrade. The research uses a qualitative method with a thematic analysis approach. Data were collected through in-depth interviews and observations. Data triangulation was carried out to ensure the validity of the findings. The results show that most MSME actors do not understand the importance of business administration, such as the ownership of NIB and NPWP, which are the basic requirements for accessing government programs and market expansion. Although there is a gap between the theory obtained and the practice implementation in the field, entrepreneurship education shows a fairly good level. The results of this study can be a guide for entrepreneurship education providers to design applicable practice-based programs, as well as for the government in facilitating business administration and entrepreneurial assistance. This synergy is expected to encourage Pasuruan MSMEs to upgrade, contribute to Sustainable Development (SDGs), and support the vision of Golden Indonesia 2045.
Keywords: Business Administration; Entrepreneurship Education; Government Support; MSME performance; SDGs.

1. INTRODUCTION

In the last decade, MSMEs worldwide have become the backbone of the global economy. Data from the World Bank (2023) shows that MSMEs account for around 90% of total business and absorb more than 50% of the workforce globally. The Global Entrepreneurship Monitor (GEM) 2022 reports that only 10% of MSMEs in developing countries have managed to upgrade to become internationally competitive businesses. This shows the need for a strategic approach in preparing MSMEs to compete in the global market. In addition, the achievement of the Sustainable Development Goals (SDGs) initiated by the United Nations in 2015 places the empowerment of

MSMEs as one of the important indicators in achieving the targets of economic inclusion, poverty alleviation, and sustainable development. In the UNCTAD (2022) report, MSMEs have a key role in achieving SDGs number 8 (Decent Work and Economic Growth) and number 9 (Innovation, Infrastructure, and Industrialization).

MSMEs in Indonesia are currently showing increasingly positive activity as the backbone of the national economy. With a significant contribution to the national GDP of 61.07% and absorbing 97% of the workforce (Ministry of Cooperatives and SMEs, 2023), MSMEs have become the economy's driving force in various regions. In East Java, the MSME sector is starting to rise and develop, supported by various local government programs that encourage competitiveness and innovation. In Greater Pasuruan, MSMEs also showed promising development. The micro, small and medium enterprises sector in the region is slowly improving its performance, with more and more businesses adapting to market trends and taking advantage of digitalization opportunities to expand their business reach. This effort marks the gradual process of MSMEs in Pasuruan towards achieving "upgrading," in line with regional development aspirations that support the vision of Golden Indonesia 2045.

Ideally, with the right support, MSME actors in Indonesia can significantly improve their performance. Improving the performance of MSMEs is urgently needed because this sector has the potential to create jobs, increase income, and support the national economy (Hasanah et al., 2022; Turgunpulatovich, 2022; Wu et al., 2020). The performance of MSMEs can be measured through various indicators, such as revenue growth, increased production volume, market expansion, and operational efficiency which includes good business administration management, such as recording financial statements, inventory management, and compliance with existing regulations (Cueto et al., 2022; Hasan et al., 2021; Rao et al., 2019; Trie et al., 2022). According to research by Hui Lim & Ban Teoh, (2021), the good performance of MSMEs can accelerate economic growth, improve the competitiveness of local industries, and encourage innovation. Therefore, MSMEs that have optimal performance can play a role as the main driver in achieving economic development targets, especially in the Southeast Asian region. In Indonesia, this is very relevant because MSMEs are the main drivers in reducing poverty and providing jobs, two important goals in the global agenda of the SDGs (Sustainable Development Goals).

The good performance of MSMEs also has a direct correlation with the achievement of the SDGs and the vision of Golden Indonesia 2045. For example, SDG 8 on Decent Work and Economic Growth relies heavily on the ability of MSMEs to thrive and be competitive. Successful MSMEs have the potential to create more jobs and expand economic inclusion (Kurniawan et al., 2023; Kurniawati et al., 2021; PRASETYO, 2020). Research by Candra et al., (2022) shows that improving the performance of MSMEs through entrepreneurship training and good business administration can accelerate the achievement of SDG 8. In addition, with more developed MSMEs, Indonesia can more quickly achieve the goal of "Golden Indonesia 2045" which aims to make Indonesia a developed country with an inclusive and sustainable economy Candra et al., (2022). MSMEs that have good performance are able to increase competitiveness, which in turn accelerates the achievement of SDGs goals, especially in creating inclusive economic growth.

On the results of the reality survey, it was found that many MSME actors still have a limited understanding of good and correct business administration. Most business actors in the Pasuruan area do not have an adequate understanding of the importance of administrative documents, such as NPWP, NIB, and simple financial statements. Of the 30 MSME visits in Pasuruan, only 2 have NIB, namely a chip seller named Kriptut (Uti Chips) with an owner named Mrs. Lilik and Pesona Decoration, the owner named Mrs. Putri. MSME actors who do not understand the importance of Business Administration have an impact on their limited access to support from the government, such as financing, training, and other empowerment programs. Based on research by (Candra et al., 2022; Kurniawati et al., 2021) 65% of MSMEs in Indonesia do not meet the administrative standards

needed to access government support. Without a strong understanding of business administration, MSME actors find it difficult to develop their businesses and adapt to increasingly complex market demands (Barba-sánchez & Atienza-sahuquillo, 2018; Caligiuri et al., 2020; Sedyastuti et al., 2021).

In addition, although entrepreneurship education has been introduced at various levels of education, there is a significant gap between the theory taught in the classroom and the practice faced by MSME actors in the field (Nuseir et al., 2020; Sang & Lin, 2019; Wardana, Narmaditya, et al., 2020). Many MSME actors have participated in entrepreneurship training, but it is difficult to implement the knowledge gained due to the lack of practical facilities and support relevant to their needs. Research by Lynch et al., (2021); dan Machali et al., (2021) shows that around 40% of MSME actors find it difficult to apply the entrepreneurial materials received in the training due to the lack of hands-on practice that is in accordance with the real business conditions. This gap slows down the ability of MSMEs to develop and compete in an increasingly competitive market.

From the problems described above, the researcher tries to provide strategies to improve the performance of MSMEs, through synergy between the government and academics (Galvão et al., 2020; Hägg & Gabrielsson, 2020; Hernández-Sánchez et al., 2019). The government as a policy maker can provide support in the form of regulations that facilitate access to assistance, as well as budget allocation for MSME empowerment programs UMKM (Kim, 2019; Ritz et al., 2019; Shaheer & Li, 2020). On the other hand, academics have a role as facilitators in providing practical insights, such as business administration, assistance in making NPWP and NIB, and training in the preparation of simple financial statements. According to Gairola, (2019); Machali et al., (2021) Direct assistance from academics helps MSME actors understand better business administration management, thereby increasing the confidence of MSME actors in collaborating with external parties, including the government and investors. With an organized administration, MSMEs have great potential to penetrate a wider and professional market (Gairola, 2019; Gianiodis & Meek, 2020; Hernández-Sánchez et al., 2019).

Academics also play a role in providing innovative entrepreneurship training. Entrepreneurship education is not only limited to theory, but must also include practical applications, such as marketing strategies, resource management, and business development based on personality branding (Lee et al., 2019; Li & Wu, 2019; Shepherd et al., 2020). This implementation can reduce the gap between the theory taught in the classroom and practice in the field. Research by Mutanda & Moyo, (2021) shows that practice-based entrepreneurship education programs are able to increase the understanding of MSME actors by up to 75%, so that they are more confident in managing their businesses strategically and structured. Thus, this strategy is an important step to empower MSMEs to upgrade and compete globally.

gthening the synergy between entrepreneurship education and government support to increase the understanding of MSME actors in managing their businesses in a more strategic and professional manner is a tactical step to improve the performance of MSMEs (Bazkiaei et al., 2020; Dana et al., 2021). Practice-based entrepreneurship education is key in bridging the gap between theory taught and implementation in the field (Juwairia Juwairia et al., 2023; Wardana, Purnama, et al., 2020). MSME actors need to receive intensive training on how to design effective business strategies, such as resource management, product quality improvement, and sustainable business network development. According to research by (Maula et al., 2019; Setyawati et al., 2024) practice-based entrepreneurship training is able to increase the competence of MSME actors by up to 70%, especially in managing business operations efficiently and growth-oriented.

The government's support must be directed to providing facilitation that is relevant to the needs of MSME actors, such as providing access to financing, business management training, and legality recognition through the ownership of NPWP and NIB (Roetzel, 2019; Sedyastuti et al., 2021). The government also needs to provide assistance programs that focus on strengthening the business

administration capacity of MSME actors, including the preparation of simple financial statements, cash flow management, and business company profile development. Research by (Jena, 2020; Kraus et al., 2021) show that MSMEs that receive intensive assistance in business administration aspects have a greater opportunity to access government programs and improve their performance by up to 50%. With this collaboration, MSME actors can more easily move up, increase their competitiveness, and make a significant contribution to the achievement of the SDGs and the vision of Golden Indonesia 2045.

Research gap, research on the development of MSMEs has been carried out a lot, especially those that discuss the importance of business administration, entrepreneurship education, and government support separately. However, studies that holistically integrate these three aspects to improve the performance of MSMEs are still limited, especially in the specific context of regions such as Pasuruan. Previous research, such as that conducted by (Hui Lim & Ban Teoh, 2021), focused more on the influence of entrepreneurship education on the performance of MSMEs in general, without looking at the important role of business administration in supporting access to government programs. Meanwhile, a study by Roetzel, (2019) reviews business administration assistance but has not linked it to practice-based entrepreneurship education strategies. The gap in this research shows the need for a study that integrates business administration, entrepreneurship education, and government support to build a comprehensive strategy that can encourage MSMEs in Pasuruan to upgrade and contribute to the SDGs and the vision of Golden Indonesia 2045.

To see more broadly, this study describes some relevant previous research through bibliographic analysis with VOSviewer. Based on the visual bibliography produced through VOSviewer, it can be seen that there is a strong relationship between concepts such as *entrepreneurship*, *entrepreneurship education*, *innovation*, and *sustainability*. These concepts form a core network that is relevant to research on improving the performance of MSMEs. In particular, *entrepreneurship education* is connected to *entrepreneurial skills* and *entrepreneurial literacy*, which shows the importance of entrepreneurship education in building entrepreneurial skills and literacy. In the context of this research, it supports the role of entrepreneurship education as one of the key factors in improving the performance of MSMEs in Pasuruan. In addition, the significant relationship with *business sustainability* and *performance* demonstrates the importance of a holistic approach, including government support and good business administration, to achieve business sustainability aligned with the Sustainable Development Goals (SDGs).

The grand theory relevant to this study is the *Resource-Based View (RBV)* theory, which states that an organization's competitive advantage depends on the management of unique and valuable internal resources, such as entrepreneurial skills and good business administration (Freeman et al., 2021; Lukovszki et al., 2020). In this context, organized business administration and government support become "strategic resources" that can strengthen the competitiveness of MSMEs. Furthermore, entrepreneurship education, which is integrated with business practices and supported by the government, allows MSME actors to develop their innovation capacity and entrepreneurial literacy. This is in line with the results of the bibliography which shows the importance of *education and training* in supporting the performance and sustainability of MSME businesses towards a Golden Indonesia and the achievement of the SDGs.

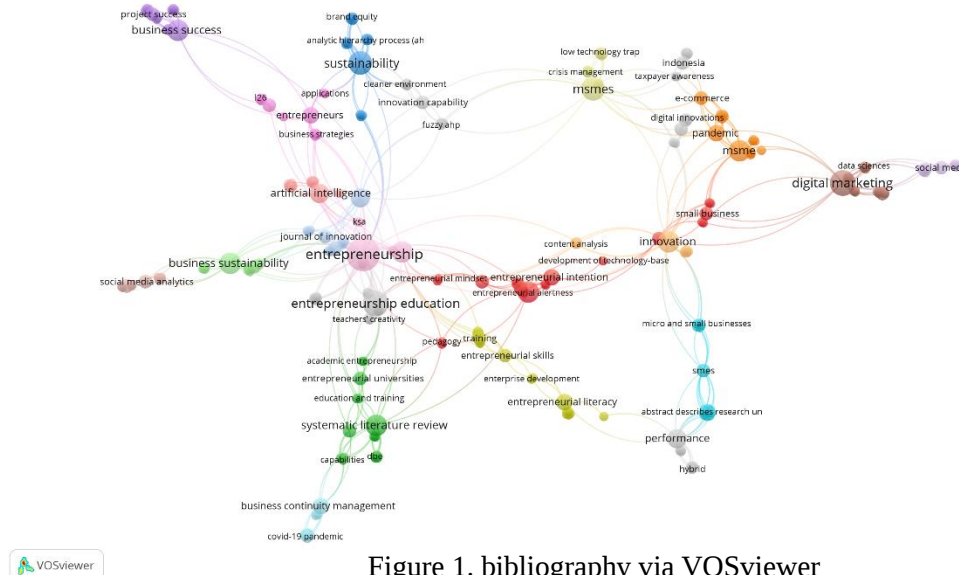


Figure 1. bibliography via VOSviewer
Source : processed by Researcher, 2024

Based on the description above, this study offers an integrative approach that combines the role of business administration, entrepreneurship education, and government support to improve the performance of MSMEs holistically in the Pasuruan area. The novelty of this research lies in its focus to make MSMEs "upgrade" by utilizing a systematic approach based on a combination of *Resource-Based View (RBV)* and *Institutional Theory* theories. In addition, this study not only discusses the internal aspects of MSMEs such as entrepreneurial literacy, but also maps the external role, such as government policies and business administration capacity, in creating an ecosystem that is conducive to the sustainability and global competitiveness of MSMEs. This approach makes this research innovative because it provides evidence-based solutions to answer the challenges of MSME development in the local context towards the national vision of Golden Indonesia and the achievement of the SDGs.

Therefore, the urgency of this research is very high, because it offers policy- and practice-based solutions to improve the performance of MSMEs, while supporting local economic transformation. This research also has strategic urgency, considering the role of MSMEs in achieving the SDGs, such as poverty reduction (SDG 1), increasing decent work and economic growth (SDG 8), and reducing inequality (SDG 10). Thus, this study provides an empirical basis for developing strategies to strengthen MSMEs that can be implemented directly. Practically, the results of this research can be used by policymakers at the local and national levels to design integrated MSME strengthening programs, such as technology-based business administration training and an applied entrepreneurship curriculum. The government can also direct evidence-based policies to increase the competitiveness of MSMEs through strategic partnerships and financial incentives. Theoretically, this study enriches the literature on MSME development by presenting a collaborative model between *Resource-Based View (RBV)* and *Institutional Theory*, which can be used as a reference in future research. Furthermore, the implications of this research have the potential to make a real contribution to efforts to achieve a Golden Indonesia through increasing the contribution of MSMEs to inclusive and sustainable national economic growth.

2. RESEARCH METHOD

This research uses a qualitative approach with a thematic analysis approach, aiming to deeply understand the role of business administration, entrepreneurship education, and government support in improving the performance of MSMEs in Pasuruan towards upgrading MSMEs and supporting the achievement of the SDGs. The focus of the research is directed to explore the experiences and perspectives of business actors as well as the strategic role of government support in the development of MSMEs. The design of the thematic analysis approach was chosen to explore complex dynamics involving three main variables (business administration, entrepreneurship education, and government support) in the specific context of MSMEs in the Pasuruan region. The research process begins with literature study, preparation of interview guidelines, and technical preparation for field observation and documentation. The following are the guidelines for this research interview:

Table 2.1 Interview Guidelines

Variable	Indicators	Interview Questions
Business Administration	Implementation of Business Administration	How do you manage your business-related documents?
		Do you have regular bookkeeping or financial statements?
	Time and Process Management	How do you manage your work schedule and business operations?
		Do you have a strategy to organize business processes to be more efficient?
	Business Administration Constraints	What are the main challenges you face in managing business administration?
Entrepreneurship Education		How do you solve the obstacle?
	Entrepreneurship Education Experience	Have you ever attended any entrepreneurship-related training or education? If so, how will it affect your business?
		What materials do you think are most relevant to your business needs?
	Application of Entrepreneurship Science	How do you apply entrepreneurial knowledge in running a business?
		Do you apply innovation or creativity strategies in business development?
	Obstacles to Entrepreneurship Education	What are the challenges you face in pursuing or implementing entrepreneurship education?
Government Support		Is there any support you expect to improve your entrepreneurial skills?
	Forms of Government Support	Do you receive government assistance or programs related to your business? If so, what shape does it look like?
		How do you assess the benefits of government assistance in the development of your business?

MSME Performance	Access to Government Programs	How do you find out about the government programs available to MSMEs?
		Have you ever had trouble accessing these programs?
	Expectations for the Government	What form of additional support do you expect from the government for your venture?
		How can the government help MSMEs in your area to develop further?
	Productivity and Sales	How would you describe the productivity level of your business over the past year?
		Is your business sales increasing? If so, what factors contribute?
	Innovation and Business Expansion	Have you innovated products or services? If so, how will it impact your business?
		Do you have a business expansion plan? If so, what is your strategy to achieve it?
	Customer Satisfaction	How do you ensure customer satisfaction with your product or service?
		Do you receive feedback from customers? How do you follow up?

Source : processed Research, 2024

Primary data was obtained through semi-structured interviews with 30 MSME actors as informants, of which 4 key business actors (Mrs. Lilik, owner of Kriptut; Mrs. Putri, owner of Pesona Decoration; Nurul Fitriyah, a salt seller; and Nur Ainia, a vehicle spare parts seller) was used as the main informant to gain deeper insights. The selection of informants considers their involvement in various fields of business as well as their significant contribution to the MSME sector in Pasuruan. Secondary data in the form of local government policy documents, reports on MSME mentoring programs, and entrepreneurship training materials were used to complete the analysis.

Data collection was carried out by triangulation techniques which included in-depth interviews, direct observation in the field, and document analysis. Researchers act as the main instrument in this process, ensuring empathic and in-depth interaction with the informants. Observations are carried out on various MSME activities, including the production process, marketing, and administrative management. The data obtained was analyzed using the Miles and Huberman analysis model, which consisted of data collection, data reduction, data presentation, and conclusion drawn.

To maintain the validity of the findings, this study applies credibility, transferability, dependability, and confirmability tests. This approach aims to ensure that the data obtained accurately reflects the reality of the field and can be used as a reference for the development of similar policies or programs. Through this method, it is hoped that effective strategies can be found to support the improvement of MSME performance in Pasuruan towards upgrading MSMEs, which is in line with the achievement of the SDGs and the vision of Golden Indonesia 2045.

3. RESULTS AND DISCUSSION

3.1 RESULTS

This study aims to understand the effectiveness of government programs in supporting micro, small and medium enterprises (MSMEs) through the provision of seed funding, training, and

mentoring. The study was conducted in Pasuruan Regency and Pasuruan City involving 30 MSME players who had passed the selection of the Directorate of Job Opportunity Expansion of the Ministry of Manpower of the Republic of Indonesia. The main focus of the study is to see the extent to which MSME actors are able to utilize the assistance, understand the importance of administration such as the Business Identification Number (NIB), and their strategies in planning for business sustainability.

Most MSME actors do not understand the importance of business administration, such as the creation of a Business Identification Number (NIB) and the recording of simple financial reports. From interviews with key informants, Ms. Lilik emphasized that obtaining an NIB is an important step to developing a business. *“With the NIB, my business becomes more official and many cooperation opportunities open up,”* Ms. Lilik explained (Code: W/01/001/LL/IK). However, many other MSME players admitted that they did not know how to apply for NIB. One business owner said, *“I don’t understand what NIB is for, I thought it was only for big companies.”* (Code: W/01/002/AA/IK).

The business owners involved in this study come from a variety of backgrounds, both in terms of age and type of business. Based on the data, the businesses run include goods trading, the culinary industry, animal husbandry, fisheries, and the creative sector. One informant, Mrs. Lilik, the owner of the Kripit (Keripik Uti) business, described how small businesses are often the foundation of the family economy. *“This chip business is my family’s source of livelihood. In addition to meeting household needs, I can also employ neighbors,”* said Bu Lilik (Code W/01/001/LL/IK). Training on simple financial statements is considered very helpful for business owners in recording cash flow. Nurul Fitriyah revealed, *“Before the training, I only recorded expenses and income randomly. After being taught, I started to make daily reports so that it is easier to control profits”* (Code W/01/007/NF/IK). Most business owners have understood the BMC concept and started using it to plan their business. *“BMC helps me map my target market and determine a more effective marketing strategy,”* said Ms. Lilik (Code W/01/008/LL/IK). However, there are still some business owners who find the concept difficult to understand without further assistance.

Interviews showed that only two businesses have NIBs, namely Ms. Lilik and Ms. Putri, the owner of Pesona Dekorasi. Bu Putri emphasized the importance of business legality, *“With NIB, I feel that my business is more protected. In addition, customers also have more trust because our business is officially registered”* (Code W/01/002/PP/IK). However, most other business actors do not understand the importance of this administration, especially those in the livestock and fisheries sectors. The training and mentoring program, which includes materials for making NIB, financial statements, Business Model Canvas (BMC), and digital marketing strategies, has been well implemented, although there are some obstacles. Nur Ainia explained that the training helped her organize her business better. *“I had never recorded finances regularly before. After the training, I started making simple reports, and it was very helpful,”* Nur Ainia said. (Code: W/02/003/NA/IK) In contrast, some business owners, such as Mukhammad Didik, had not yet received the grant and therefore felt less motivated to attend the training (Code: W/02/004/MD/IK). The training program on NIB creation organized by the government has received a positive response, although not all business owners have successfully completed the process. Putri emphasized that the training provided a new understanding of the importance of business legality. *“I finally understand that NIB is not only for legality, but also to facilitate access to other government programs,”* (Code W/01/006/PP/IK).

The digital marketing strategy training had a positive impact, especially for businesses in the trade and services sector. Ms. Putri said that after learning digital marketing, her decoration business got more clients. *“I learned to utilize social media for promotion. Now, my clients have doubled,”* said Ms. Putri (Code: W/04/007/BP/IK). However, some business owners found it difficult to understand digital marketing due to limited digital literacy. One participant revealed, *“I am not used to technology, so it takes time to learn.”* (Code: W/04/008/AA/IK).

A total of 29 out of 30 business owners have received initial capital assistance of five million rupiah. This assistance is used to purchase raw materials, equipment, and expand the business. *“This assistance is very helpful for me to increase my stock of chips and develop new flavors,”* said Bu Lilik (Code W/01/004/LL/IK). However, there is one business owner, Mukhammad Didik, who has not yet received the funds due to administrative delays. The businesses that received assistance showed significant progress. As many as 85% of business owners have started planning and developing their businesses. Nur Ainia, a vehicle spare parts business owner, explained that the assistance was used to expand product inventory. *“With this assistance, I can increase the stock of goods that were previously difficult to obtain,”* she explained (Code W/01/005/NA/IK).

The digital marketing training received mixed responses from business owners. Ms. Putri mentioned that digital marketing requires technological adaptation that not all business owners understand. *“I am still learning how to create interesting content for promotion on social media,”* she explained (Code W/01/009/PP/IK). One of the main obstacles expressed by informants was the lack of knowledge and access to administrative services. Nurul Fitriyah, a salt trader, mentioned that the administrative process is complicated for small businesses. *“We don't know how to make an NIB. In addition, it takes a lot of time so we prefer to focus on business operations”* (Code W/01/003/NF/IK). Another obstacle was found in the field observation process, where some participants could not be contacted. Sya'Roni and Mutimah, for example, could not be contacted despite being registered in the program. (Code: W/03/005/SR/IK) Fauzi Yuda, one of the participants who could be contacted, admitted that he did not want to be visited for personal reasons. This shows the resistance of some business actors to field assistance (Code: W/03/006/FY/IK).

The initial funding assistance of 5 million rupiah was considered helpful by most business owners. Nurul Fitriyah used this fund to buy large quantities of salt stock, so that she could meet the increasing market demand. *“This fund really helps my business to grow, especially when demand is high,”* Nurul said. (Code: W/05/009/NF/IK) However, there were complaints from other participants who thought the funds were still insufficient for larger business needs (Code: W/05/010/ZZ/IK).

Observations show that 85% of MSME actors have shown progress after receiving training and mentoring. Most of them have started to implement new strategies, such as simple financial recording and digital marketing strategies. Bu Lilik admitted that her business turnover increased by 30% after participating in this program. (Code: W/06/011/LL/IK) However, 15% of the participants have not yet made progress, mainly because they have not received the funds or because of personal constraints (Code: W/06/012/MD/IK).

The program is considered effective by most business actors, but needs improvement in terms of data collection and mentoring. *“The government should pay more attention to business owners who do not understand technology and administration,”* said Nur Ainia (Code: W/01/012/NA/IK). The results of this study show that the MSME assistance and mentoring program in Pasuruan has had a positive impact, although there are some obstacles that need to be overcome, such as awareness of business administration and participants' resistance to mentoring. By improving training and supervision approaches, the program has great potential to increase the sustainability and competitiveness of MSMEs in the region.

3.2 DISCUSSION

3.2.1 The Role of Business Administration in Improving the Sustainability of MSME Businesses in Pasuruan Raya

In the context of improving the sustainability of MSME businesses in Pasuruan District and City, the role of business administration, such as the creation of a Business Identification Number (NIB) and financial reports, is very significant. Before the assistance, only two MSMEs had NIBs. After the mentoring provided to 30 MSME players in Pasuruan, the results show that 23 MSME players now have NIBs. This shows a significant increase in MSME players' understanding of the importance of business legality. NIB registration is not only a symbol of legality, but also opens opportunities for MSME players to access various government programs and expand their business networks, as expressed by Bu Lilik, the owner of the Kriptut (Keripik Uti) business, who feels that her business is more open to cooperation after having an NIB.

The importance of business administration, especially the creation of NIB, is also in line with the theory put forward by In the context of improving the sustainability of MSME businesses in Pasuruan District and City, the role of business administration, such as the creation of a Business Identification Number (NIB) and financial reports, is very significant. Before the assistance, only two MSMEs had NIBs. After the mentoring provided to 30 MSME players in Pasuruan, the results show that 23 MSME players now have NIBs. This shows a significant increase in MSME players' understanding of the importance of business legality. NIB registration is not only a symbol of legality, but also opens opportunities for MSME players to access various government programs and expand their business networks, as expressed by Bu Lilik, the owner of the Kriptut (Keripik Uti) business, who feels that her business is more open to cooperation after having an NIB.

The importance of business administration, especially the creation of NIB, is also in line with the theory put forward by Jena, (2020); Kraus et al., (2021); Roetzel, (2019) in his research on the effect of business legality on market access and credibility. They explained that business legality provides additional trust from outsiders, both customers and business partners. This is very relevant to the findings in this study, where MSME players who have NIB, such as Ms. Putri, the owner of Pesona Dekorasi, feel that their business is more protected and can provide more trust to customers. In his research on the effect of business legality on market access and credibility. They explained that business legality provides additional trust from outsiders, both customers and business partners. This is very relevant to the findings in this study, where MSME players who have NIB, such as Ms. Putri, the owner of Pesona Dekorasi, feel that their business is more protected and can provide more trust to customers.

In addition, orderly business administration also helps MSME actors in planning and developing their businesses. In this study, most MSME actors showed progress after the training on recording simple financial reports. As revealed by Nurul Fitriyah, business owners who previously recorded expenses and income randomly, have now started to make daily financial reports that facilitate control over profits. This indicates that neat financial management can help MSMEs to make more measurable business decisions and improve the sustainability of their businesses.

Based on research conducted by Ghazal et al., (2021); and Witt, (2019) good financial administration not only serves as a tool to manage cash flow, but also as an indicator of business transparency that affects investor and business partner confidence. Clear financial statements are also the basis for MSME actors to apply for loans from financial institutions or access other financing needed for business expansion (Gallego-Losada et al., 2022; Nițoi et al., 2022; Razen et al., 2021). Thus, the financial reporting training provided in this study, which most MSME actors participated in, played a major role in promoting the sustainability of their businesses.

Meanwhile, the challenges faced by some MSME actors, such as limited knowledge in NIB creation and financial management, indicate a gap in the application of more formal business administration. This is in line with research conducted by Setyawati et al. (2023), which suggests

that many MSME players in Indonesia still ignore structured business administration, even though this is a major factor in accessing wider market opportunities and maximizing business potential. Therefore, mentoring by the government and related institutions has a very important role to overcome this obstacle and introduce the importance of good administration for MSME actors.

Through continuous training and mentoring, it is expected that the understanding of business administration can continue to grow. For example, Ms. Lilik, who has successfully implemented NIB in her business, revealed that with NIB, small businesses like hers not only gained access to a wider market, but also gained opportunities to cooperate with various parties. This ongoing assistance allows MSME players to continuously improve and optimize their business strategies, which in turn can strengthen the long-term sustainability of their businesses. While the training and mentoring programs have shown positive results, this study also noted challenges in terms of technological and administrative understanding among some MSME players. Some MSME players, as explained by Nurul Fitriyah, find it difficult to understand more formal administration, such as the creation of an NIB, because the process is considered complicated and takes quite a long time. This suggests that while assistance has been provided, there is still a need to simplify administrative procedures and provide further support to ensure successful implementation.

Overall, the role of business administration, which includes NIB creation and financial report management, in improving the sustainability of MSME businesses in Pasuruan district and city is significant. The assistance provided has shown positive results, but to ensure the sustainability of this program, it is important for the government and relevant agencies to continue to improve the training approach and facilitate access to business administration. With better support, it is expected that more MSME players can upgrade and contribute to the achievement of SDGs and the vision of a Golden Indonesia 2045.

3.2.2 The extent to which MSME players in Pasuruan understand and implement entrepreneurship education, including the concepts of Business Model Canvas (BMC) and digital marketing, in business planning and development.

This study explores the extent to which MSME players in Pasuruan understand and implement entrepreneurship education, including the concepts of Business Model Canvas (BMC) and digital marketing. The results show that despite significant progress following government-provided training, MSME players' understanding of these concepts is still limited. Some businesses, such as Ms. Lilik, feel that BMC helps them plan their business and marketing, but many still struggle to implement it, especially without further assistance.

Entrepreneurship education that includes BMC and digital marketing has shown a positive impact, but the application of these concepts is still limited. Findings show that many MSME players still struggle to apply BMC thoroughly, limited to determining market segments and value propositions only (Sulistyowati et al., 2024; Susantiningrum et al., 2023; Wardana et al., 2023). Further assistance is needed so that MSME players can better understand how to practically utilize BMC in their businesses. Digital marketing training has yielded positive results for some businesses, such as Ms. Putri who has successfully expanded her market through social media. However, many MSME players still experience difficulties due to limited digital literacy. This research highlights the huge challenge of improving digital literacy among MSMEs, which is also a common obstacle in Indonesia's MSME sector. Although 29 out of 30 MSMEs received seed funding, not all felt sufficiently empowered by the training provided. Some participants admitted to administrative issues that prevented them from utilizing the assistance. This shows the need for a more comprehensive approach, integrating training, mentoring and capital assistance to be more effective for their business development.

The biggest challenge faced by MSME players in Pasuruan is their low understanding of business administration, especially in terms of business legality such as the Business Identification Number (NIB). Many businesses do not have an NIB, which prevents them from accessing government programs and expanding their markets. Therefore, there is a need to increase awareness of the importance of proper administration and more intensive mentoring support to maximize the potential of MSMEs and contribute to sustainable development goals (SDGs).

3.3.3 How does government support, through training and mentoring, affect the performance and competitiveness of MSMEs in Pasuruan towards upscaling and achieving the SDGs?

Government support for MSMEs in Pasuruan through training and mentoring has shown a positive impact, although there are still some obstacles. Most MSME players have received financial assistance and training in business administration, digital marketing, and the creation of a Business Identification Number (NIB). However, understanding of the importance of business administration and digital technology is still limited. Some businesses have not fully utilized the training provided, especially related to NIB management and systematic financial reporting. Digital marketing training has a positive impact on MSMEs, especially in the trade and services sectors (Maula et al., 2019, 2023; Rahma, 2023; Sulistyowati et al., 2024). Businesses that participate in this training can reach a wider market and increase competitiveness. However, many businesses still struggle with proper financial record-keeping, which affects their business management. The training provided helped most business owners to implement more structured financial records.

Start-up capital support from the government also plays an important role in increasing the production capacity and product development of MSMEs (Juwairia Juwairia et al., 2023; Rahma et al., 2022; Wardana et al., 2023). However, the distribution of this capital assistance has been uneven, so there are still gaps in access to these resources. The government needs to ensure that capital assistance and other programs are accessible to all MSME actors in Pasuruan. Direct assistance provided by the government has proven to be effective, although there are some businesses that find it difficult to implement the strategies taught. Therefore, a more personalized and business-specific approach is needed. Overall, government support has had a positive impact on MSME performance, but improvements are needed in the distribution of assistance and the quality of mentoring to more effectively achieve sustainable development goals (SDGs).

4. CONCLUSION

This research shows that business administration, entrepreneurship education and government support play an important role in encouraging MSMEs in Pasuruan to upgrade. While entrepreneurship education has had a positive impact, understanding of business administration, such as NIB and NPWP ownership, is still low among MSME players. This hinders them from accessing government programs that can expand their markets and improve business performance. Therefore, more intensive training and mentoring in business administration is needed to support the development of MSMEs.

In addition, despite the gap between the theory of entrepreneurship education and the practice in the field, most MSME players showed a willingness to implement the entrepreneurial concepts taught. This research underscores the importance of designing entrepreneurship programs that are more applicable and practice-based in order to be more effective in improving the competencies of MSME actors. The synergy between entrepreneurship education, good business administration, and government support will encourage MSMEs to contribute more to the achievement of SDGs and support the vision of a Golden Indonesia 2045.

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