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MSMEs Challenges in Phenomena of Disruption Era Abstract Micro **Small and Medium Enterprises (MSMEs)** play **a very important economic role in many countries** including Indonesia. Most parties agree that small businesses have shown resilience in all crises. Consumer behavior in the VUCA era has become more transparent due to the development of information technology and communication that modern humans have achieved. Small business entrepreneurs need to adapt quickly to these changes. Disruption as the changing demands of the present future require MSME entrepreneurs to change their mindset and behavior.

This may be through personal traits focused on **control and motivation** to promote higher levels of learning to improve **business performance in global competition**. **The purpose of this study was to investigate the impact of control and motivation on learning and** on MSME outcomes. It is done through questionnaire data of 100 samples which is processed and analyzed. Technical data analysis has two stages: path analysis and regression mitigation analysis (RMA). Findings point to the influence **of control and motivation on** learning.

Influence of Control Material and Motivation on Performance The influence of control position and motivation on management performance through education. Changing consumer behavior in turbulent times demands a change in the personalities of small business entrepreneurs through continuous learning of regulation and promotion. Keywords: disruption, locus of control, motivation, learning, MSMEs performance. INTRODUCTION Nokia Company came to a disrupted era **and suddenly became defeated**. Nokia CEO Stephen Elop said, "We are not making any mistakes."

Not to mention companies in the country such as Blue Bird, Jamu Nyonya Meneer,

Kodak, and others who for decades across the country serve consumers and have a strong brand. But when the disruption era strikes, the companies without significant changes in creativity and innovation will be eroded by circumstances and market competition. Newcomers come with high technology and open access is easier to serve consumers' desires. This is the VUCA era, which can be a source of fear, but it can also be a challenge.

VUCA is an acronym for Volatility, Uncertainty, Complexity, and Ambiguity, as an era of rapid change, very likely to make things uncertain, complicated, and confusing or unclear. The MSMEs have low competitiveness (Bowen et al., 2009), but their role is very important in the country's economy (Bowen et al., 2009; Mwangi and Ngugi, 2014), if they do not change to follow consumer behavior changes and globalization, they will be eliminated. They slowly regressed and were defeated by natural selection of tightly changing situations occurred. Disruption is a change to bring the future into the present (Kasali, 2017).

Disruption is not only an effort to realize efficiency alone but also will create new opportunities or new markets. Therefore, disruption really changes not only the "way" of doing business, but also the business fundamentals, from cost structure to culture, and even industrial ideology (Kasali, 2017). Continuous learning creates a true entrepreneur with a self-learner. Therefore MSMEs entrepreneurs are expected can capture the signals of important changes around them.

They should follow the consumer desire, can update their knowledge and skills, and have a mindset and behavior consistent with changing demands of consumer behavior. Entrepreneurs should become personal learners to create open access to the environment through the internal locus of control or growth of motivation to excel so that creativity and innovation continue to grow. Someone with a high internal locus of control (Homell and Avolio, 1993; Boone et al.,

2000; Patten, 2005; Hyatt and Prawitt, 2001; Purnomo and Lestari, 2010) and achievement motivation (McClelland, 1985, Robbins 2003; Robbins and Judge, 2013) naturally be able to always be open to environmental developments. They diligently update knowledge and skills through learning: formal and informal education, training, monitoring, and surfing with the new experience. Based on the above description, this research aim is to examine the effect of locus of control and motivation on learning and the impact on MSMEs performance.

THEORETICAL REVIEW Today is highly competitive era in globalization and competitive change for majority of small business population as a whole from developed and

developing countries (Matlay, 2002) owned by families as family This involves the development of a management company managed by owner. It means that business success is also closely related to personal character for Gibb (2002) call it as distinctive characteristic of personal values adopted by an entrepreneur. It is importance to renewthe entrepreneur character in this disruption era (Kasali, 2017), because it will have a major impact on business success. The problem with changing a person's character is a long time, but that does not mean it cannot be changed.

The change will be easier and faster when it comes from deepest desire. Without support from inside to change, then the changes are just pseudo, only at surface, does not sincerely come from deepest desires. The character of a person will change if the person has a strong intention and desire from inside. Intentions and strong desire to change by itself will affect and encourage all thoughts and feelings concerned to achieve the desired goals. It will proceed with internalization in self with emergence desire to change and attitude of new character. Unanimous desire will affect all the mindsets and feeling, it will slowly change the attitude, little by little.

At this point the desired change was achieved. It is not easy to changeand the process for everyone is not the same. How strong the motivation and locus of control of a person will also affect the speed of desired results. Why is different? Because it involves character changes that are closely related to comfort and discomfort in a person. Comfort is often called inside zone. Someone will difficult to change if does not want to release his comfort zone and changed to experience a temporary discomfort. Someone is in process to adjust from old mindset or behavior pattern to new one.

The stronger desire to realize a new mindset and / or behavior pattern is expected will be more quickly realized so the uncomfortable zone will turn into a new comfort zone. This involves the development of a management company managed by owner. It means that business success is also closely related to personal character for Gibb (2002) call it as distinctive characteristic of personal values adopted by an entrepreneur. It is importance to renewthe entrepreneur character in this disruption era (Kasali, 2017), because it will have a major impact on business success. The problem with changing a person's character is a long time, but that does not mean it cannot be changed.

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The stronger desire to realize a new mindset and / or behavior pattern is expected will be more quickly realized so the uncomfortable zone will turn into a new comfort zone. THE EFFECT AMONG VARIABLES MSMEs have people involved in running and building this business unit. Learning is occurred when organizational members act as learning agents within organization, responding to changes in internal and external environment of organization (Argyris and Schon, 1978). Thus the learning process within organization will continue.

De Geus (1988) in Deshpande and Webster's (1989) research argues that existing learning process within organization is "a process whereby management team changes the mental models of companies, markets, and competitors. Sinkula (1994) states that learning becomes a process where an individual's knowledge is transferred to organization to be used by other individuals. Building high entrepreneurial spirit and good corporate management of a MSMEs entrepreneur needs a distinctive personal character (Gibb, 2009) to supports faster success in running a business.

The importance of personal character in business actors will accelerate success achievement. In addition, it will create an entrepreneur who always updates the knowledge and skills in accordance with profession. It takes a human who has a business intuition and courage in spirit of acting or taking business decisions quickly. The business world more often requires speed and alertness in capturing competitive business opportunities. The personal characteristics needed by a small and medium-sized entrepreneur are locus of control and motivation. It can be said that locus of control has a positive effect on business performance (Homell and Avolio, 1993; Boone et al.,

2000; Hyatt and Prawitt, 2001; Patten, 2005; Rozak, 2007; Purnomo and Lestari, 2010). Another factor that positively affects on achievement of one's business performance is motivation. A person with high motivation, especially achievement motivation, will have

a positive effect to improve business performance of a business actor or entrepreneur (McClelland, 1985; Robbins, 2003; Robbins and Judge, 2013; Huda, 2014). The motivation, especially high achievement motivation, will encourage entrepreneur to become active person.

Someone with high need of Achievement (n'ach) is not so affected by reward of money, but more interested in achievement (McClelland, 1985), achievement will invite the material come. MSMEs MUST CHANGE Shiva is the destructive god and Brahma is the creator. In relation to business, corporate strategy is a combination of all the three. Like the Shiva, businessmen do not fear to destroy everything that is only relevant in past. The point is selectively an entrepreneur needs to destroy methods, tools, technologies, approaches, and even the values that have not made productive to companies.

Furthermore, similar with Vishnu god, entrepreneur must take care to things that are still relevant. While like God Brahma, entrepreneurs must have qualified people who create a new future. The new future it cannot be generated before it can really read the new things and selectively throw away not relevant things. That means an entrepreneur must get out from comfort zone, change and move up (Agustina, 2017). Comfort zone will only handcuff, will not help much for a change, it is necessary individual and human resources capacity of entrepreneurs to come into uncomfortable zone.

Thus, the essence of this disruption phenomenon applies economic principles, namely to provide the easiest, cheapest and quickest product or service but with best quality (Kasali, 2017). Responding to more critical consumer behavior, demanding convenience, ease, speed, and best quality, then MSMEs entrepreneurs must change, rise and get out from comfort zone. There must a new mindset and new behavior consistent with demands of VUCA era change.

It is difficult and inconvenient, but by "accepting" that to get maximum results must be needed a change of habit or habit so far, it will surely grow an awareness for hard work, smart work, thorough work and sincere work in bear the sense of uncomfortable. Therefore, in competitive conditions of this era, it is necessary to have high adaptability as an open character. It is impossible to maintain an old habit pattern if you want to survive. The only way to follow the flow of change is through the acceptance of discomfort. It takes a little "coercion" or sacrifice for this. Sometimes people need to condition "as if" to receive.

Internal process of adjustment (internalization) is occurs from discomfort into a sense of comfort. Slowly it will grow a sense of comfort and willing to accept the new things, through the synchronization of thoughts and feelings. Finally, process to change the

discomfort will be more quickly arrive to comfortable zone. But the comfort should not be dissolved, should be recreated the sense of discomfort so that creativity and innovation do not die and stop. Accepting the discomfort and doing a temporary adjustment will certainly grow a new sense of comfort. This also can create fresh ideas because there is spaciousness of heart (sincerity) to accept the temporary discomfort.

That will open the opportunity for emergence of new ideas, namely initiative, creativity and innovation in future. Therefore, VUCA and disruption phenomenon are not constraints, do not make any fear, but become an exciting challenge in daily business. Even it will be welcomed and lived with enjoy through higher self-preparation and self-capacity increase to adapt to any change. RESEARCH METHODS This research uses quantitative approach. Quantitative research is a method where research data in form of numbers are analyzed by statistics (Sugiyono, 2013).

Independent variables of this research are Locus of Control (X1) and Motivation (X2), the dependent variable is Business Performance (Y2), while Learning (Y1) is moderating variable. The research population is entrepreneurs from Micro, Small and Medium Enterprises (MSMEs) in Banjarmasin City. The 100 samples are selected by purposive sampling technique, through Slovin formula (Sanusi, 2014). The requirements is the entrepreneurs has been in business at least 2 years, the owner or manager, not a franchise or branch other businesses, Indonesian citizens, and have at least 1 employee. Data is collected by questionnaires.

The measurement scale has interval scale from 1 to 5. Path Analysis is used to test the correlation between variables to know the partially significance of Locus of Control (X1) and Motivation (X2) variables to Business Performance (Y2), significance of Locus of Control (X1) and Motivation (X2) to Learning (Y1). Simultaneous test is done to know the effect of Locus of Control (X1) and Motivation (X2) on Business Performance (Y2) through Learning (Y1) through Regression Moderation Analysis (RMA). This research model can be described in figure 1 below.

Description: / _ : Effect : Moderation _Figure 1. Research Model

HYPOTHESIS Based on above research model, the hypotheses can be stated below. Hypothesis 1: Locus of control has significant effect on Learning. Hypothesis 2: Motivation has significant effect on Learning. Hypothesis 3: Locus of control has significant effect on Business Performance with Learning as a moderation variable. Hypothesis 4: Motivation has a significant effect on Business Performance with Learning as a moderation variable. Hypothesis 5: Learning has significant effect on Business Performance. RESEARCH RESULTS 63 and dl value equal to 1.72.

The value of Durbin Watson counts 1.577 outside of 1.63 and 1.72. So the data on this study did not show symptoms of autocorrelation. Heteroskedasticity is tested by transmit diagram. The results show the dots that spread and do not form a particular pattern. It means the data does not have heterokedasticity. Normality test is done by normal P test. The results show the data is normally distributed because the dots follow a straight line. The next test is done to show the effect of Locus of Control (X1) and Motivation (X2) on Learning (Y). The percentage of effect is seen from R2.

Value of R2 is 0.647. It means Locus of Control and Motivation explains 64.7% the effect on Learning. The remaining 35.3% is affected by other variables outside this research model. The simultaneous effect of Locus of Control and Motivation on Learning can be shown by Anova table. The F value is 89.034 with a significant 0.000 smaller than 5% confidence level. Thus Locus of Control and Motivation simultaneously has significant effect on Learning and this study model meet the model feasibility. The next step is to use the regression coefficient value to test the first and second hypotheses.

Both of these hypotheses were tested with criteria that if the value is significant < 0.05 , then the hypothesis is accepted and if significant value > 0.05 then the hypothesis is rejected. The effect of Locus of Control (X1) on Learning (Y1) has significance value of $0.000 < 0.05$. It shows Locus of Control has significant effect on Learning, it means the first hypothesis that Locus of Control (X1) have a significant effect on learning (Y1) is accepted.

Similarly, the effect of Motivation (X2) on Learning (Y) has significance value of $0.000 < 0.05$. It means that second hypothesis that Motivation (X2) has significant effect on learning (Y1) is accepted. The value of b in regression coefficient table is - 9.933. Then the effect of Locus of Control on Business Performance significant is 0.000. Thus the learning variable is expressed as a moderation variable. The next step is to determine whether this moderating variable strengthens or weakens the effect of Locus of Control on Business Performance. The value of R2 for regression phase I (simple regression) = 0.319.

R² for regression phase II (multiple regression) = 0.371. Or the value of R² regression phase II (double regression) 0.371 > value R² regression phase I (simple regression) 0.319. This shows that Learning variables as moderation strengthen the effect of Locus of Control on Business Performance. The Hypothesis 3 that Locus of Control has significant effect on Business Performance with Learning as moderation variable is accepted. Regression Moderation Analysis (RMA) is used to test hypothesis the effect on Business Performance with Learning as a moderation variable. The criteria are the effect of independent variables to dependent variable and beta value has negative sign.

If R² on regression analysis II (multiple regression) > R² of regression analysis I (simple regression), then Learning acts as moderating variable or proven. The value of b in table of regression coefficient = -26.148, then effect Motivation to Business Performance significant is 0.000. Thus the learning is proved as a moderation variable. The next step is to determine whether the moderation variable strengthens or weakens the effect of Motivation on Business Performance. R² regression phase I (simple regression) = 0.370 whereas value of R² regression phase II (multiple regression) = 0.376. Mean value of R² regression phase II (double regression) 0.376 > value of R² regression phase I (simple regression) 0.370.

This shows that learning variable as moderation strengthens the effect of Motivation on Business Performance. Fourth hypothesis which states that Motivation has a significant effect on Business Performance with Learning as a moderation variable is accepted based on Summary Model table R² value of 0.471 which means that Learning has an effect on Business Performance of 47.1%. The remaining 52.9% is affected by other variables outside the researched variables. The regression coefficients has a significance value of 0.417 > 0.05.

It means that fifth hypothesis that Learning (Y1) has a significant effect on Business Performance (Y2) is rejected. DISCUSSION It means that findings of this research support Sarri and Trihopoulou (2005) that strengthening personal character, including locus of control and motivation, will be able to improve the performance of entrepreneurs in achieving business goals. Gibb (2009) also support the results of this study to encourage all-out exploration the potential of existing entrepreneurs through MSMEs learning.

Gibb (2009) mentions two ways, exploring the unique values of entrepreneur of MSMEs itself and focuses on institutional or business organization that allows to encourage strong learning in MSMEs entrepreneurs to be more able to achieve business performance. A big change is needed in entrepreneur personal character and also on institutional pattern or business structure. It is clear through a strong desire from within

heart of entrepreneur to be willing to change his mindset and behavior and for development of strong achievement motivation to learn and continue to learn to update knowledge, skills, mindset, and behavior that will in have an impact on business performance. The results of this study indicate that business performance is effected by locus of control, motivation and learning.

Without changing and having a high adaptability to this VUCA, it is difficult to survive in present-day phenomenon. Today need high adaptability of MSMEs entrepreneurs along with rapid and high demand of consumers and digital world development as the progress of modern human civilization. MSMEs entrepreneurs should diligent to update the knowledge, experience, and continue improvement to has a personal character that consistent with uncertain business world to create a reliable entrepreneur, tough and have adaptability to changes around him.

The changes are not only in a small scope / local, regional, or national, but also globalization where the use of internet and support of digital applications are increasingly sophisticated and fast, required a true learner at any time, when and anywhere to be able to continue learning and learning. This has very large impact on performance that can be generated to run MSMEs business. CONCLUSION MSMEs entrepreneurs in VUCA era must learn to improve their business performance supported by Future researcher can expand this research to MSMEs entrepreneurs with digital applications that very supportive to run a modern business.

Variables addition related to VUCA and disruption phenomenon in relation to business performance should be expanded to enrich the benefits of science and its impact for MSMEs entrepreneurs. MSMEs entrepreneurs to survive and achieve success in business run, even to go upper class. Future researcher can expand this research to MSMEs entrepreneurs with digital applications that very supportive to run a modern business. Variables addition related to VUCA and disruption phenomenon in relation to business performance should be expanded to enrich the benefits of science and its impact for MSMEs entrepreneurs.

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