


## **How important are entrepreneurial passion, government support, and financial resource availability in improving SME performance?**

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INFO	ABSTRACT
<b>Article History</b> Received: 2024-05-13 Revised: 2024-11-05 Accepted: 2024-11-26	This research examines entrepreneurial passion (EP) along with the possible outcomes on business performance among MSMEs. Entrepreneurial passion is an important factor that drives business success through the emotional strength that urges individuals to do whatever it takes to achieve their business goals, especially the food and manufacturing MSMEs in Surakarta. The objective of this research is precisely to identify entrepreneurial passion and its impact on business performance through the role of government support (GS) and financial resource availability (FRA). Based on the entrepreneurial identity approach of 180 MSMEs in the small manufacturing and food business sectors in the Surakarta Region, passion as a founder, inventor, or business developer on the impact of their business performance results was identified. The results revealed that EP and GS significantly affected MSME performance. The FRA did not significantly affect the MSME performance. In this case, GS partially mediates the influence of EP on performance, while FRA could not mediate the influence of EP on performance. This research implies that government support has an essential role in fostering an entrepreneurial passion in the context of small businesses that are still in the growth stage. In addition, MSME players need to know their character according to their passions to produce superior performance; this aligns with the personality-job fit theory.
 This work is licensed under <a href="https://creativecommons.org/licenses/by-nc-nd/4.0/">Attribution-NonCommercial-NoDerivatives 4.0 International</a>	<b>Keywords:</b> Entrepreneurial passion; SME Performance; Government support; Financial resource availability

## **INTRODUCTION**

Entrepreneurial passion is one of the factors that helps entrepreneurs achieve their success targets. Entrepreneurial passion is associated with positive emotions and attitudes toward essential activities that contribute to individual identity (Huyghe et al., 2016). Entrepreneurial motivation is considered a driving force behind entrepreneurial success and can be an essential element in entrepreneurial behavior (Nugroho & Erikawati, 2025) in the process of business creation (Cardon et al., 2013; Santos & Cardon, 2019) and digital marketing (Harini & Rahmayuna, 2023). Passion or enthusiasm is also associated with the emotional force that drives individuals to do whatever it takes to achieve their goals with total energy (Vallerand et al., 1992)(Vallerand et al., 1992). Entrepreneurial passion can influence how entrepreneurs run their businesses to achieve success through its influence on goal-related cognition and through its influence on better leadership. Passion is at the heart of entrepreneurship, as it can foster creativity and recognition of new patterns of information.

It becomes crucial in the context of entrepreneurship because it can generate innovative, creative ideas that drive the exploitation of entrepreneurial opportunities. In addition, entrepreneurial passion drives entrepreneurs to overcome business challenges in a dynamic environmental context (Cardon et al., 2009).

Passion has been attempted to be used as an explanation for the odd behaviors of entrepreneurs for the last 70 years (Leong, 2020). Scientific curiosity in passion have increased recently, especially in business connections. Much research has been done to look into how entrepreneurial passion (EP) affects performance, self-confidence, and profitability; some of them are (Alyahya et al., 2023; Hu et al., 2022; Murnieks et al., 2014; Ngeek, 2016; Yang et al., 2023). Even with the major advances in our knowledge of identity-based EP made by researchers thus far a few years before (Cardon et al., 2009; A. Mueller & Sensini, 2021; Strese et al., 2018), many problems remain. First of all, identity-based EP researchers have mostly concentrated on the benefits of EP, often ignoring its drawbacks in results. Given the different effects of the three EP domains (Murnieks et al., 2014; Stenholm & Renko, 2016) and the dysfunctional effect from the owners on the staff's commitments (Breugst et al., 2012), it is surprising that little attention is paid to understanding the conditions under which passion either positively or negatively affects business outcomes. Second, the effect of EP on entrepreneurial outcomes is hidden by the tendency of researchers to link EP with particular phases of the business. EP has the power to affect how particular projects turn out (Cardon et al., 2009, 2013).

Additionally, Micro, Small, and Medium Enterprises (MSMEs) are the manifestation of entrepreneurial activities that currently face the problem of resource constraints that hinder performance. MSMEs are often faced with business development problems. Therefore, the current government has provided some assistance, especially for the creative sector MSMEs (Abidin et al., 2022). Research shows that entrepreneurial passion plays an important role in entrepreneurial intentions (Gerrath & Biraglia, 2021; Li et al., 2020). In addition, some researchers have identified that entrepreneurial passion fosters positive emotions among entrepreneurs and increases motivation when environmental conditions are uncertain, and resources are limited. In this case, business performance is the ability of a company to achieve its goals by using all company resources efficiently and effectively (Fu et al., 2021). Against all odds, MSMEs are capable of surviving any crisis. Their role in producing goods and services means that they keep the money running. MSMEs help to boost the economy through small business practices (Abidin et al., 2023; Saputri & Zainal, 2023). Not all small businesses can survive in the uncertainty of the business environment with the limited resources they have (Lestari, 2022). In this instance, entrepreneurial passion (EP) emphasizes the existence of a relationship between the entrepreneur's passion and entrepreneurial behavior that has a substantial impact on business performance outcomes (Strese et al., 2018). Researchers argue that identifying entrepreneurial abilities based on their passion allows entrepreneurs to improve business performance.

While empirical evidence indicates that EP improves business performance, to fully support entrepreneurial activities, sufficient resources are required (Adomako & Ahsan, 2022). Past study claims that the accessibility of financial resources has an impact on the endeavors undertaken by entrepreneurs and the efficacy with which they execute those endeavors in light of the resource constraints faced by small businesses (Hessels & Parker,

2013; Mangifera et al., 2024). Entrepreneurial activities are, in some ways, restricted by the limitations imposed by limited resources (Dewaelheyns et al., 2019). However, it is the accessibility of financial resources that truly influences performance. Tabesh et al. (2019) state that the presence of financial resources enables entrepreneurs to engage in a variety of investment and innovation endeavors to improve their performance. Therefore, to ensure the long-term viability of their businesses, MSMEs must augment their entrepreneurial passion with sufficient financial capital (Troise et al., 2022).

Furthermore, government support for entrepreneurs streamlines the process of establishing a company through the provision of business permits and capital assistance policies (Hidayat et al., 2011; Mahasari & Mangifera, 2023). Institutions play a crucial role in facilitating access to financial resources and incentivizing participation in economic endeavors (Ndemi & Mungai, 2018). Hence, an element that influences entrepreneurial conduct and enhances performance is a substantial degree of institutional backing (Adomako et al., 2018).

This current study diverges from previous research Adomako and Ahsan (2022), Fitriati et al. (2020) and Luu and Nguyen (2021) by examining the correlation between entrepreneurial passion identity and the impact of government support for business performance and the availability of financial resources. The findings provide further support for the notion that entrepreneurial passion propels the performance of MSMEs in Soloraya in the presence of government support. The present study offers scientific contributions to the theory of personality-job fit (Wong & Tetrick, 2017), which delineates the degree of congruence between an individual's occupation and their personality. According to the personality-job fit theory, entrepreneurial fervor positively influences the business performance outcomes of micro, small, and medium-sized enterprises (MSMEs). Therefore, to enhance their performance by leveraging their fervor as founders, inventors, or developers, MSMEs must acknowledge their individuality (Troise et al., 2022).

## **LITERATURE REVIEW**

Entrepreneurial passion (EP) is defined as a positive and intense feeling experienced from involvement in entrepreneurial activities associated with a meaningful role in the entrepreneur's identity (Cardon et al., 2009). Recent theoretical and empirical research literature shows that passion for doing something becomes necessary to start something. Recent empirical research has found different relationships between interest in a particular entrepreneurial field and performance outcomes (Mosey & Kirkham, 2017), bricolage behavior and firm survival (Mosey & Kirkham, 2017), business growth (Cardon et al., 2009), and employee commitment (Satar & Natasha, 2019). Although there is evidence that recognizing passion is essential, the dominant approach taken in research still focuses on passion for activity, which is a limitation to understanding entrepreneurial passion.

Two theoretical frameworks in the entrepreneurship literature for assessing entrepreneurial passion (EP) include the dualistic approach by Vallerand et al. (1992) and the identity method by Cardon et al. (2013). This study discusses Cardon's thesis, which explores entrepreneurial passion through the identity approach in entrepreneurial activities, encompassing three domains (creating, founding, developing) and their impact on firm performance. Entrepreneurial passion is categorized into three groups that correspond to the

entrepreneurial process: enthusiasm for creating, founding, and developing a business, each with distinct actions and responsibilities. Entrepreneurs who have a strong enthusiasm for innovation have a dedication to creating, prototyping, and seeking out new prospects. Entrepreneurs who have a strong founding passion typically possess a fervor for initiating a business and acquiring resources to seize possibilities.

Further, entrepreneurs who are passionate about development are enthusiastic about business growth and expansion operations. Cardon et al. (2009) classify the entrepreneurial process (EP) into three primary dimensions: 1) Passion for inventing (PI) involves activities like prototyping and investigating new possibilities. 2) Passion for funding (PF) involves activities like launching a firm and utilizing resources. 3) Passion for developing (PD) is the skill of creating projects that promote corporate expansion. The EP dimensions are derived from the entrepreneurial process and correspond to the actions undertaken by entrepreneurial persons in establishing and overseeing their new enterprises (Cardon et al., 2009; Mosey & Kirkham, 2017). The literature on EP has advanced significantly in the previous decade, as discussed in a detailed review by Newman et al. (2021).

Moreover, personality-job fit theory reveals that an individual's personality is a psychological form in an organization that shows an individual's identity and abilities in a corporate organization. The personality-job fit theory supports the concept that the similarity between an individual's personality and the work they do and that fit can support their success in their chosen field. Based on this theory, an individual's personality fits with their job and shows their ability to adapt to the business environment. In the context of entrepreneurship, an entrepreneur who has a personality fit with the type of business can support their ability to make strategic decisions and impact their business performance. This can accurately occur in small businesses (MSMEs) where the owner is also the business manager who must make strategic decisions daily. Consistent with the literature that discusses the impact of individual characteristics on MSME management behavior and its implications for MSME performance, the literature on entrepreneurial passion also emphasizes the relationship between passion and cognition and behavior (Cardon et al., 2009) and its impact on company success (Strese et al., 2018).

### **Direct Impact of Entrepreneurial Passion on Small and Medium-sized Enterprise Performance**

Previous scholars have contended that role identity enables entrepreneurs to establish a perception of 'who they are,' influencing their cognition and behavior (Powell & Baker, 2017). Research indicates that entrepreneurs strategically align their actions with their identities. Entrepreneurs must engage in several tasks when beginning and operating a business, and their degree of participation in these activities depends on their interests (Cardon et al., 2013). Entrepreneurs with a strong enthusiasm for innovation are more likely to be enthusiastic when involved in starting new enterprises (Strese et al., 2018). Recent work has made substantial contributions to enhancing our comprehension of identity-based environmental psychology. However, some of these contributions still have limitations in terms of understanding. Research on identity-based environmental psychology has mostly emphasized the positive effects of each identity aspect while neglecting the negative consequences and results. There is limited research that has definitively demonstrated the

influence of each identity on business outcomes (Stenholm & Renko, 2016). This is evident from their actions in managing their enterprises, which can evoke either positive or negative emotions.

Entrepreneurs with a strong enthusiasm for growth will have a more positive outlook when involved in tasks like training staff or improving business operations, as these tasks hold personal significance for them. They are inclined to concentrate their attention and energy on these company growth tasks, which positively affect business performance. Researchers assert that a strong commitment to growth is a crucial endeavor in a business. During this stage, businesses engage in tasks like creating new products, identifying fresh market prospects, and implementing long-term marketing strategies, all of which directly influence their business outcomes (B. A. Mueller et al., 2017). The researchers claim that entrepreneurs with a thirst for growth will experience pleasant emotions while engaging in entrepreneurial tasks. Due to the importance of these activities to their self-identification, individuals exert extra effort to maintain and enhance their identity. The literature indicates that a strong enthusiasm for innovation is connected to improved innovation performance in small and medium-sized enterprises that have progressed beyond the initial start-up phase (Strese et al., 2018).

In addition, entrepreneurial actions driven by a passion for starting a business align with early-stage activities on a small and medium enterprise (SME) level. Activities in the initial stage of a business are crucial since entrepreneurs need strategic capabilities to execute product launches, identify markets, and attract consumers, which can be challenging for small enterprises to compete in the market. This can diminish entrepreneurs' engagement in company activity. Commencing a new firm is a tough process, and entrepreneurs will undoubtedly encounter obstacles (Zott & Huy, 2007). The desire to establish something is directly linked to the intention to start a business among new entrepreneurs (Biraglia & Kadile, 2017).

*H1: Entrepreneurial passion positively and significantly impacts SME performance.*

### **The Intermediary Role of Financial Resource Availability**

SMEs often struggle with limited financial resources. Financial resources' significance for firm performance has been a prominent subject of discussion (Khan et al., 2021; Sari & Ainun, 2024). While research typically focuses on the disparity in financial resources, small and medium-sized enterprises (SMEs) have challenges in obtaining financial resources from external sources. It involves obtaining financial resources from sources like revenues and loans to fund specific activities. Financial resource availability refers to the accessibility of financial resources for SMEs to conduct their business activities. Small and medium-sized enterprises with financial resources can utilize them to conduct activities aligned with their entrepreneurial pursuits. In this scenario, the focus is not on the amount of ownership of financial resources but on the capability to use external financial resources to oversee the firm.

Insufficient financial resources can lead the manager to prioritize solely business establishment. Owner-managers will be actively engaged in the firm from the beginning; therefore, they may overlook the need to secure financial resources. Established SMEs can

delegate responsibilities to managers and business owners to concentrate on their areas of expertise. Managers will prioritize operational tasks and business development, while business owners will concentrate on long-term business sustainability planning through financial support.

*H2: The availability of financial resources positively and significantly impacts SME performance.*

*H4: The availability of financial resources can act as a mediator between entrepreneurial passion and SME performance.*

### **The Mediating Influence of Government Support**

Government support in SMEs involves government participation in SME development through policies and tangible assistance. Regarding policy support for tax relief for SMEs' working capital credit, they are reducing credit interest rates for SMEs and providing material help in the form of business capital assistance and equipment aid (Mangifera et al., 2024). Jayeola et al. (2022) and Dubey and Das (2022) stated that government assistance, such as tax policies, tax reductions, exemptions for SMEs, and loan interest rate policies, has been shown to positively impact SME performance. Government support for training and development enables SMEs to grow despite resource constraints. The research findings by Farida et al. (2023) suggest that the local government's business environment has not motivated SMEs to seek new market possibilities and improve their business performance. This study's findings align with Luo et al.'s (2021) research, indicating that government funding does not influence SME performance. This study is predicated on the following assumptions:

*H3: Government support positively and significantly impacts the performance of small and medium-sized enterprises (SMEs).*

*H5: Government support can moderate the impact of entrepreneurial passion on small and medium enterprises' performance.*

### **RESEARCH METHOD**

This study focuses on small and medium-sized enterprises (SMEs) in the handicraft and food and beverage sub-sectors in Surakarta. Two hundred-one samples were collected, but only 180 responders were eligible for analysis. The study utilized purposive random sampling to select participants meeting specific criteria: small business owners with a minimum of three employees, operating for at least two years and having received government aid. This study utilized primary data collected from respondents through questionnaires delivered to small and medium-sized enterprise (SME) stakeholders. Data processing employed partial least squares (SEM-PLS) through the usage of Smart PLS software. Structural equation modeling (SEM) PLS analysis offers the benefit of not necessitating a substantial sample size, not relying on assumptions, and being applicable for testing models with theoretical constraints (Hair et al., 2019). PLS analysis integrates confirmatory factor analysis, regression analysis, and path analysis (Guzmán et al., 2020). This PLS test involves two measurement models: the measurement model and the structural model (Isa & Ar Rahmah, 2023). The outer model in the measuring model illustrates the

connection between latent variables and their respective indicators. Meanwhile, the structural model (inner model) outlines the direct and indirect connections between latent variables.

The measurement of variables included the entrepreneurial passion (EP) variable, comprising four indications connected to the enthusiasm for starting, opening, and growing a firm, rated on a scale of 5. Government support (GS) was assessed based on the types of assistance provided, such as policy or financial aid. Financial resource availability (FRA) was determined by the capacity to get financial resources, micro-credit, and supplier loans. The dependent variable, business performance (PERF), was assessed by examining metrics such as more sales, greater profits, expanded assets, and a larger customer base.

## RESULTS AND DISCUSSION

### Results

In 2023, Surakarta had 11,757 micro, small, and medium enterprises (MSMEs). About 75% of these enterprises were involved in commerce, while around 15% were in the production sector and 10% in services. Micro, Small, and Medium Enterprises (MSMEs) are present in every sub-district of Surakarta.

The study examined 180 MSMEs from the food and beverage and handicraft sub-sectors in Surakarta. As many as 44% of the MSME actors who participated as respondents were male, whereas 56% were female. In addition, 48% of the MSME players who participated in this survey had completed high school, 32% had completed undergraduate or postgraduate studies, 17% had completed junior high school, and 3% had completed primary school. In this survey, the MSME respondents' ages were distributed as follows: 39% were between 36-55 years old, 20% were between 25-35 years old, 23% were under 25 years old, and 18% were over 56 years old.

**Table 1. Respondent Profiles**

<b>Category</b>	<b>Percentage (%)</b>
<b>Business Sector</b>	
Food and Beverage	53
Manufacture	47
<b>Business Age</b>	
1-2 years	18
3-5 years	32
6-10 years	36
10 years+	14

According to the respondents' profiles, Table 1 summarizes that the business sectors in this study comprise the food and beverage sector, with 95 businesses (53%), and the manufacturing sector, with 85 businesses (47%). The majority of businesses have been operating for more than five years, with 65 MSMEs operating for 6 to 10 years, 57 MSMEs operating for 3-5 years, 32 MSMEs operating for less than 2 years, and 26 MSMEs operating for more than 10 years.

**Table 2. Convergence Validity**

Variable	Question	Outer Loading	Validity
Entrepreneurial Passion (EP)	X11	0.723	Valid
	X12	0.839	Valid
	X13	0.793	Valid
	X14	0.775	Valid
Financial Resource Availability (FRA)	Z11	0.810	Valid
	Z12	0.860	Valid
	Z13	0.807	Valid
	Z14	0.709	Valid
Government Support (GS)	Z21	0.892	Valid
	Z22	0.920	Valid
	Z23	0.703	Valid
Performance (PERF)	Y1	0.769	Valid
	Y2	0.794	Valid
	Y3	0.871	Valid
	Y4	0.833	Valid

The construct validity is assessed using convergent validity to test each indicator within all variables. An indicator is considered valid if its loading factor is above 0.6 and the Average Variance Extracted (AVE) value is more significant than 0.5. Based on Table 2, all indicator questions in the EP variable (4 items), the GS indicators (3 questions), the FRA indicators (4 questions), and the performance variable (4 items) were all above 0.7, meaning that all indicators of these variables have been valid. The results of the AVE analysis in Table 3 uncovered that the EP variable had a value of 0.614; the FRA variable was 0.637; the GS variable was 0.632; and the performance variable was 0.669. These AVE values were all above the recommended threshold of 0.5, confirming the convergent validity of the constructs.

**Table 3. Table of Average Variance Extracted ( AVE)**

Variable	Average Variance Extracted (AVE)	Validity
Performance (PERF)	0.669	Valid
Financial Resource Availability (FRA)	0.637	Valid
Entrepreneurial Passion (EP)	0.614	Valid
Government Support (GS)	0.632	Valid

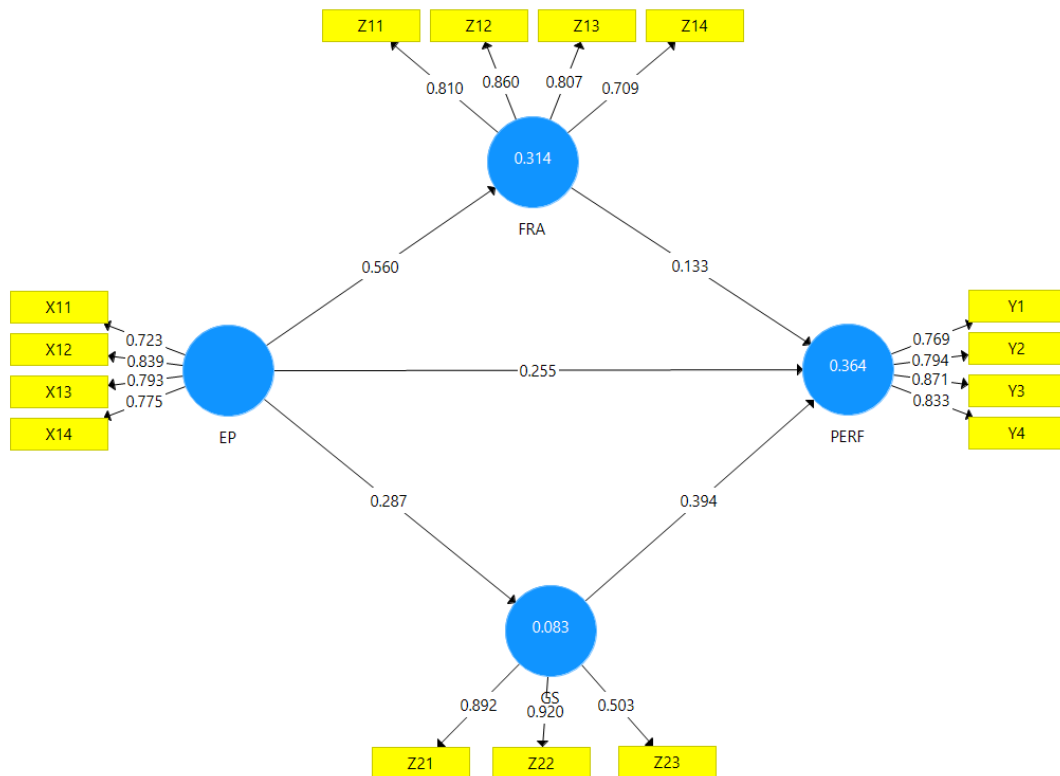
Cronbach's Alpha test, as presented in Table 4, is a statistical technique employed to measure internal consistency in instrument reliability assessment. According to Hair et al. (2014), a variable is considered reliable if it yields a Cronbach's Alpha value greater than 0.70. The test results indicate that the EP, FRA, GS, and PERF variables in Table 4 all exhibited values above 0.7, implying that all variables in this study possessed consistency with Cronbach's Alpha values exceeding 0.7.

**Table 4. Cronbach's Alpha Test Results**

Variable	Cronbach's Alpha	Reliability
Entrepreneurial Passion (EP)	0.790	Reliable
Financial Resource Availability (FRA)	0.808	Reliable
Government Support (GS)	0.714	Reliable
Performance (PERF)	0.834	Reliable



Outer model testing is used to demonstrate the strength of estimation among latent variables. This testing explains the results of goodness of fit tests and hypothesis testing. Model feasibility testing in this model consists of determinant coefficient ( $R^2$ ) testing. The R-squared value is used to measure the level of variation of changes in independent variables to dependent variables. According to Hair et al. (2019), if the R-Square value ranges from 0.75, 0.50, and 0.25, it indicates strong, moderate, and weak relationships between variables. The analysis results of R-Square in PLS analysis demonstrated that the R-Square value in the EP research model against PERF was 0.36, meaning it had a moderate relationship. EP to PERF through FRA exhibited a moderate relationship model with an R-Square value of 0.314, while EP to PERF through GS showed a weak relationship with an R-Square value of 0.083, as shown in Figure 1.



**Figure 1. Outer model**

Hypothesis testing in this study was conducted by examining the results of T-Statistics and P-Values, which showed positive numbers. At the same time, a hypothesis can be said to have a significant effect if the P-Values < 0.05 and the T-Statistics > 1.96 because, in this study, the significance level used was 5%. Hypothesis testing was performed through two tests: testing the direct effect between EP, GS, and FRA on PERF and testing the indirect effect, which is the effect of EP on PERF through GS and FRA as mediation.

**Table 5. Direct – Indirect Effect**

Hypothesis	T-Statistic (O/STDEV)	P-Values	Result Summary
H1 – EP → PERF	3.038	0.002	Supported
H2 – FRA → PERF	1.626	0.104	Not Supported
H3 – GS → PERF	5.093	0.000	Supported
H4 – EP → FRA → PERF	1.452	0.147	Not Supported
H5 – EP → GS → PERF	2.590	0.010	Supported

Table 5 shows the direct effect of EP on PERF with a P-value of  $0.00 < 0.05$ , and the analysis result of the T-Statistics was 3.038. Thus, statistically,  $H_0$  was rejected, and  $H_1$  was accepted, meaning that entrepreneurial passion had a significant positive effect on the performance of SMEs in Surakarta.

The second hypothesis tested the direct effect of FRA on performance. From Table 5 above, it can be observed that the T-Statistics value was  $1.626 < 1.95$ , and the P-Values was  $0.104 > 0.05$ . Therefore, it can be concluded that FRA had a positive but not significant effect on business performance, so statistically,  $H_2$  was rejected, meaning that FRA did not directly influence the performance of SMEs in Surakarta.

The third hypothesis tested the direct effect of GS on SMEs' performance. From Table 5 above, it can be seen that the T-Statistics value was 5.093, and the P-value was  $0.00 < 0.05$ . Thus, it can be concluded that government support had a positive and significant effect on SMEs' performance in Surakarta. Therefore, statistically,  $H_3$  was accepted, meaning that with government support, it will increase business performance.

The fourth hypothesis tested the indirect effect of EP and FRA on SME performance. From Table 5 above, it can be observed that the T-Statistics value was  $1.452 < 1.95$ , and the P-Values was  $0.147 > 0.05$ . Hence, it can be concluded that FRA could not mediate the relationship between EP and PERF. Thus, statistically,  $H_0$  was accepted, and  $H_4$  was rejected, meaning that FRA did not significantly support EP in improving SME performance in Surakarta.

The fifth hypothesis in this study tested the indirect effect of EP on PERF. From Table 5 above, it can be observed that the T-Statistics value was 2.590, and the P-value was  $0.01 < 0.05$ . Therefore, it can be concluded that government support (GS) could mediate the effect of EP on SME performance in Surakarta. Thus, statistically,  $H_5$  was accepted, meaning that with government support, it will enhance entrepreneurial spirit, thus improving business performance.

## Discussion

This current research found that all indicators of entrepreneurial passion, including the drive to start a business, seek opportunities, the enthusiasm to develop the business, and the drive to innovate and discover new things, exerted a positive impact on the performance of SMEs in the food and manufacturing sectors in Surakarta. For businesses in their early stages, running for less than two years, entrepreneurs tend to be more passionate about starting a business and seeking market opportunities. In contrast, businesses that have been running for more than five years but less than ten years tend to be more enthusiastic about developing the business to make it more stable and grow. Meanwhile, small businesses that are already established and have been operating for more than ten years tend to be more enthusiastic about starting to innovate and explore new ventures compared to businesses that are already established. Overall, the research results are in line with studies (Adomako & Ahsan, 2022), but this contradicts the findings of the study (Aziz et al., 2019).

Government support has a positive impact on SMEs, as evidenced by policies related to providing business capital assistance, facilitating credit and training, and credit interest rate policies motivating SMEs to carry out business activities. Providing facilities and soft skills training for SMEs has a positive impact on improving entrepreneurs' skills and their

ease of accessing capital, especially for small businesses that are just starting. On the other hand, for established businesses, government assistance is less responsive and is perceived to have less impact on performance improvement. This is because established SMEs tend to have stable financial capabilities and well-trained business skills and experience over the years. However, government support in terms of policies related to business credit assistance can benefit all SMEs, supporting the findings of research (Mahasari & Mangifera, 2023; Mangifera et al., 2024).

Regarding the availability of financial resources in the study of the ability to access external financial resources, the results of the study revealed that SMEs still feel that they do not have sufficient financial resources. Thus, this current finding indicates that the availability of financial resources has not had a significant impact on the performance of SMEs. Currently, SME business actors tend to rely on capital or internal financial resources to fund business activities, consistent with research (Tambunan, 2021). They are still focused on running existing businesses with the capabilities they have, so they experience limited resources in developing their businesses. Financial resources are one of the significant obstacles for SMEs to develop. Therefore, SMEs need to have the ability to access financial resources from external sources. This study shows that SMEs have not been able to access financial resources, so the availability of financial resources to support business activities is not optimal. Hence, SME actors in the future need to have the ability and strategy to access financial resources from external sources.

## **CONCLUSION**

Based on the results above, it can be concluded that entrepreneurial passion and government support have a positive effect on SME business performance, while the availability of financial resources does not affect SME performance. The practical implication of this study is that SME owners must recognize their identity when conducting business activities so that they can optimize their business for better performance. By recognizing their passion, SME owners can maximize their abilities. With government support, SME performance will increase, thus supporting the economic growth of the community, considering the significant role of SMEs in the country's economy. The government must play its role in supporting the growth and development of SMEs. As for the problem of SME access to financial resources, it is necessary to further explore the obstacles they face in accessing external financial resources. This study still has limitations in business coverage, only focusing on the food and manufacturing sectors in Surakarta, so the findings cannot be generalized to all SMEs in different locations. Suggestions for further research are to expand the scope by including more SME sectors as research subjects. In terms of mediating variables, it is a good idea to try other variables related to digital technology capabilities in SMEs to expand the findings in SME development.

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