

Work environment and entrepreneurship orientation towards MSME performance through organizational commitment

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ABSTRACT

This research aims to analyze and develop a theoretical framework, built with a performance model influenced by the work environment and entrepreneurial orientation, and mediated by organizational commitment. This research used a quantitative approach as the methodology. The survey was distributed using a questionnaire instrument. The population in this study were 6,708 MSME owners in Brebes Regency, Central Java, Indonesia, and the sample in this study were 377 MSME owners, which was determined using the Slovin formula. The sampling technique in this research used a non-random sampling with proportional sampling. Simultaneously, the statistical method used to test the hypotheses in this study is a multivariate Structural Equation Modelling (SEM). Based on the results of statistical tests, it can be known partially that 1) Work environment has a significant effect on the performance of MSMEs, 2) Entrepreneurial orientation has a significant effect on the performance of MSMEs, 3) Organizational commitment has a significant effect on the performance of MSMEs, 4) Work environment has a significant effect on organizational commitment, 5) Entrepreneurial orientation has a significant effect on organizational commitment, 6) Work environment has a significant effect on the performance of MSMEs through organizational commitment, and 7) Entrepreneurial orientation has a significant effect on the performance of MSMEs through organizational commitment. The novelty in this study is that the empirically constructed model of organizational commitment has proven to be significant as a mediation of the work environment and entrepreneurial orientation towards performance. with the strongest influence of work environment and entrepreneurial orientation on organizational commitment.

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a large role in the Indonesian economy's growth, especially their contribution to gross domestic product. One out of many factors that supports the increasing role of MSMEs and its development in Indonesia is its presence that are currently spread throughout the country and controls most business activities in Indonesia. Moreover, trade globalization now makes the private sector's role increase in various developing countries, including Indonesia. MSMEs play an important and strategic role in national economic development. Besides playing a role in economic growth and employment, MSMEs also play a role in distributing development results. MSMEs have also been proven not to be affected by the crisis. When the crisis hit Indonesia in 1997 to 1998, only MSMEs were able to remain strong (LPPI, 2015). The government has strategic policy pillars implemented through various annual policies/programs and activities to support the development and strengthening of MSMEs in Indonesia. The role of Human Resources (HR) in supporting the growth and

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progress of MSMEs is also very important. Despite having large capital, sophisticated technology and equipment, a good work system, and qualified work facilities, the company will find difficulty achieving their objectives if they do not have a quality workforce. It means it has a competent workforce with a good understanding of entrepreneurial orientation and high organizational commitment. Human Resources are a company working partner; therefore, it is important for MSMEs to understand their employees' needs, particularly those who have the potential to be developed. This initiative will encourage improvement in the quality and quantity of employees, which in turn can also improve the performance of Micro and Small and Medium Enterprises so that the company's goals will be achieved. Wibowo (2018) stated that performance is a process of empowering organizational resources to achieve organizational goals. Performance is not only the result of work but also includes how the process of doing the work. Performance can be defined as something done and how something has been done. According to Prahasti and Wahyono (2019), employee performance in a company is influenced by many factors, including ability, skills, motivation, work environment, job satisfaction, job design, leadership style, rewards and so forth. Employees often decline in performance due to inconvenience at work, minimum wages, ability or expertise that is less supportive, and dissatisfaction at work. Samson et al. (2015) stated that workplace environment is an interrelationship between the employees and the environment of the place they work at. This environment includes physical location, immediate surroundings, behavioral procedures, policies, rules, culture, resources, working relationships, working location, and all that influence how employees work. A healthy workplace environment is good for business and is characterized by the respect that supports employee engagement and creates a high-performance culture, thus encourages innovation and creativity. In addition, there are also many other factors that affect performance, including entrepreneurial orientation factors. According to Rezaei and Ortt (2018), entrepreneurial orientation is one of the most widely used constructs to assess firm entrepreneurship. A firm is considered to be entrepreneurial if it is risk-taking, proactive, and innovative. Entrepreneurial orientation closely reflects the actual behavior of an entrepreneurial firm and generally found to be positively related to firm performance. Dimitratos et al. (2004) research showed that there is a weak relationship between entrepreneurial orientation and company performance. In addition to work environment factors and entrepreneurial orientation, there are other factors that also influence the performance of MSMEs, namely organizational commitment. Al-Jabari and Ghazzawi (2019) defined organizational commitment as the relative strength of an individual's identification with and involvement in a particular organization. It can also be described as an employee's state of commitment to the organization and their identification towards the organization's values and goals. This definition emphasizes that commitment is related to behavior and commitment that can be aimed at several targets or bodies. Employees with high commitment will have a strong desire to remain a part of the company and strive to achieve the goals set by the company efficiently and effectively. Commitment from all parties involved is required if MSMEs want to achieve their goals. Employee commitment is an important part that influences the performance of employees. The existence of MSME can be used as an effort to plan regional development. The ability of MSMEs to cope with the current global competition needs to be considered further in order to remain able to survive for the stability of the Indonesian economy. From many factors mentioned above, this research will discuss the effect of the work environment and entrepreneurial orientation on the performance of MSMEs from the perspective of HR Management through organizational commitment. This is an interesting issue because MSMEs with high HR performance will be able to face competition. Starting from the background of the problems mentioned above, the researcher is interested in taking the title "Causal Study of the Work Environment and Entrepreneurial Orientation on MSME Performance Through Organizational Commitment".

2. Literature Review

2.1 Performance

Performance is defined as the realization of the tasks assigned to employees based on personal qualifications within reasonable limits. From this concept, it can be explained that the organization will give work assignments to members of the organization based on the ability of each person (Kalkavan & Katrinli, 2014). Employee performance (work performance) is "Work results in quality and quantity that are achieved by an employee while carrying out their duties in accordance with the responsibilities given to them" (Mangkunegara, 2003). The success level of performance includes quantitative and qualitative aspects. Meanwhile, according to Martha (2015), performance is "The achievement achieved by someone in carrying out the tasks and work given to him". Sonnentag and Frese (2005) emphasize that performance is a multidimensional concept which distinguishes between task and contextual performance. There are three assumptions that are associated with the task and contextual performance differentiation: (1) Activities that are relevant for task performance vary between jobs, while contextual performance activities relatively similar across jobs; (2) task performance is related to ability, while contextual performance related to motivation and personality; (3) task performance is prescribed and constitutes in-role behavior, while contextual performance is discretionary and extra-role. Pradhan and Jena (2017), stated in the context of human resource management, employee performance signifies work achievement of individuals after exerting efforts that are required on the associated job through getting a meaningful work, engaging profile, and compassionate colleagues around. Based on the above opinion, it can be concluded that employee performance is the quality and quantity of work results achieved by an employee that reflects how well employees meet the requirements to achieve organizational or company goals.

2.2 Micro, Small and Medium Enterprises (MSMEs)

Small Business is a small-scale economic activity of the people and meets the criteria of net wealth or the results of annual sales and ownership as stipulated in the Act. Criteria where companies in Indonesia with a workforce of 1 to 4 person is identified as a household business, companies with a workforce of 20 to 99 person is identified as a medium industry, and

companies with a workforce more than 100 person is large businesses. According to the Department (now the Office of the State Minister) Cooperatives and Micro, Small and Medium Enterprises (Law No. 9 of 1995) MSMEs are small-scale, traditional economic activities of the people, with a net worth of Rp. 50 million to Rp. 200 million (excluding land and buildings) and an annual turnover of Rp. 1 billion; in the MSME Law / 2008 with a net worth of Rp. 50 million to IDR 500 million and annual net sales of IDR 300 million to Rp 2.5 billion. Whereas based on Presidential Decree No. 16/1994, MSME is a company that has a maximum net worth of IDR 400 million. Based on some of the definitions above, the author can conclude that MSME is a small business that can generate annual turnover as high as Indonesian Rupiah 200 million to 600 million without including land and buildings. As well as having 5-19 people as workers. While Medium Enterprises are business entities with annual turnover of at most Indonesian Rupiah 200 million to 1 billion (excluding land and buildings) with 20 - 99 person of workforce, made by individuals or business entities. The term Small Business is defined as a segment of entrepreneurs with their business seen from domestic economic problems (Faisal, 2002).

2.3 Work Environment

Sustainable Work Environment is “The place where employees do activities every day”. A conducive work environment provides a sense of security and allows employees to work optimally. The work environment can affect employee emotions. If the employee likes the work environment where he works, the employee will feel comfortable at work, doing activities so that work time is used effectively. Lukman and Adolfini (2015) defined the work environment as “Everything that exists around workers which influence themselves in carrying out the tasks being carried out”. According to Robbins and Judge (2013) an organizational environment including outside institutions or forces that can affect the performance of the company, such as suppliers, customers, competitors, government agencies, regulations and public pressure groups. In Prahasti and Wahyono (2019), work environment is “Internal and external conditions that can affect work morale so that work can be expected to finish faster and better”. According to Imroatun and Sukirman (2016) one of many factors that is highly desired by workers to improve their work productivity is a good work environment. A good work environment or atmosphere will also bring a good influence to all parties, including to the worker, leaders, or to the results of their workers. Indicators of the work environment in this study are the working atmosphere, relationships with co-workers, and the availability of work facilities. From the explanation above, it is synthesized that work environment is a condition that can affect everything in the workplace, including activities at work, work methods and work arrangements every day. Indicators involved includes overall tooling, materials faced and the conducive working atmosphere which are expected to make work completion better, particularly in carrying out duties and responsibilities which both directly and indirectly support productivity, thus resulting in increased level of performance.

2.4 Entrepreneurial Orientation

Setyawati and Abrilia (2013) emphasizes the entrepreneurial orientation of methods and decision-making including innovation, proactivity and courage in risk taking. According to Permadi et al. (2018) entrepreneurial orientation is defined as “Orientation to be the first in terms of innovation in the market, having an attitude to take risks, and being proactive towards changes in the market”. Suci (2009) defined entrepreneurial orientation as a value that is adopted by entrepreneurs to be able to have a proactive, risk-taking, and innovative nature. Entrepreneurial orientation has a relationship with the search for opportunities, the courage to take risks and the decision to act as the leaders of the organization. According to Covin and Miller (2014) entrepreneurial orientation has become one of the most established constructs in entrepreneurship and broader management research, and a number of recent literature reviews have been carried out. Looi and Lhoo-Lattimore (2015) defined entrepreneurship as a source of economic growth, job creation, and innovation, since these characteristics is pivotal to attract the young and the educated to become an entrepreneur. The essence of entrepreneurship is creating added value in the market through a process of combining resources in new and different ways. Where added value is created by means of developing new technologies, discovering new knowledge, improving existing products and services and finding different ways to produce more goods and services with fewer resources. From the explanation above it is concluded that entrepreneurial orientation is a substance that refers to the nature, character, and inherent characteristics that have a strong will to realize ideas, concepts of entrepreneurial management through corporate benefit strategies, reflecting on the processes, methods, and organizational styles of acting entrepreneurially in taking innovation decisions, proactive and courage to take risks, so that they can compete effectively in facing changes in the market, able to solve problems, and efforts to take advantage of opportunities faced every day into the real business world so that they can develop them tough.

2.5 Organizational Commitment

According to Djuwita et al. (2018) the most critical factor that affects employee performance is an organizational commitment and that organization's commitment today is a multidimensional work attitude. The importance or organizational commitment to performance is also highlighted within the research, in which employees who have a high level of organizational commitment will have a positive outlook and try to do the best to benefit the organization. Quick and Nelson (2013) defined organizational commitment as the power of identifying individuals with organizations. Meanwhile, Suharto et al. (2019) argue that organizational commitment is the degree in which an individual adopts organizational values in identifying problems to fulfill job responsibilities. Furthermore, Robbins and Judge, (2013) in his book *Organizational Behavior* explains that organizational commitment is a condition in which an employee identifies himself with a particular organization with the aim and desire to maintain his membership in the organization. From the explanation above, it is synthesized that organizational commitment

is an attitude that reflects loyalty, loyalty or level of trust on an ongoing basis as an effort to reflect organizational trust, in which organizational actors express concern for the organization's strong desire to remain as members of a particular organization and do not want to leave everything efforts for the success of the work organization concerned, so that the organization continues to prosper, success and continuous progress of employees in engaging themselves in an effort to achieve the mission, values and goals.

3. Methodology

The study was conducted at MSMEs in the Brebes district, Central Java Province, Indonesia, covering 17 sub-districts since August 2019 through the following stages of research: instrument preparation, preliminary studies, data search to research objects, instrument dissemination, data processing, data analysis, and preparation of research reports. This research used a quantitative approach through survey methods. The sampling technique used in this study is based on using non-random sampling with proportional sampling. Based on the formula from Slovin for a 5% error rate, a sample of 377 MSME owners is obtained. The data analysis method in this study uses Structural Equation Modeling (SEM). This method is a multivariate analysis which is a combination of regression analysis applied to the analysis of latent variables with factor analysis applied to the analysis between indicators. Research hypothesis that will be tested in this research is available in Table 1.

Table 1
Research Hypothesis

No.	Research Hypothesis
H1:	The work environment has a direct positive effect on the performance of MSMEs.
H2:	Entrepreneurial orientation has a direct positive effect on the performance of MSMEs.
H3:	Organizational commitment has a direct positive effect on the performance of MSMEs.
H4:	The work environment has a direct positive effect on organizational commitment.
H5:	Entrepreneurial orientation has a direct positive effect on organizational commitment.
H6:	Work environment has a direct positive effect on the performance of MSMEs through organizational commitment.
H7:	Entrepreneurial orientation has a positive effect on the performance of MSMEs through organizational commitment.

Based on the formulation of the hypotheses outlined, the conceptual framework of the research can be described as follows (See Fig. 1)

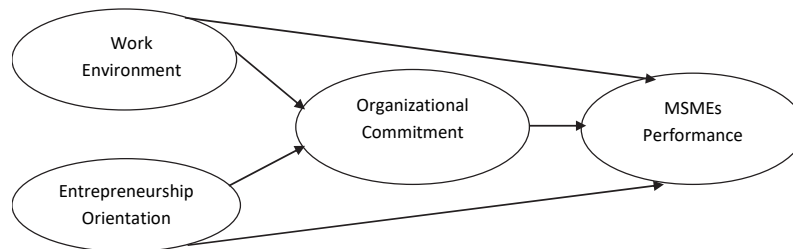


Fig. 1. The research model

4. Results and Discussion

4.1 Structural Equation Modeling (SEM) Analysis

The statistical method used to test the hypotheses in this study is multivariate Structural Equation Modeling (SEM). The purpose of this analysis is to test the unidimensionality of the forming dimensions of each latent variable. The latent variables that make up the full SEM model are the construct of the work environment, entrepreneurial orientation, organizational commitment, and MSME performance. The data processing is based on the implementation of AMOS. After going through various tests of exogenous and endogenous models, SEM models that are fit are found. The results of the analysis generally support the hypothesis that the research model is compatible with the data or fit to the data. The chi-square statistical index is used to compare the predicted covariance matrix with the observed covariance matrix. An insignificant chi-square value indicates a good fit (Frone et al., 1992).

Table 2
Structural Model Feasibility Index/Path

Analysis	Chi-Square	Prob	GFI	AGFI	CFI	TLI	CMIN/DF	RM-SEA
Cut of Value	< 355.26 ($\alpha=0.05$, DF=313)	≥ 0.05	≥ 0.90	≥ 0.90	≥ 0.95	≥ 0.95	≤ 2.00	≤ 0.08
Analysis result	342.52 < 355.26	0.121	0.936	0.923	0.991	0.990	1.094	0.016
Conclusion	Fit	Fit	Fit	Fit	Fit	Fit	Fit	Fit

The results of the model feasibility assessment have shown a relatively small chi-square value ($\chi^2 = 342.52 < 355.26$), a probability value of 0.121 well above the 0.05 limit, and a chi-square / df value of 1.094 smaller than 2.0. Another statistical index for the feasibility of the model is the Root Mean Square Error Approximation (RMSEA), which is related to the value

of random error prediction. The RMSEA value of 0.016 produced by the model is smaller than the limit value of 0.08, indicating that the prediction error of the model is small. Tucker Lewis index (TLI), and comparative fit index (CFI) are index numbers that do not depend much on the size of the sample. Briefly presented in Table 2. It can be seen from the above table that the SEM model has been improved to meet the model accuracy test criteria.

Hypothesis Testing

Testing of hypothesis 1 to hypothesis 7 can be seen in Table 3.

Table 3
Hypothesis Testing Result

	Path		Std Estimate	Unstd Estimate	S.E.	C.R.	P
Entrepreneurship Orientation	→	Organizational Commitment	.309	.202	.055	3.659	***
Work Environment	→	Organizational Commitment	.377	.372	.032	2.832	.005
Entrepreneurship Orientation	→	MSMEs Performance	.195	.210	.075	2.784	.005
Work Environment	→	MSMEs Performance	.251	.408	.176	2.319	.020
Organizational Commitment	→	MSMEs Performance	.236	.388	.062	2.388	.017

4.1.1 The Effect of Work Environment on MSME Performance

The estimated parameter testing of the influence of work environment on MSME performance (β_1), showed significant results with a standardized estimate of $\beta_1 = 0.251$, and a critical ratio (CR) of 2.319 and p-value = 0.020. These values meet the hypothesis acceptance requirements, namely CR value > 1.96 at a significance level of 0.05, and p-value < 0.05, so there is no reason to reject hypothesis 1 (H1), meaning that the influence of the work environment on MSME performance has proven to be significant. Based on the results of statistical testing on the first hypothesis that has been proven positive and significant, it can be concluded that the better the work environment, the higher the performance of MSMEs is described. In other words that the elements forming the work environment support the performance of MSMEs. In accordance with research conducted by Fachreza et al. (2018), work environment has a significant and positive effect on performance, since the work environment is an atmosphere or situation that we must maintain so that the comfort of work remains a priority. This is accordance with research conducted by Safar (2018) on the effect of leadership, organizational culture, and work environment on employee performance. The results of this study indicate that the work environment variable has a positive and significant effect on the performance of the employees of the board of directors of PT Perkebunan Nusantara XIV. Thus, from the results of the analysis it seems clear that this study succeeded in proving the hypothesis that has been proposed, namely there is a positive influence of work environment on MSME performance, thereby supporting the theory of previous research results. It can be concluded that the hypotheses built in this study have in common and strengthen the justification of previous research.

4.1.2 The Effect of Entrepreneurship Orientation on MSME Performance

The estimated parameter testing of the effect of organizational commitment on the performance of MSMEs (β_2), showed significant results with a standardized estimate of $\beta_2 = 0.195$, and a critical ratio (CR) of 2.784 and p-value = 0.005. These values meet the hypothesis acceptance requirements, namely the CR value > 1.96 at the 0.05 significance level, and the p-value < 0.05, so there is no reason to reject hypothesis 2 (H2), meaning that the influence of entrepreneurial orientation on MSME performance has proven to be significant. Based on the results of statistical tests on the second hypothesis that has been proven positive and significant, it can be concluded that the better the entrepreneurial orientation, the higher the performance of MSMEs will be drawn. In other words, the elements forming entrepreneurial orientation support the performance of MSMEs. Kalangi (2017) this study analyzes business performance in the context of product innovation which is influenced by entrepreneurial orientation and market orientation, entrepreneurial orientation and product innovation have a significant effect on business performance. Research conducted by Tawas and Djodjobo (2014), this study is a test of the effect of entrepreneurial orientation, product innovation, and competitive advantage on the marketing performance of yellow rice business in Manado City. Entrepreneurial orientation and product innovation simultaneously have positive and significant effects on competitive advantage, and competitive advantage has a positive and significant effect on marketing performance. Research conducted by Ryadi and Yasa (2016) aimed to determine the effect of entrepreneurial orientation on product performance mediated by the ability of innovation. From the results of studies and support from previous researchers, it appears that this research succeeded in proving the hypothesis that has been proposed and supports the theory of previous research results. It can be concluded that the hypotheses built in this study have in common and strengthen the justification of previous research, which indicates that if an entrepreneur has an entrepreneurial spirit, the company will further develop and advance which has an impact on improving the performance of MSMEs.

4.1.3 The Effect of Organizational Commitment on MSME Performance

The estimated parameter testing of the effect of organizational commitment on the performance of MSMEs (β_3), showed significant results with a standardized estimate of $\beta_3 = 0.236$, and a critical ratio (CR) of 2.38 and p-value = 0.017. These

values meet the hypothesis acceptance requirements, namely CR value > 1.96 at a significance level of 0.05, and p-value < 0.05 , so there is no reason to reject hypothesis 3 (H3), meaning that the influence of organizational commitment to MSME performance has proven to be significant. Based on the results of statistical tests on the third hypothesis that has been proven positive and significant, it can be concluded that the better the organizational commitment, the higher the performance of MSMEs is illustrated. In other words, the elements forming organizational commitment support the performance of MSMEs. The results of this study are supported by Parinding (2017), which conducted research on the Analysis of the Effect of Affective Commitment, Sustainable Commitment, and Normative Commitments on Employee Performance at PT Pegadaian (Persero) Branch Ketapang. The results showed that in partial testing, the variable Affective Commitment (X1) had a significant effect on Employee Performance (Y). Research conducted by Lestari et al., (2014) with the title Effect of Organizational Commitment, Work Environment, and Competence on Employee Performance in Accounting with Job Satisfaction as a Moderating Variable. This previous study aimed to determine the significant effect of organizational commitment. The results of this study indicate variables that have a significant effect on employee performance in the banking company's accounting department, which are organizational commitment, work environment, and competence. Authors managed to prove the hypothesis that has been proposed and support the theory of previous research results. It can be concluded that the hypotheses built in this study have in common and strengthen the justification of previous research.

4.1.4 The Effect of Work Environment on Organizational Commitment

The estimated parameter testing of the influence of the work environment on organizational commitment (β_4), showed significant results with a standardized estimate of $\beta_4 = 0.377$, and a critical ratio (CR) of 2.832 and p-value = 0.005. These values meet the hypothesis acceptance requirements, namely CR value > 1.96 at a significance level of 0.05, and p-value < 0.05 , so there is no reason to reject hypothesis 4 (H4), meaning that the influence of the work environment on Organizational commitment has proven to be very significant. Based on the results of statistical testing on the fourth hypothesis that has been proven positive and significant, it can be concluded that the better the work environment, the better the organizational commitment. In other words, the elements forming the work environment both physical and non-physical support organizational commitment. This research result is supported by research conducted by Wulandari and Prayitno (2017). The analysis showed that the work environment variables had a positive and significant effect on organizational commitment. Likewise, research conducted by Wowor (2016) whose that Work Environment Variables has a significant effect on Organizational Commitment. From the results of the analysis it appears that this study successfully proved the hypotheses that have been proposed and supports the theory or results of previous research. It can be concluded that the hypotheses built in this study have in common and strengthen the justification of previous research.

4.1.5 The Effect of Entrepreneurship Orientation on Organizational Commitment

Entrepreneurial orientation parameters to organizational commitment (β_5) testing, showed significant results with a standardized estimate value $\beta_5 = 0.309$, and a critical ratio (CR) of 3.659 and p-value = ***. These values have met the hypothesis acceptance requirements, namely the CR value > 1.96 at the significance level of 0.05, and the p-value < 0.05 , so there is no reason to reject hypothesis 5 (H5), meaning that the influence of entrepreneurial orientation on Organizational commitment has proven to be very significant. Based on the results of statistical testing on the fifth hypothesis that has been proven positive and significant, it can be concluded that the higher the entrepreneurial orientation, the better the organizational commitment. In other words, that the elements forming entrepreneurial orientation support organizational commitment. Supported by research conducted by Lukiastuti (2012), entrepreneurial orientation influenced the commitment to behavior, where the entrepreneurial orientation process is combined with behavioral commitment to configure capabilities that are potential sources of competitive advantage. Besides that Suryana (2014) also explained that entrepreneurship refers to nature, character, and characteristics inherent in someone who has a strong will to realize innovative ideas into the real (committed) business world and can develop them with resilience. Entrepreneurial orientation is a corporate culture that can lead to increased company performance. So from the results of the analysis of researchers, it appears that this study was able to prove the hypothesis that has been proposed, and support the theory or the results of previous research.

4.1.6 The influence of the work environment on MSME performance through organizational commitment

The Sobel test is used to examine the mediating role of organization commitment variable for enhancing the impact of work environment to the MSMEs performance. The result show that the Sobel Test value is 3.622 with a p-value 0.000. So, it is noted that the organizational commitment variable has a mediating role for the relationship between work environment and the firm performance. This finding supports the previous research conducted by Lukman & Adolfini (2015). The results of the study indicate that the work environment and organizational commitment influence both simultaneously and partially on employee performance, especially employee performance. Organizational commitment is the most dominant variable. In accordance with research conducted by Lestari et al., (2014), variables that significantly influence employee performance in the accounting department of a banking company are variables of organizational commitment, work environment, and competence. It can be concluded that the hypotheses developed in this study have something in common and strengthen the justification of previous research, thus emphasize the need to improve the work environment through organizational commitment in order to improve the performance of MSMEs. This also indicates that work environment has adequate

facilities, suitable places, safety and comfort of work and cooperation patterns, leadership patterns, organizational culture and task structure that will improve MSME performance if supported by strong organizational commitment.

4.1.7 Effect of entrepreneurial orientation on the performance of MSMEs through organizational commitment

For examining the mediating role of organizational commitment for the relationship between the entrepreneurship orientation and MSMEs performance, the Sobel test was conducted. The results have shown that the value of Sobel test was 3.151 with a p-value 0.000. Then, the result provides empirical evidence that organizational commitment has a crucial role as a mediator the impact of entrepreneurial orientation on MSME performance. The result of this study is in line with research conducted by Lukiastruti (2012). In order to obtain business opportunities in a dynamic and open environment, according to the results of research indirectly, entrepreneurial orientation has a greater influence on MSME business performance mediated by behavioral commitment variables; and the reconfiguration of business network capabilities has an influence on its international performance and provides evidence of empirical support for the company's dynamic capability view.

5. Conclusion

The research results showed that, 1) work environment had a significant effect on MSME performance, 2) entrepreneurial orientation had a significant effect on MSME performance, 3) organizational commitment had a significant effect on MSME performance, 4) work environment had a significant effect on organizational commitment, 5) entrepreneurial orientation had a significant effect to organizational commitment, 6) the work environment has a significant effect on the performance of MSMEs through organizational commitment, and 7) entrepreneurial orientation has a significant effect on the performance of MSMEs through organizational commitment. Based on the data processing results obtained answers to improve the performance of MSMEs by increasing organizational commitment, attitudes or forms of behavior of a person towards the organization in the form of loyalty and achievement of the organization's vision, mission, values and goals. Someone is said to have a high commitment to the organization by these characteristics, including trust and strong acceptance of the goals and values of the organization, a strong willingness to work for the organization, and a strong desire to remain a member of the organization. The implications in this study are, 1) The work environment can affect everything in the workplace in doing work activities every day, therefore the work environment should not be ignored because it can help create a conducive work atmosphere as expected, and also helping to get the job done better, so that it will increase production growth and company sales growth, 2) Entrepreneurial Orientation is very important for entrepreneurs if they want to create good decision making, innovation, proactivity and courage to take risks, so they can compete effectively in facing changes in the market, able to solve problems, and efforts take advantage of opportunities faced every day, 3) The importance of organizational commitment in reflecting loyalty or level of trust on an ongoing basis as an entrepreneur are shown in a strong desire to manage company and giving all efforts for the success of the company, so that the company gets success and continuous progress, and 4) Good performance of a company is highly expected because it will contribute to the economy through profit growth, production growth, sales growth and funding capabilities. Therefore, the company must consider putting attention to a conducive work environment, entrepreneurial orientation, and the level of organizational commitment through strategic planning in managing and allocating existing resources, so that it will bring the company's development and progress.

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