



The Role of Entrepreneurial Mental Innovation and Local Wisdom on Organizational Resilience

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ABSTRACT

Purpose: This study aims to determine the relationship between entrepreneurial mentality and local wisdom on organizational resilience with the variable innovation as a medium for this relationship. This research was conducted on Nusantara UMKM in Palembang City. **Methodology/approaches:** The approach to be used in this study is a quantitative research method. This study develops a path analysis model to test the hypotheses that have been developed. The population in this study were 300 entrepreneurs from UMKM Nusantara in Palembang City. The sample used in this study were 61 entrepreneurs. **Findings:** The results of the study show that product innovation, local wisdom and entrepreneurial mentality have a positive and significant effect on organizational resilience. Local wisdom and entrepreneurial mentality have a positive and significant effect on product innovation. Product innovation mediates the influence of entrepreneurial mentality and local wisdom on organizational resilience. **Novelty/value:** In this study in the context of SMEs, innovation behavior is a variable that is quite important, especially in dealing with the complexity and dynamics that occur in the world of SMEs. This result also underlines that the relationship between these variables can also occur possibly because the education of the respondents is high enough so that it can help the cognitive of the respondents in making an innovation to support their businesses and in the end they are able to survive even in an uncertain environment.

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BACKGROUND

The influence of globalization has changed many people's lifestyles, the development of human life needs has also been strongly triggered by advances in science and technology. However, basically the role of globalization is a natural process when viewed from the social and cultural aspects that occur in all countries in the world, causing many ties and increasingly biasing geographical boundaries between countries. In principle, the changes and developments that have taken place in this regard have especially encouraged ASEAN countries to form economic cooperation (Bustami, 2015). This can be seen from the start of the Bangkok declaration in 1967 which aims to accelerate economic, social and cultural growth. This cooperation leads to the formation of the ASEAN economic community (ASEAN Economic Community/AEC). Then during its development the AEC which was launched in 2015 has been able to establish relations in the security to political fields. In addition, ASEAN countries also participated in the Asean China Free Trade Area (ACFTA) agreement in adding to the series of agreements in the era of economic disruption and globalization. (Iskamto et al., 2021; Iskamto & Ghazali, 2021; Iskamto & Jenita, 2020; Laksmi & Piniji, 2022; Yadewani, 2022).



The positive impact arising from high globalization is the unification of various parts of the world in carrying out cooperation in the economic field, but in fact this also has other impacts which also pose challenges for developing countries such as Indonesia regarding trade and investment. This competition has brought Indonesia into hypercompetition, namely a very tight and dynamic competitive environment where every business element from the smallest scope such as MSMEs to large companies must have creativity in creating advantages so as to be able to beat its competitors.

Intense competition and a very large population of Indonesia has limited job opportunities, thus making real sector businesses such as Micro, Small and Medium Enterprises (MSMEs) emerge. Sugiri (2020) explains that MSME is a business unit that is part of a national business with a strategic position, potential and role in realizing national development goals. Indonesia is a large country with a population spread over smaller areas, so that MSMEs are an important sector in strengthening the structure of the national economy, so they are needed for employment in overcoming the national unemployment rate. Hamzah and Agustien (2019) said that the presence of MSMEs was one of the factors that helped Indonesia get out of the monetary crisis because they were able to maintain the level of money circulation at a lower level with the ease of making adjustments to needs in the community environment. MSMEs in Indonesia play a very important role when it comes to how the country can solve economic problems such as poverty, unemployment, social inequality, and uneven development. However, responding to this challenge, MSMEs must also understand that if they do not innovate in the face of free markets and economic globalization, it will be very difficult to maintain their existence MSMEs in Indonesia play a very important role when it comes to how the country can solve economic problems such as poverty, unemployment, social inequality, and uneven development. However, responding to this challenge, MSMEs must also understand that if they do not innovate in the face of free markets and economic globalization, it will be very difficult to maintain their existence MSMEs in Indonesia play a very important role when it comes to how the country can solve economic problems such as poverty, unemployment, social inequality, and uneven development. However, responding to this challenge, MSMEs must also understand that if they do not innovate in the face of free markets and economic globalization, it will be very difficult to maintain their existence (Chahal et al., 2021; Nazira & Kartika, 2022).

One of the cities in the provinces in Indonesia which is quite large and located in a strategic place is Palembang City. According to BPS data (www.sumsel.bps.go.id) explained that the largest contributor to the South Sumatra Province's Gross Regional Domestic Product (GRDP) is Palembang City. This can happen because Palembang City is the provincial capital which is the center of socio-economic activities in South Sumatra, besides that Palembang City is also located on a connecting road between provinces (simreg.bappenas.go.id), and there is also the Musi River which functions as trade routes between regions. The condition that made Palembang City increasingly a magnet for foreign and domestic tourists to visit was when the 2018 Asian Games event was held, at that time Palembang City was aggressively promoting its region related to culinary tourism. The increasing number of tourists makes MSMEs in the area also mushrooming, especially the traditional culinary specialties of Palembang such as Pindang, Pempek,

Even though there were many positive things, 2020 was a turning point for the economy due to economic shocks that disrupted stability, this was due to the emergence of the Covid-19 virus which was designated by the World Health Organization (WHO) as a global pandemic. Furthermore, MSME activities were disrupted, namely one of the MSME sectors in the culinary business. The culinary sector is important because it is related to dishes in the form of side dishes, food and drinks needed by human development. According to a survey from Bank Indonesia, 72.6% of micro, small and medium enterprises (MSMEs) have experienced decline and pressure due to the Covid-19 pandemic (Sandy, 2020). Apart from that, seeing the development of MSMEs in the South Sumatra area, it has also experienced a decline as revealed by Jati, 2020 that there were 12. 000 MSMEs have fallen due to Covid-19 out of a total of 163,291 MSME actors. Based on data from P2E LIPI, the impact also occurred in the tourism sector for MSMEs engaged in micro food and beverage businesses by 27% while for small food and beverage businesses by 1.77% and medium

businesses by 0.07%. From these data it is known that the culinary sector has been seriously affected as a result of the pandemic, so a specific strategy is needed to minimize the potential for the decline in the development of these MSMEs.

Strategies in overcoming the decline in the development of MSMEs must be followed by decisions from individuals in choosing the entrepreneurial profession. Some of the conditions that encourage individuals to enter the world of entrepreneurship are: (1) individuals come from entrepreneurial families (confidence modalities), (2) individuals are in stressful conditions and require them to become entrepreneurs (tension modalities), and (3) individuals are indeed prepared themselves to become entrepreneurs (emotional modalities) (Rexhepi, G., Hirsich, RD, & Ramadani, V., 2019). One of the interesting conditions is related to emotion modalities, because with these factors individuals will generally have sufficient knowledge so that it will bring up various innovations and creativity in entrepreneurship.

Innovation is an important factor in seeing the performance of an organization when the organizational environment is becoming increasingly tight in competing with one another. Innovation in the current era of disruption is needed so that entrepreneurial activities can survive and be progressive in competition. One of the innovations that can be made by MSMEs is to innovate in their products, because in the 4.0 revolution era, technology is projected to dominate all lines of human life, including in the fields of large businesses to MSMEs (Purwandini, et al., 2018). The changes that have taken place in society are related to easier access, such as information that originally came from print media, turning to social media, so that people can afford to buy communication tools, such as cheap cell phones/gadgets, is a real form of projected change in the era of disruption and globalization (Kurniawan, 2017). The convenience that occurs makes people in the current era have various types of social media such as Facebook, Instagram, YouTube, Twitter, and WhatsApp.

In the process, innovation in marketing products can be done more easily and economically because of the help of various social media. But apart from innovation and an entrepreneurial mentality, individuals can survive more in entrepreneurship because there is support from the local government in forming a kind of area, in this case related to MSMEs. One example of an MSME culinary area in Palembang City is Pedestrian Sudirman and night culinary at the 16 ilir market. There are also other interesting culinary areas to visit, namely Sekanak and 27 Ilir. Government support makes the area included in the variable, namely local wisdom. Local wisdom is the values and behavior that live in local communities in their interactions with the environment in which they live wisely (Suherman and Sirajuddin, 2018). Therefore local wisdom cannot be equated from one region to another in relation to different places, times and tribes. As a set of values or human behavior, local wisdom is also very dynamic depending on the socio-cultural forms that exist in society.

LITERATURE REVIEW (Literature Review)

Relations Between Variables

Relations between Local Wisdom and Product Innovation

The diversity of adaptation patterns to the environment that exist in Indonesian society which has been passed down from generation to generation has become a guide in utilizing natural resources and the environment which is known as the local wisdom of a society, and through this local wisdom the community is able to survive the various crises that befall it.

The process of innovation in running a business in SMEs is inseparable from premises, advice, and outlooks on life that are born from local wisdom in each culture (Pratikto, 2015). The local wisdom found in Bali actually encourages the innovation process. Management innovation in the form of forming SMEs and cooperatives based on local wisdom that is protective of indigenous peoples, especially for people who have limited capital. In addition, local wisdom in the cultural values of Kala Patra Village that is adhered to provides a flexible basis in outward and inward communication and accept differences and variations with time and circumstances so that Balinese culture is flexible and selective in accepting and adopting foreign cultures. A prerequisite for achieving innovation because of the ingrained openness and tolerance.



Local wisdom in Ciwaringin village which still maintains the use of natural dyes that utilize nearby plants as batik dyes is an innovation in management products, as well as a differentiator from competing products. (Paramita, Dwiatmadja, & Damayana, 2015). For the people in Batu, East Java, the existing local wisdom is agriculture. Innovation occurs when the community faces declining apple productivity by diversifying crops. Not only focusing on aspect crops, but starting to develop other high-value fruits such as crystal guava and oranges (Ulfah, Setiawan, & Rahmawati, 2017). In a society that has agricultural economic activity, Agricultural knowledge possessed can overcome the problem of erosion-prone land by innovating land management through various techniques that have become hereditary knowledge and learning from outsiders. The high curiosity of the farming community in West Lampung about the coffee farming process is a local wisdom. (Mulyoutami, Stefanus, Schalenbourg, Rahayu, & Joshi, 2004).

In Munawar's research, Prasetyo and Pusari (2013) stated the results of their research, it can be concluded that there is an increase in the competence of early childhood tutors/educators in designing innovative learning models based on local cultural wisdom, that is, if in cycle I (initial assessment) it has an average value between 1 to 1.9 while in cycle II it has an average value between 2.7 to 3.6. The results of these average values indicate that there is an increase in the ability of teachers to design innovative learning models based on local cultural wisdom through an in-house training approach. (Munawar, Prasetyo, & Pusari, 2013)

In the research of Yohanes and Indriyani (2013) stated that the product innovation carried out by the gentongan batik business in Tanjung Bumi, Madura is to enrich batik motifs, as well as the color combinations given to batik cloth. For 2 years the batik business has produced 40 types of motifs, some of which are new creations. (John & Indriyani, 2013).

In research conducted by Tamaratika and Rosyidie (2017) stated that the development of Indonesian tourism is based on the principles of sustainable tourism, especially for its greatest potential in maritime and cultural tourism. Local wisdom is the soul of Indonesia's diverse cultural identities. This can be used as an innovation for sustainable tourism development. (Tamaratika & Rosyidie, 2017).

Relationship between Local Wisdom and Organizational Resilience

Research from Nuryadi (2013) states the development of community participation based on local characteristics and their implications for regional resilience. The discovery of a community participation development model based on local characteristics that is in accordance with the conditions of Surakarta City is a community participation model based on "manunggaling kawulo gusti" or unity between the authorities and the people. With unity, cohesiveness, and togetherness in the spirit of Tri Dharma: rumongso melu handarbeni (feeling of belonging), hengrungkebi obligation (obligation to defend oneself sincerely), mulat sariro hangroso weni (self-awareness, then dare to act), all kinds of insolence - wrath and wickedness can thus have implications for good regional resilience. In this case, resilience in community and regional organizations can be overshadowed by the characteristics of local communities. (Nuryadi, 2013). Research from Deason, Seekamp, and Barbieri (2022) concludes that the use of ANT (Actor-Network Theory) provides a robust description of the adaptive capacity of tourism organizations and helps explain the role of out-migration in the resilience of these tourism networks. By including both human and non-human actors in tourism networks, this study adds to the literature on organizational climate change resilience, and provides a much-needed starting point for studying community-based ecotourism and climate change in Latin America. (Deason, Seekamp, & Barbieri, 2022) and Barbieri (2022) concluded that the use of ANT (Actor-Network Theory) provides a robust description of the adaptive capacity of tourism organizations and helps explain the role of out-migration in the resilience of these tourism networks. By including both human and non-human actors in tourism networks, this study adds to the literature on organizational climate change resilience, and provides a much-needed starting point for studying community-based ecotourism and climate change in Latin America. (Deason, Seekamp, & Barbieri, 2022) and Barbieri (2022) concluded that the use of ANT (Actor-Network Theory) provides a robust description of the adaptive capacity of tourism organizations and helps explain the role of out-migration in the resilience of these tourism networks. By including both human and non-human actors in tourism networks, this study adds to the

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Entrepreneurial Mental Relations and Product Innovation

In building a business, value creation is not only needed. The ability to produce must also be considered. Competence in business can be either technical or mental. Goleman (2006) suggests that mental competence has a twofold effect than technical competence on progress and achievement. Technical competence, for example systems, governance, techniques, structures, and others. Mental competencies include values, beliefs, perceptions, mindset, ownership, responsiveness, and others. Even though the business leadership is sharp, if there is no mental competence to go to war, then you will lose. Then, you need a brave mentality which is a form of courage to act immediately when an idea appears. The initial stage is to record the idea without the slightest delay. Many breakthroughs and ideas come to mind while doing daily activities, attending motivational classes, or participating in other activities. The emergence of an idea must get a proper place. Delay will result in loss of ideas because the brain has limitations in storing memory. (Pradana & Safitri, 2020)

Other research by providing enrichment regarding the character of entrepreneurs, arousing entrepreneurial mentality and explaining technology that can support these entrepreneurs, explaining simple finance in building a business. Build a mental self as an entrepreneur who thinks independently, innovatively and creatively. (Amin, Arini, & Permadi, 2020). Then, entrepreneurship is a mental attitude and soul that is always active or creative, empowered, creative, initiative and modest in order to increase income in business activities. In its application, being active is a creative business mentality that produces innovation for the sustainability of the work that is made. (Kurniullah, et al., 2021).

Entrepreneurial Mental Relations and Organizational Resilience

Entrepreneurial mental attitude means a personal tendency/a person's soul that results in action/behavior, either as an entrepreneur or potential to become an entrepreneur. There are six mental strengths that build a strong personality, including: strong will, strong belief in personal power, what is needed is self-knowledge, self-confidence, understanding of goals and needs, honesty and responsibility, what is needed is high morale and discipline self-esteem, physical and mental resilience, what is needed is physical and spiritual health, patience, and fortitude, perseverance and tenacity to work hard, and constructive and creative thinking. (Maulida, Kusumah, & Permana, 2016).

Research in South Africa stated that the responses and results obtained from the questionnaires that were distributed showed a low level of entrepreneurial mentality in South Africa. This reduction has led to the awakening of the fact that a lack of an entrepreneurial mentality contributes to the high failure rate of SMEs in South Africa. Further observation of this research also establishes that entrepreneurs with an entrepreneurial mindset perform better in certain factors (creativity, risk-taking propensity, growth mindset, etc.) that are considered important for business success and resilience. (Grandma, 2012)

Relationship between Product Innovation and Organizational Resilience

The company's ability to survive for a long time, and even grow from year to year, is not because of its size and luck, but because the company is able to demonstrate a capacity to adapt more quickly to changes in environmental demands, continuously innovate and make the right decisions to move the company towards the goals set. wanted. (Mafabi, Munene, & Ntayi, 2012)

In addition, the ability of an organization to transform and exploit knowledge will determine the innovation that occurs within an organization (Lin, 2007).

Local Wisdom Relations, Entrepreneurial Mentality, Product Innovation and Organizational Resilience

Organizational resilience can also be seen as adaptability, responsiveness, sustainability and competitiveness. This means that when a company is able to survive, the company directly has the ability to adapt to changes that occur in the company's environment and is competitive with other competitors and has good performance. (Gunasekaran, Rai, & Griffin, 2011).

In addition, industrial visits and practices lead to entrepreneurship learning based on the reality and culture that surrounds it so that students will grow a sense of love for their region which at the same time instills the value of love for their homeland. (Rondli, 2019).

Related to innovation is creativity. Therefore creativity is needed to create a variety of products. Training was provided for the participants and motivated them that the learning process could produce better and more beautiful batik. This will make the participants more interested and the entrepreneurial spirit will slowly grow as the experience goes on. (Sulaeman, Angelina, Oktaviani, & Ananda, 2022).

Framework

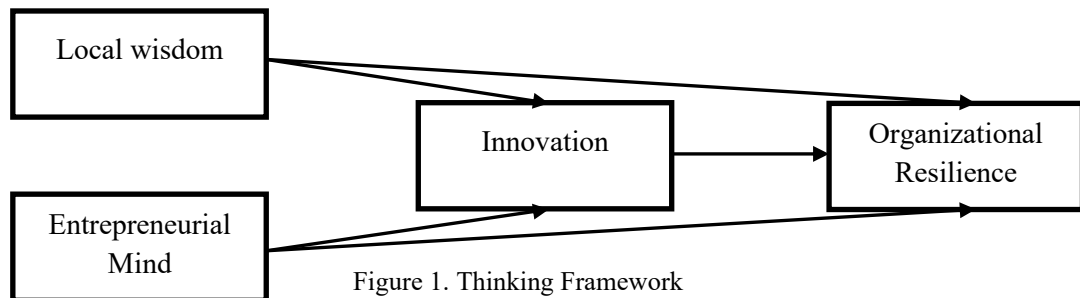


Figure 1. Thinking Framework

Research Hypothesis

The hypothesis is a temporary allegation that still requires further research to prove it. The research hypothesis proposed is:

H1: Product innovation has a significant effect on organizational resilience

H2: Local wisdom has a significant effect on product innovation

H3: Local wisdom has a significant effect on organizational resilience

H4: Entrepreneurial mentality has a significant effect on product innovation

H5: Entrepreneurial mentality has a significant effect on resilience

H6: Entrepreneurial mentality simultaneously has a significant effect on organizational resilience through product innovation as a mediator

H7: Local wisdom simultaneously has a significant effect on organizational resilience through product innovation as a mediator

RESEARCH METHOD

The research method used is a quantitative descriptive method. The descriptive method is used to study the who, what, when and how aspects of a topic. Simple descriptive concerns a univariate question or hypothesis about, or states something about, the size, shape, distribution, or existence of a variable. This study develops a path analysis model to test the hypotheses that have been developed. This study tries to analyze or test the feasibility of the innovation variable as a mediating variable. Path analysis can be used to test mediating variables (Ghozali & Latan, 2013).

Hypothesis testing will be carried out using the Smart-Partial Least Square (PLS) software. This approach is used considering that the research model is quite complicated and requires testing direct and indirect relationships between variables in a model. This approach can also be taken if there is data that does not meet the assumptions of classical linearity, the number of data samples is small, so there is a multicollinearity problem (Ghozali & Latan, 2013).

The population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to then collect the data to obtain a certain conclusion (Sugiyono, 2014). The population in this study were 300 entrepreneurs from UMKM Nusantara in Palembang City. The sample is part of the number and characteristics possessed by the population (Sugiyono, 2014). The sample used in this study were 61 entrepreneurs who had returned answers to the questionnaires that had been distributed to UMKM Nusantara in Palembang City.

RESULTS AND DISCUSSION

Participant Demographic Description

The description of the participants in this study aims to obtain an overview of the characteristics of the participants, namely respondents from Nusantara UMKM in Palembang City, South Sumatra based on gender, age, education level, MSME field, and length of business.

Table 1. Participant Demographics

Characteristics of Research Participants	Amount	Percentage
Gender		
Man	24	39,3 %
Woman	37	60,6 %
Age		
< 20 Years	15	24,5 %
20-30 Years	37	60,6 %
30-40 Years	8	13,1 %
>40 Years	1	1,6 %
Level of education		
JUNIOR HIGH SCHOOL	1	1,6 %
SMA/SMK	21	34,4 %
Diploma	9	14,7 %
S1	25	40,9 %
S2	5	8,1 %
Business fields		
Culinary	29	47,5 %
Fashion	7	11,4 %
Creative Products	13	21,3 %
Agribusiness	6	9,8 %
Etc	6	9,8 %
Length of Business		
<1 Year	24	39,3 %
13 years old	29	47,5 %
36 years old	11	18,0 %
6 – 9 Years	3	4,9 %
>9 Years	4	6,5 %

In the table above, it is illustrated that the participants in this study were mostly female, namely as many as 37 with a percentage of 60.6%. Furthermore, the number of the majority of participants had ages in the range of 20-30 years as many as 37 participants with a percentage of 60.6%. The education level of the majority of participants was S1 with 25 participants with a percentage of 40.9%, and high school/vocational school level with 21 participants with a percentage of 34.4%. Furthermore, the majority of participants have businesses in the culinary field, namely 29 participants with a percentage of 47.5%. The length of business owned by the majority of participants in the range of 1-3 years was 29 participants with a percentage of 47.5% and also in the range of less than 1 year there were 24 participants with a percentage of 39.3%.

Analysis Results

Fit models

In order for the model to meet the model fit criteria, the SRMR value must be less than 0.05 (Cangur and Ercan, 2015). However, according to the official Smart-PLS website, the fit limit is <0.1. Based on the results of the fit model test through the Smart-PLS software, the SRMR result is 0.083 or less than 0.100, which means that the measurement model is fit.

Validity test

There are two types of validity testing in this study, namely convergent validity test and discriminant validity test. According to Abdilah and Jogyanto (2011) a convergent validity test measurement can be said to be eligible if it obtains an AVE value greater than 0.5. The results of the convergent validity test in this study are as follows:

Table 2. Convergent Validity Test Results

Latent Variable	AVE
Entrepreneurial Mind	0.609
Local wisdom	0.753
Product Innovation	0.659
Organizational Resilience	0.684

Based on the Average Variance Extracted (AVE) test, it can be concluded that the AVE value of each latent variable is declared valid with an AVE value > 0.5 . Meanwhile, discriminant validity is done by comparing the AVE root value which must be greater than the correlation coefficient value. The results of the discriminant validity test can be seen in the following table:

Table 3. Discriminant Validity Test Results

Variable	Product Innovation	Local wisdom	Organizational Resilience	Entrepreneurial Mind
Product Innovation	0.812			
Local wisdom	0.833	0.868		
Organizational Resilience	0.821	0.789	0.827	
Entrepreneurial Mind	0.798	0.763	0.789	0.780

The number on the diagonal is the AVE root while the other number on the left is the correlation coefficient. Based on the results of the table above, it can be concluded that the AVE root value is greater than the correlation coefficient value so that it can be concluded that everything developed in the model has good discriminant validity

Reliability Test

According to Jogyanto (2011) the limit value for the reliability test is 0.700. The results of the reliability test for measuring latent variables in this study are as follows:

Table 4. Reliability Test Results

Latent Variable	Cronbach Alpha	Composite Reliability
Entrepreneurial Mind	0.919	0.933
Local wisdom	0.945	0.955
Product Innovation	0.953	0.959
Organizational Resilience	0.973	0.975

Based on the reliability test results above, each measurement meets the reliability requirements because it has Cronbach alpha and composite reliability values of more than 0.7.

Hypothesis testing

Hypothesis testing is done by testing the inner model (Structural Model) which consists of the R-Square test, path coefficient test, and indirect effect test. The results of the outer model of this study can be seen in the following figure:

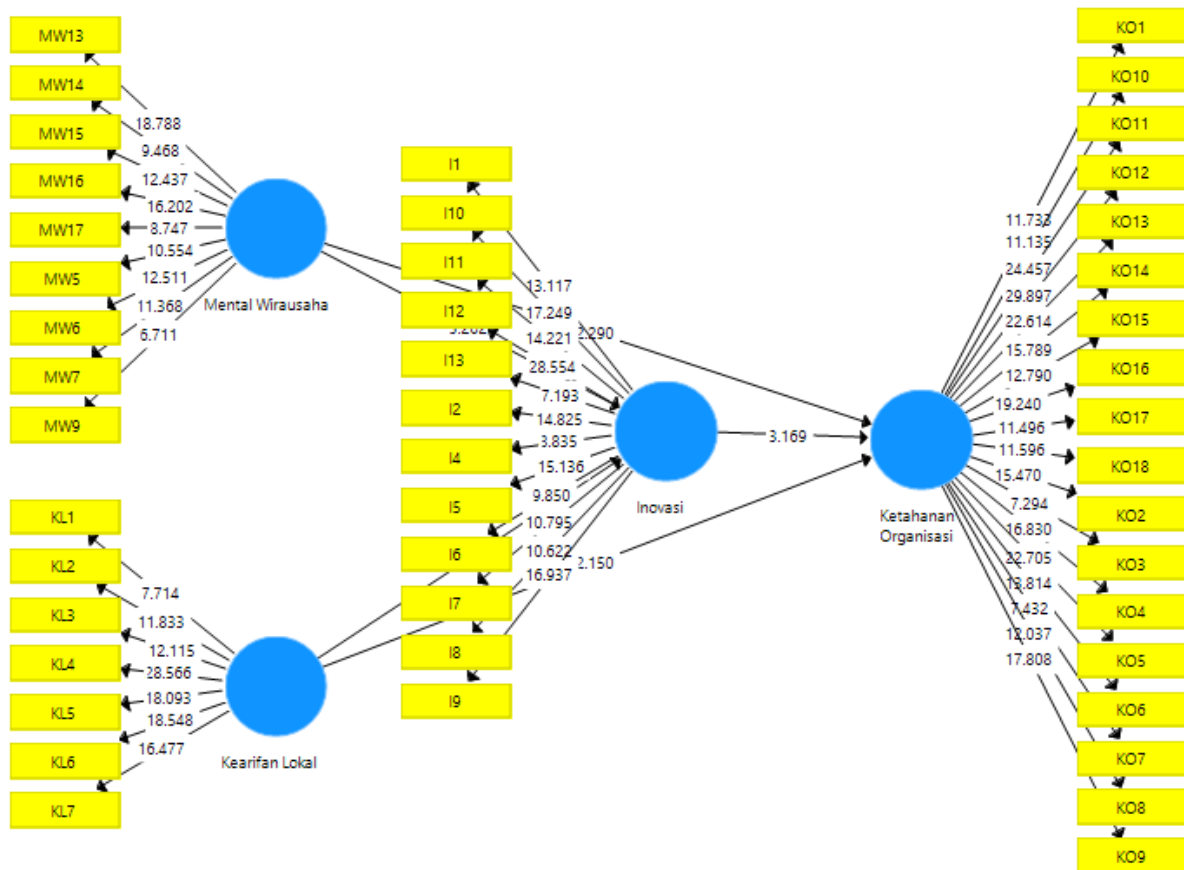


Figure 2. Hypothesis Testing

R-Square

The R-Square value indicates the degree of determination of exogenous variables towards endogenous variables. The higher the R-Square value, the better the determination. The results of the R-Square test can be seen in the following table:

Table 5. R-Square Test Results

Variable	R-Square	Information
Product Innovation	0.757	Strong
Organizational Resilience	0.740	Strong

Based on the results of the table above, it can be concluded that the entrepreneurial mentality and local wisdom variables for product innovation have a value of 0.757. This means that 75.7% of product innovation is influenced by entrepreneurial mentality and local wisdom, while the other 24.3% is influenced by other variables not examined in this study. Meanwhile, entrepreneurial mentality and local wisdom have an R-Square value of 0.740 on organizational resilience. This means that 74% of organizational resilience is influenced by entrepreneurial mentality and local wisdom, while the other 26% is influenced by other variables not examined in this study.

Path Coefficients

Path coefficients or path coefficients are the results of tests of the direct influence of exogenous variables on endogenous variables. The basis for drawing conclusions is that the effect can be stated as significant if the p value <0.05 or the t-statistic is 1.96. The results of testing the path coefficients in this study can be seen in the following table:

Table 6. Path Coefficient Test Results

Variable	Original Sample	t-statistics	P-value	Information
Product Innovation → Organizational Resilience	0.376	3,342	0.001	Accepted
Local wisdom → Product Innovation	0.535	4,253	0.000	Accepted
Local wisdom → Organizational Resilience	0.247	2.158	0.031	Accepted
Entrepreneurial Mind → Product Innovation	0.390	3,228	0.001	Accepted
Entrepreneurial Mind → Organizational Resilience	0.301	2,139	0.033	Accepted

Based on the table of path coefficient test results above, it can be concluded that all exogenous variables have a direct influence on exogenous variables. The description is as follows:

Hypothesis 1:Product innovation has a significant effect on organizational resilience with a p value of 0.001 (<0.05) and a t-statistic of 3.342 (>1.96). Product innovation on organizational resilience has an original sample value of 0.376, which means that the product innovation variable has a positive effect on organizational resilience.

Hypothesis 2:Local wisdom has a significant influence on product innovation with a p value of 0.000 (<0.05) and a t-statistic of 4.253 (>1.96). Local wisdom on product innovation has an original sample value of 0.535 which means that local wisdom has a positive influence on product innovation.

Hypothesis 3:Local wisdom has a significant effect on organizational resilience with a p value of 0.031 (<0.05) and a t-statistic of 2.158 (>1.96). Local wisdom on organizational resilience has an original sample value of 0.247 which means that the local wisdom variable on organizational resilience has a positive influence

Hypothesis 4:Entrepreneurial mentality has a significant influence on product innovation with a p value of 0.001 (<0.05) and a t-statistic of 3.228 (>1.96). Entrepreneurial mentality on product innovation has an original sample value of 0.390 which means that the entrepreneurial mentality variable on product innovation has a positive influence

Hypothesis 5:Entrepreneurial mentality has a significant influence on organizational resilience with a p value of 0.033 (<0.05) and a t-statistic of 2.139 (>1.96). Entrepreneurial mentality on organizational resilience has an original sample value of 0.301, which means that the entrepreneurial mental variable has a positive influence on organizational resilience.

Specific Indirect Influence (Mediation)

Specific indirect effects or specific indirect effect is a test to see whether the mediator variable has an indirect effect on the endogenous variable. The basis for making the decision is that if the p value is less than 0.05 (<0.05) or the t-statistic is > 1.96, it can be stated that the mediator variable has an indirect effect, and vice versa. The results of the specific indirect effect test in this study are as follows:

Table 7. Mediation Test Results

Variable	original sample	t-statistics	P-value	Information
Entrepreneurial Mind → Product Innovation → Organizational Resilience	0.201	2,495	0.013	Accepted
Local wisdom → Product Innovation → Organizational Resilience	0.147	2,289	0.023	Accepted

Based on the results of the table above, it can be concluded as follows:

Hypothesis 6:Simultaneously, entrepreneurial mentality has a significant influence on organizational resilience through product innovation as a mediator with a p value of 0.013 (<0.05) and a t-statistic value of 2.495 (>1.96).

Hypothesis 7: Simultaneously local wisdom has a significant influence on organizational resilience through product innovation as a mediator with a p value of 0.023 (<0.05) and a t-statistic value of 2.289 (>1.96).

Discussion of Research Results

Effect of product innovation on organizational resilience

Based on the results of the hypothesis testing, it can be concluded that the product innovation variable has a positive and significant effect on organizational resilience in Indonesian MSMEs with a p value of 0.001 (<0.05) and a t-statistic of 3.342 (>1.96). This is supported by research conducted by Mafabi, Munene & Ntayi (2012) which states that the company's ability to survive for a long time is due to its ability to demonstrate a faster adaptability to changing conditions and environmental demands by continuously innovating. Furthermore, Lin's research (2017) adds a reference that in order to create innovation that occurs within an organization, an ability to transform and exploit knowledge in an organization is needed.

Influence of local wisdom to product innovation

The hypothesis test stated that the local wisdom variable had a positive and significant effect on product innovation in Indonesian SMEs with a p value of 0.000 (<0.05) and a t-statistic of 4.253 (>1.96). This result is in accordance with the statement from Pratikto (2015) that the process of innovation in running a business in SMEs is inseparable from premises, advice, and outlooks on life that are born from local wisdom in each culture. Here it is explained that the MSME innovation process is inseparable from the roots of local wisdom originating from the local culture. In accordance with the research of Paramita, Dwiatmadja, and Damayana (2015) in Ciwaringin which stated that they still maintain the use of natural dyes that utilize nearby plants as batik dyes into a product innovation. In addition, the development of innovative products can be done with local special fruits that show local wisdom (Ulfah, Setiawan, & Rahmawati, 2017). This local wisdom is also an inspiration for product innovation in the Tanjung Bumi gentongan batik business (John and Indriyani, 2013). In accordance with research conducted by Tamaratika and Rosyidie (2017) that local wisdom is the soul of Indonesia's diverse cultural identities. This can be used as an innovation for sustainable tourism development. So, it can be said that the local wisdom that exists in UMKM Nusantara influences the resulting product innovation. The more individuals understand about their local wisdom, the better the product innovation they will produce.

The influence of local wisdom on organizational resilience

Based on the results of hypothesis testing, it was found that local wisdom on organizational resilience had a positive and significant effect on Nusantara UMKM with a p value of 0.031 (<0.05) and t-statistic of 2.158 (>1.96). The results of this study are in accordance with research conducted by Nuryadi (2013) that resilience in community and regional organizations can be shaped by the characteristics of local communities. Regional resilience relates to the development of community participation based on local characteristics. The local wisdom used by UMKM Nusantara is in accordance with the local culture, in this case in Palembang, which includes local food, local fashion or clothing and other local wisdom that supports the resilience of the organization.

Influence of entrepreneurial mentality towards product innovation

The hypothesis test stated that entrepreneurial mental variables on product innovation had a positive and significant influence on Nusantara SMEs with a p value of 0.001 (<0.05) and a t-statistic of 3.228 (>1.96). This is in accordance with Goleman (2006) who argues that mental competence has a two-fold effect than technical competence on individual progress and achievement. When a person has mental courage, it will bring up a behavior to act immediately when an idea appears. Apart from that, Perdana and Safitri (2020) also stated that the entrepreneurial mentality can be manifested in the form of consistent behavior, for example, such as accommodating creativity in notes and not delaying when doing something, so it is hoped that this can influence one's innovative behavior. Kurniullah, et al (2021) revealed that what is included in the entrepreneurial mentality is when someone is active and creative which will produce innovations in a sustainable manner.

The influence of entrepreneurial mentality on organizational resilience

The results of the hypothesis test stated that the entrepreneurial mental variable on organizational resilience had a positive and significant influence with a p value of 0.033 (<0.05) and a t-statistic of 2.139 (>1.96). This is supported by a statement from Maulida, Kusumah, and Permana (2016) about sEntrepreneurial mental attitude means a person's personal/soul tendency that results in action/behavior. Mental strength that builds a strong personality in this case will support individuals in an organization to survive. This is also in accordance with Neneh's research (2012) which shows the low level of entrepreneurial mentality that contributes to the high failure rate of SMEs in South Africa. Furthermore, the study also established that entrepreneurs with an entrepreneurial mindset perform better in certain factors (creativity, risk-taking propensity, growth mindset, etc.) that are considered important for the success and resilience of SME businesses. So, when viewed from the explanation, it can be said that the individual entrepreneurial mentality that exists in UMKM Nusantara influences the resilience of the organization, both now and in the future. This entrepreneurial mentality can be fostered by conducting training or on the job training by providing direct experience to individuals in the organization.

The influence of entrepreneurial mentality on organizational resilience by mediating product innovation

In this study, there is also an indirect effect between variables, it can be said that the mediator variable has an indirect effect, or vice versa. From the results of the p-value test with a value of 0.013 (<0.05) and a t-statistic value of 2.495 (>1.96) it can be said that the entrepreneurial mentality has a significant influence on organizational resilience through product innovation as a mediator. These results are in accordance with research from Gunasekaran, Rai, & Griffin, (2011) stated kOrganizational resilience can be seen when a company is able to survive, then directly the company also has the ability to adapt to changes that occur in the company's environment and is competitive with other competitors and has good performance. In realizing a company that is able to survive in the complexity of global competition, it certainly requires an entrepreneurial mental attitude (Maulida, Kusumah, & Permana, 2016). However, in conjunction, there are other variables that can bridge the relationship between the two variables, namely innovation behavior this is also in line with the research of Sulaeman, et al., (2022) which states that innovation is related to the creativity needed to create a variety of products so that a company can continue to grow and survive. Based on this explanation, the entrepreneurial mentality (interest and presence of an entrepreneurial spirit) will be able to help an organization survive but still have to go through an innovative behavior. So, from the explanation above it can be concluded that product innovation carried out in Nusantara UMKM can be a mediator that has a significant effect on the entrepreneurial mentality of workers and owners in Nusantara UMKM on the resilience of the Nusantara UMKM organization itself simultaneously.

The influence of local wisdom on organizational resilience by mediating product innovation

Based on the results of the p-value test with a value of 0.023 (<0.05) and a t-statistic value of 2.289 (>1.96) it can be seen that local wisdom has a significant influence on organizational resilience through product innovation as a mediator. It can be said that product innovation carried out by Nusantara UMKM can be a mediator in the relationship between local wisdom applied by Nusantara UMKM towards organizational resilience. These results are supported by Rosmayani and Mardatillah's research (2021) regarding sustainable competitive advantage based on innovation and local wisdom in small and medium-sized businesses of traditional Malay food in Pekanbaru. According to him, there are strengths and weaknesses in the innovation of local wisdom products. Product and process innovations put forward the essence of originality. The weakness is that the professional workforce is limited in product innovation development. With the potential of local resources, it can build important factors in business innovation development strategies. Local knowledge and local skills of the workforce are not easily imitated and cannot be replaced as a source of strength to produce highly heterogeneous products that are not easily imitated by competitors. This can support organizational resilience if they continue to innovate on products using local wisdom. Local knowledge and local skills of the workforce are not easily imitated and cannot be replaced as a source of strength to produce highly heterogeneous products that are not easily imitated by competitors. This can

support organizational resilience if they continue to innovate on products using local wisdom. Local knowledge and local skills of the workforce are not easily imitated and cannot be replaced as a source of strength to produce highly heterogeneous products that are not easily imitated by competitors. This can support organizational resilience if they continue to innovate on products using local wisdom.

Conclusions and recommendations

Conclusion

The results of this research can provide development and increase knowledge of matters that affect the resilience of an organization. In this study in the context of SMEs, innovation behavior is a variable that is quite important, especially in dealing with the complexity and dynamics that occur in the world of SMEs. This result also underlines that the relationship between these variables can also occur, possibly because the education of the respondents is high enough so that it can help the respondents' cognition in making innovations to support their businesses and in the end they are able to survive even though they are in an uncertain environment (the Covid-19 pandemic). 19). The results of this study are expected to complement previous research on topics related to organizational resilience, especially in MSMEs in Indonesia.

In addition, the findings of this study can also be useful for practitioners in SMEs to better understand how the interactions that occur between local wisdom and entrepreneurial mentality on organizational resilience will be more effective when accompanied by efforts to innovate. This understanding is then expected to help create effectiveness in an organizational resilience process. Organizational resilience is a benchmarking of how an organization or in this case a business unit (MSMEs) can survive and deal with the dynamics that occur. So if a business unit can survive, it means that the business unit has been successful periodically in terms of adapting, developing and growing according to the needs of an environment.

From this study it can be concluded that all hypotheses are accepted. It can be explained as follows: entrepreneurial mentality has a significant effect on organizational resilience, local wisdom has a significant effect on organizational resilience. Simultaneously, product innovation has a significant effect as a mediator on the relationship between entrepreneurial mentality and organizational resilience and product innovation has a significant effect as a mediator on the relationship between local wisdom and organizational resilience.

Suggestion

This study has several limitations, including that this study has analyzed the role of local wisdom and entrepreneurial mentality as well as innovation as mediators in organizational resilience. Future research may add other variables from the perception of a leader or the leadership style of an MSME business. The processes that shape organizational resilience are not limited to processes within a person such as entrepreneurial mentality and also the influence of local wisdom, but there may be influences from leadership styles so that an organization is able to be more successful in dealing with a dynamic and uncertain environment. The number of participants in this study is also not large enough, so the possibility to see the interaction effect in this study is still not accurate enough.

This research only controls for types of organizations such as types of culinary, fashion, and other businesses, further research may also need to control variables such as the number of employees owned by a business unit from the data taken, so that the results obtained are more precise and detailed. Subsequent studies can investigate the factors that influence organizational resilience in populations from different regions, so that a more complete picture is obtained, especially with regard to the environmental context and organizational culture.

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