

Sidoarjo Regency MSME Exit Strategy in Terms of Personality Traits, Entrepreneur Skills, and Digital Marketing

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ABSTRACT

Objective: This study aims to analyze the influence of Personality Traits, Entrepreneurial Skills, and Digital Marketing on the Exit Strategy of Micro, Small, and Medium Enterprises (MSMEs) in Sidoarjo Regency. **Method:** A quantitative approach was employed, involving a population of food and beverage MSMEs in Sidoarjo Regency. The sample consisted of 50 respondents selected using a simple random sampling technique. Data were collected through structured questionnaires and analyzed using multiple linear regression analysis to determine the relationship and significance between the studied variables. **Results:** The findings indicate that entrepreneurial skills and digital marketing have a significant positive effect on MSME exit strategies, while personality traits show a weaker but still relevant influence. These results highlight the importance of strategic skill development and digital adaptation for MSME sustainability and planned business transition. **Novelty:** This study provides new insights into how psychological and digital factors jointly shape MSME exit strategies in regional contexts, emphasizing the growing role of digital competence as a determinant of successful business exits in the modern entrepreneurial landscape.

INTRODUCTION

The Indonesian economy is currently experiencing very rapid development, with the Downstream Program launched by the Government expected to create ideal conditions for the state and society to realize better change. This is certainly not easy, these changes depend on the economic sector as a benchmark for the Government's success and economic improvement that directly involves the community as the main actor. On the other hand, the Acting Head of the Central Statistics Agency reported that in September 2024 there was a deflation of 0.12 percent, which is significantly deeper than in August 2024. This is the fifth consecutive month of deflation. Deflation is caused by conditions where supply is higher than demand for food commodities and products in the market, resulting in an oversupply of commodities [1]. The largest deflation was in the Food and Beverage sector, reaching a value of 0.59 percent. Even the Director of CSIS, also known as the Center for Strategic and International Studies, Yose Rizal Damuri, stated that the deflation that occurred five consecutive months indicates that purchasing power in the community is still in a sluggish stage due to declining demand. The decline in people's purchasing power is closely linked to the rising unemployment rate in Indonesia in 2024. [2] This is what gives rise to deflation. He also explained that the decline in people's purchasing power is due to structural problems in the business world,

such as limited job opportunities and the inefficient use of production, which leads to high logistics and energy costs.

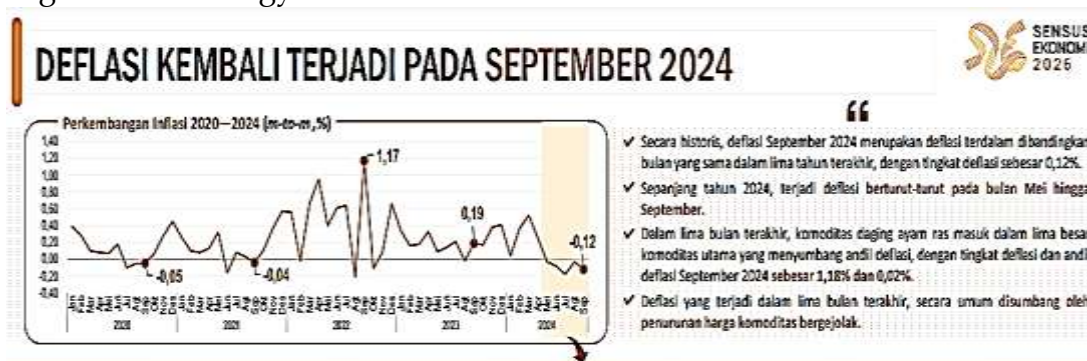


Figure 1. Deflation Returns in September 2024

Source: <https://www.bps.go.id/id/pressrelease/2024/10/01/2308/inflasi-year-on-year--y-on-y--september-2024-sebesar-1-84-persen-.html>

With the Deflation that occurred in 5 consecutive months, it certainly becomes a challenge in maintaining competitiveness and sustainability of business operations. Not many MSMEs declared bankruptcy and exited the market or often called Exit Strategy [3]. Micro, Small and Medium Enterprises or commonly referred to as (MSMEs) are productive businesses owned by individuals or individual business entities. A business can be said to be an MSME if it has assets of IDR 0, - up to a maximum of IDR 5,000,000,000, - with a maximum turnover of up to IDR 10,000,000,000, - this is stated in the regulations of Law number 7 of 2021. Micro, Small and Medium Enterprises (MSMEs) have a large contribution to economic growth, especially in developing countries. Micro, Small and Medium Enterprises (MSMEs) are the backbone of the economy of Asian countries, because they have made a significant contribution to job creation and growth in the economy [4]. During the global crisis, the Indonesian economy barely felt the impact and effects of the activities carried out by MSMEs themselves. MSMEs themselves are very often found in community life, from shops and coffee shops to cafes. With current technological developments, MSMEs can transform from previously manual business activities to digital business actors that can sell their products online [5]. Currently, MSMEs must utilize technology media in running their businesses. In addition to being an economic stimulus, Micro, Small, and Medium Enterprises (MSMEs) can be a major factor in absorbing the workforce. In the past five years, Micro, Small, and Medium Enterprises (MSMEs) have increased annually. Therefore, MSMEs can prove to be an effort to encourage the improvement and growth of the Indonesian economy, as more than 80% of the workforce in this industry works within MSMEs, including farmers and other small-scale producers [6].

Sidoarjo Regency is a region located in East Java Province which has an area of 719.63 KM² and has 18 sub-districts. Sidoarjo Regency itself borders the City of Surabaya and Gresik Regency in the North, the Madura Strait Waters in the East, Pasuruan Regency in the South, and Mojokerto Regency in the West. Geographically, Sidoarjo Regency is located in a lowland position which is squeezed by two large rivers namely the Kali Mas River and the Kali Porong River [7]. Sidoarjo Regency is one of the areas that is a center

of MSMEs in Indonesia and has attracted the attention of the entire archipelago because of its success in fostering Cooperatives and MSMEs which have made Sidoarjo Regency an MSME City [8]. According to Sidoarjo Statistics Agency Data from 2022-2023 the number of Micro Enterprises in Sidoarjo Regency was 151,043 business actors [9]. This has a significant impact in minimizing government problems in alleviating unemployment. Based on August 2022 data released by the Central Statistics Agency, unemployment in Sidoarjo Regency decreased from 10 points to 8.8 points.



Figure 2. Indonesian MSME Indicator Data for 2021

Source : <https://umkm.go.id/umkm-dalam-angka/?type=indikator-umkm&sub=0>

Kecamatan Subdistrict	2022	2023
(1)	(4)	(5)
Tarik	3.771	3.795
Prambon	4.215	4.243
Krembung	10.293	10.329
Porong	6.369	6.403
Jabon	4.813	4.834
Tanggulangin	11.589	11.647
Candi	10.167	10.247
Tulangan	8.706	8.762
Wonoayu	4.852	4.889
Sukodono	21.390	21.503
Sidoarjo	5.377	5.416
Buduran	5.336	5.374
Sedati	6.557	6.608
Waru	10.015	10.069
Gedangan	7.886	7.929
Taman	8.367	8.673
Krian	12.958	13.016
Balung Bendo	7.261	7.306
Kabupaten Sidoarjo	149.922	151.043

Figure 3. Micro Business Statistics for Sidoarjo Regency

Source: Sidoarjo Regency Central Statistics Agency

Digital marketing, a new step taken when government social distancing restrictions were implemented, is an innovation that emerged during the COVID-19 pandemic. Considering consumer habits of online purchasing, which indirectly leads to

increased social media activity, entrepreneurs and MSMEs must adapt their services and activities to current trends, thus considering their future exit strategies.

Previous research on exit strategies has identified numerous factors influencing entrepreneurs' choice of exit strategy, such as perceived unethical behavior, the entrepreneur's background, and individual capabilities. A weakness of previous research is that many of these studies used large companies in developed countries as the basis for their research, while no research has identified Micro, Small, and Medium Enterprises (MSMEs) in developing countries as the basis for their exit strategies. Therefore, identifying new exit strategy concepts, where there is an opportunity, is crucial to benefit entrepreneurs and broaden their understanding of the concept. For this reason, this study examines the concept of exit strategy in a developing country (Sidoarjo, Indonesia).

Problem Formulation: To determine the influence of Personality Traits, Entrepreneurial Skills, and Digital Marketing on Exit Strategy Decisions among MSMEs in Sidoarjo Regency. This study aims to obtain and determine whether Personality Traits, Entrepreneurial Skills, and Digital Marketing influence exit strategy decision-making among MSMEs in Sidoarjo Regency. The results of this study are expected to provide readers with a better understanding of the concept of Exit Strategy before implementing it in their businesses.

Research Question: Do Personality Traits, Entrepreneurial Skills, and Digital Marketing positively influence exit strategy decision-making among MSMEs in Sidoarjo Regency?

SDGs Category: This study meets and falls into the category of indicator twelve of the SDGs, namely Partnership for the Goals. Partnership for the Goals aims to determine the exit strategies implemented by MSMEs in Sidoarjo Regency in terms of Personality Traits, Entrepreneurial Skills, and Digital Marketing to achieve their desired goals [14].

Literature Review

Personality Traits (X1)

Personality can be defined as a person's character, reflecting their behavior and helping them interact with their surroundings. Personality can be defined as how a person interacts and reacts to other individuals. Personality is often described in terms of measurable traits. The dimensions of personality, as cited by Costa & McCrae, known as the Big Five Personalities [15], are as follows:

1. Neuroticism

A personality trait that measures a person's level of emotional stability, whether they are easily stressed or have an unusual imagination;

2. Extroversion

A personality trait that can be measured by the quantity and intensity of interpersonal interactions, activities, need for support, and enthusiasm for happiness;

3. Openness to Experience

A personality trait that can be measured by a person's level of curiosity about technological developments related to innovation and creativity, which can foster a high level of openness to experience, such as imagination, sensitivity, and intellect;

4. Agreeableness

A personality trait that can be measured by the level of obedience, prioritizing shared interests over personal concerns, and being willing to make sacrifices, thus fostering mutual respect and harmony in the surrounding environment. Agreeableness fosters a high level of respect for others;

5. Conscientiousness

A personality trait that measures a person's level of perseverance, motivation, and enthusiasm in organizing, leading to a greater dependence on others, leading to greater trust and a greater sense of responsibility.

Entrepreneurial Skills (X2)

Entrepreneurial skills can be defined as a person's ability to process reason, ideas, thoughts, innovation, and creativity in carrying out work, whether creating something or transforming something worthless into something with high sales value. More concretely, skills can be defined as a person's ability to apply knowledge to practical work, resulting in desired or desired results. Entrepreneurship, on the other hand, is defined as the application of creativity and innovation to solve problems and exploit opportunities faced by others.

Entrepreneurship refers to a person who runs a business or activity independently, utilizing all of their abilities. Successful entrepreneurs possess a variety of skills, including managing business operations, as well as developing products and services. Furthermore, entrepreneurial skills are an individual's ability to translate ideas into concrete action. Entrepreneurship encompasses creativity, innovation, and risk-taking, including the ability to plan and manage work to achieve goals. Turning an idea into reality requires two types of skills. General management skills are needed to organize the physical and financial resources needed to run a business, and people management skills are needed to gain the support needed from others for the business to succeed. Some important general management business skills include:

1. Strategic Skills

The ability to assess the business as a whole by understanding market share, services provided to consumers, the appropriate target market, and understanding the capabilities of competitors;

2. Planning Skills

The ability to prepare for future business operations and calculate the impacts that will affect the business and prepare for them now;

3. Marketing Skills

The ability to analyze consumer trends and needs to create offers and utilize existing features to meet existing demand. Most MSMEs currently use social media technology as a strategic marketing channel [16];

4. Financial Skills

The ability to manage finances by controlling expenses and income to ensure a healthy cash flow for the business's sustainability, and also analyzing investments in terms of potential and potential risks;

5. Project Management Skills

The ability to organize a project or event by setting goals, organizing schedules, and ensuring the necessary resources are in the right place at the right time;

6. Time Management Skills

The ability to utilize time productively according to the priority scale of more important work so that things can be completed according to a predetermined schedule;

7. Leadership Skills

The ability to lead others and inspire them to work in a certain way for business success;

8. Motivation Skills

The ability to build someone's enthusiasm so that they are fully committed to a given task;

9. Delegation Skills

The ability to allocate tasks to individuals with different functions than previously assigned. As a business grows and develops, it will increase the number of employees who will assist in running the business [17].

10. Communication Skills

The ability to use the necessary language and understand written language to direct ideas to others;

11. Negotiation Skills

The ability to lobby others to maximize desired outcomes with previously planned goals. Being a good negotiator is more about understanding and being able to identify winning opportunities so that negotiation scenarios can be mastered than being able to "bargain hard."

Digital Marketing (X3)

Digital marketing can be defined as a marketing medium currently popular with the general public because it can provide value to the products being sold. The combination of entrepreneurship and digital marketing has become a transformative force in the contemporary business landscape [18]. With these advances, businesses are flocking to upgrade their marketing models from traditional to modern ones through digital marketing. With this marketing development, buying and selling transactions can be conducted anytime and anywhere, eliminating the need for face-to-face meetings. Social media users have shown significant progress, opening up opportunities for entrepreneurs and MSMEs to run and develop their businesses through social media-based smartphones. One of the main reasons today's standard of living is higher than it was 100 years ago is the availability of new technologies such as telephones, computers, and programming [19]. Digital marketing can reach various segments of society without any time or geographical limitations. However, this cannot be implemented 100 percent of the time, as many companies and small businesses still lack the ability to utilize digital marketing. This is reinforced by the high number of internet users, which is not accompanied by low digital marketing utilization. According to Strauss and Frost, the seven stages in e-marketing design include:

1. Situation Analysis

Analyzing the situation is the first stage of a business concept using a SWOT analysis. A SWOT analysis systematically identifies various factors to formulate a company strategy;

2. E-marketing Strategic Planning

Analyzing the E-marketing Strategic Planning stage has a simple methodology for evaluating and analyzing market opportunities (Market Opportunity Analysis/MOA):

- a. Identifying Customer Needs (Segmentation);
- b. Identifying Target Customers (Targeting);
- c. Determining opportunities concretely (Differentiation);
- d. Assessing customer attractiveness (Positioning).

3. Objectives

Objectives in e-marketing include the following aspects: Task (what will be achieved), Quantity (how much has been measured), and Time (Time Frame);

4. E-marketing Strategy

E-marketing strategy encompasses the 4Ps and management relationships:

- a. Product;
- b. Price;
- c. Place (Distribution Channel);
- d. Promotion.

5. Budget

One of the keys to strategic planning is allocating the financial budget to objectives or investments that are expected to generate profits;

6. Evaluation Plan

The success of a plan depends on the evaluation of each activity. To determine marketing results, business owners can use a balanced scorecard to measure the success of their digital marketing program.

Exit Strategy (Y)

Although the term "exit strategy" has negative connotations, it is key to a business's sustainability. Having an exit strategy can help entrepreneurs plan how to leave a business they've established, as they realize they won't be leading it forever. There are various types of exit strategies, each with its own advantages and disadvantages.

1. Merger & Acquisition (M&A)

This strategy involves selling the entire business to investors or other business owners. This strategy has the advantage of allowing the business owner to control price negotiations and determine their own terms, allowing them to set a higher selling price when receiving offers from investors or other business owners. However, this strategy takes a little longer and sometimes leads to failure.

2. Initial Public Offering (IPO)

This strategy involves selling shares in the business or partial or complete ownership of the business [20]. This strategy has the advantage of allowing the business

to operate as usual, as only the ownership status changes. However, this strategy usually makes it difficult to find buyers for the shares.

3. Family Succession

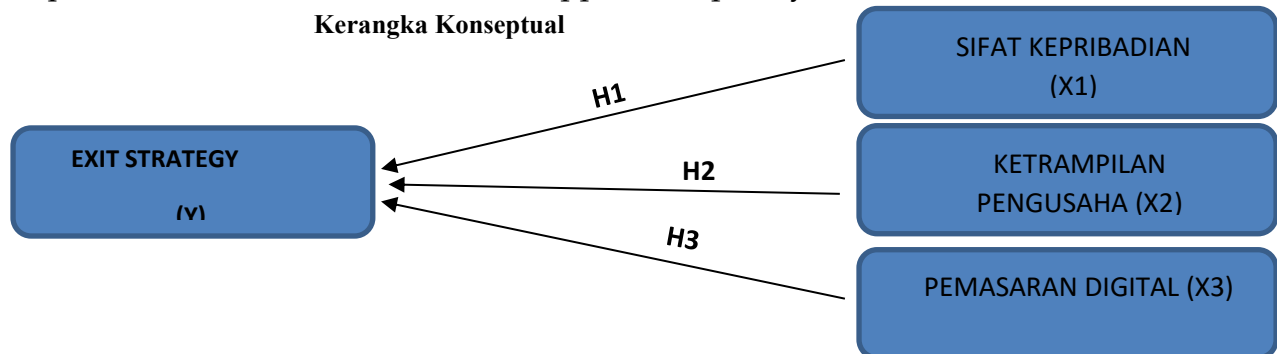
This strategy is used when a business owner appoints a family member to take over the ownership of the business. This strategy has many advantages: the family member appointed to take over leadership has a good understanding of the business, making the leadership transition easier, and the previous owner can maintain a close relationship with the business even after leaving. However, this strategy is prone to conflict within the family.

4. Management & Employee Buyouts (MBO)

This strategy involves transitioning a more senior employee to a leadership role within the business. This strategy has the advantage of having a trusted successor due to their experience working in the business. However, there may not necessarily be a manager or employee ready to take over the reins of the business.

5. Liquidation

This strategy is commonly used when a business fails by closing down all assets and selling them. If a business owner wants to close down the business permanently, liquidation allows the business to disappear completely.



Based on the conceptual framework above, the research hypotheses are as follows:

H1: Personality traits are suspected to have a partial influence on the use of exit strategies.

H2: Entrepreneurial skills are suspected to have a partial influence on the use of exit strategies.

H3: Digital marketing is suspected to have a partial influence on the use of exit strategies.

RESEARCH METHOD

Research Type

This study employed a quantitative research method, employing survey techniques using questionnaires. These variables were then tested and measured numerically, and then analyzed using statistical procedures. Quantitative data analysis is the testing of objective theories by examining the relationships between variables.

These variables can then be measured using instruments, allowing the numbered data to be analyzed using statistical programs.

Research Location

The research location was Sidoarjo Regency, East Java Province. The researcher chose Sidoarjo Regency as the research object because the MSME Center in Sidoarjo Regency is quite large and diverse, making it suitable for use as a sample to determine the exit strategies of MSMEs in Sidoarjo Regency, based on personality traits, entrepreneurial skills, and digital marketing.

Operational Definition, Variable Identification, and Variable Indicators

A. Operational Definition

Based on the literature review presented in the discussion above, the definition of a variable, including its corresponding indicators, can be briefly referred to as an operational definition. This operational definition of a variable is useful to avoid any differences in interpretation and misunderstanding related to the variables used in the article title. Therefore, in accordance with the research title "Exit Strategy of MSMEs in Sidoarjo Regency, Reviewed from Personality Traits, Entrepreneurial Skills, and Digital Marketing,"

B. Variable Identification

Based on the problem and hypothesis, the variables analyzed in this study consist of two types: independent variables (X), or independent variables, which influence or cause the dependent variable. Independent variables (X) consist of Personality Traits (X1), Entrepreneurial Skills (X2), and Digital Marketing (X3). Dependent variables (Y) are variables influenced by or caused by the independent variables. The dependent variable (Y) in this study is Exit Strategy.

1. Independent Variables (X)

a. Personality Traits

Personality traits are a person's character traits that are shaped by their environment.

b. Entrepreneurial Skills

Entrepreneurial Skills are the ability to use reason, thought, ideas, and creativity to work on, change, or make something more meaningful, thereby generating value from the work.

c. Digital Marketing

Digital marketing is a marketing mechanism through social or digital media that is currently popular with the majority of people who enjoy the features of technological advancements.

2. Dependent or Bound Variable (Y)

a. Exit Strategy

An exit strategy is a strategic plan for selling business ownership to another company or investor.

C. Variable Indicators

The variable indicators used to demonstrate the formulation of each independent and dependent variable are shown in Table 3.1 below:

Table 1. Variable Indicators

Variables	Indicator	Variable Measurement	Source
Personality Traits (X1)	1. Emotional Stability	Likert Scale	(Angelini, G. 2023)
	2. Intensity of Interaction		
	3. Curiosity about Innovation and Creativity		
	4. Compliance and Discipline		
	5. Motivation and Enthusiasm		
Entrepreneur Skills (X2)	1. Strategic Skills	Likert Scale	(Anam, C., & Iswari, R. 2021)
	2. Planning Skills		
	3. Marketing Skills		
	4. Financial Skills		
	5. Project Management Skills		
	6. Time Management Skills		
	7. Leadership Skills		
	8. Motivational Skills		
	9. Delegation Skills		
	10. Communication Skills		

Population and Sample

The population in this study was 151,043 MSMEs in Sidoarjo Regency (Source: BPS Sidoarjo Regency).

A sample is a subset of the population that reflects the characteristics and size of the entire population. Samples are used in research to represent the population and obtain information that can be analyzed to reach conclusions about the population as a whole. In this study, the researcher used a purposive sampling technique. Purposive sampling requires sampling with specific objectives described according to the research needs.

Table 2. Sample Size According to Criteria

No.	Kriteria	Jumlah
1.	UMKM Kabupaten Sidoarjo	151.043
2.	Masyarakat yang Memiliki Usaha	151.043
3.	Pelaku Usaha Makanan & Minuman	50

From the table above, it can be seen that the sample size for this study is 50.

Data Type and Data Source

The data used in this study is quantitative. Quantitative data is research that uses numbers, from data collection, interpretation, and presentation.

The data source for this study is primary data, which is data or information obtained directly by the researcher or received directly from a primary source through a questionnaire. The researcher used a questionnaire as the data collection technique, which became the object of the study by distributing questionnaires and having them completed directly by respondents.

Data Collection Technique

The data collection technique in this study used questionnaires that had been distributed to respondents, namely residents of Sidoarjo Regency who own businesses. A questionnaire is a data collection method that involves providing written questions to respondents to answer. The questionnaire will then be processed to obtain data related to the research topic, namely the Exit Strategy of MSMEs in Sidoarjo Regency, in terms of Personality Traits, Entrepreneurial Skills, and Digital Marketing. It will be measured using a Likert scale ranging from 1 to 5. The Likert scale is used to measure a person's opinions, perceptions, and attitudes regarding social phenomena. In this questionnaire, respondents are asked to provide their opinions on each question, ranging from "strongly disagree" to "strongly agree," with the following scores:

1. A "Strongly Disagree" (SD) answer is scored 1.
2. A "Disagree" (D) answer is scored 2.
3. A "Neutral" (N) answer is scored 3.
4. A "Agree" (A) answer is scored 4.
5. A "Strongly Agree" (SA) answer is scored 5.

Secondary data can be collected through books and journals that are available electronically and accessible online.

Data Analysis Techniques

This analysis technique uses the Partial Least Squares (PLS) method, using SmartPLS 4 software. PLS is an alternative tool to SEM (Structural Equation Modeling) used to address correlation issues. PLS data processing and data analysis techniques include Validity Testing, Reliability Testing, Hypothesis Testing with R-Square, Path Coefficient, T-Statistic, and Predictive Relevance (Q-Square).

RESULTS AND DISCUSSION

Result

A. Outer Model Test Results

Data analysis in this study used PLS. The outer test was conducted by estimating parameters, known as the PLS algorithm calculation, as shown in the figure below. Subsequent analysis results were selected using measurements (outer model), namely by conducting convergent validity, discriminant validity, and reliability test.

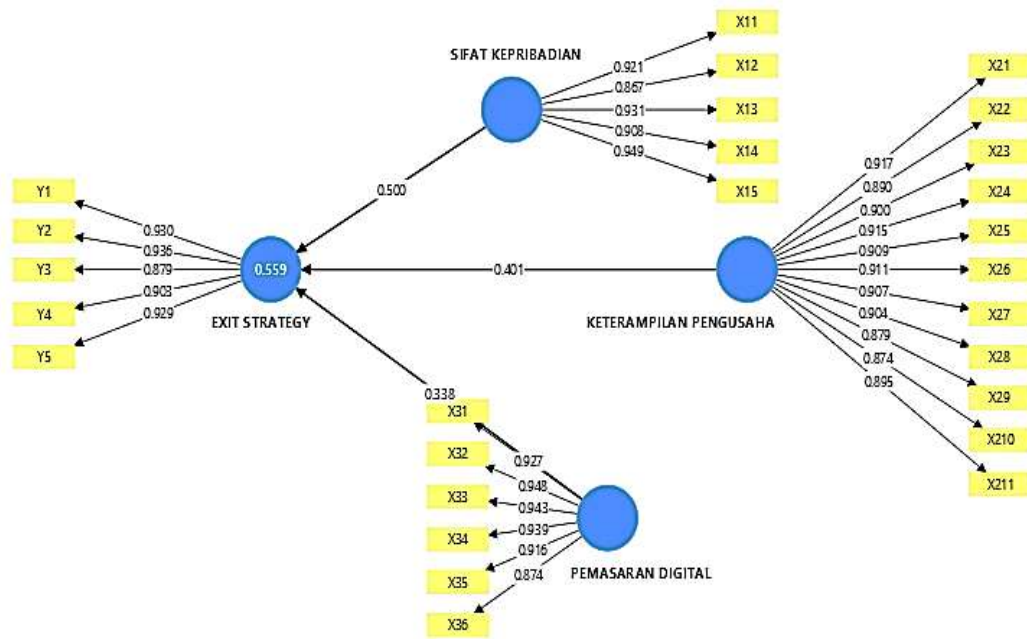


Figure 4. PLS Algorithm Calculation Results

Convergent Validity Test Results

Convergent validity testing uses the factor loading values found in the outer loading. Indicators that can be considered to have good convergent validity are those with loading values greater than 0.7, which serve as a conceptual basis. The following are the outer loading values for each indicator in this study:

Table 3. Iteration Factor Loading Value Results

Variable	Indicator	Outer Loading	
Result	X1.1	0.921	Valid
	X1.2	0.867	Valid
	X1.3	0.931	Valid
	X1.4	0.908	Valid
	X1.5	0.949	Valid
Entrepreneur Skills	X2.1	0.917	Valid
	X2.2	0.890	Valid
	X2.3	0.900	Valid
	X2.4	0.915	Valid
	X2.5	0.909	Valid
	X2.6	0.911	Valid
	X2.7	0.907	Valid
	X2.8	0.904	Valid
	X2.9	0.879	Valid
	X2.10	0.874	Valid
	X2.11	0.895	Valid
Digital Marketing	X3.1	0.927	Valid
	X3.2	0.948	Valid
	X3.3	0.943	Valid

Variable	Indicator	Outer Loading	
Exit Strategy	X3.4	0.939	Valid
	X3.5	0.916	Valid
	X3.6	0.874	Valid
	Y1.1	0.930	Valid
	Y1.2	0.936	Valid
	Y1.3	0.879	Valid
	Y1.4	0.903	Valid
	Y1.5	0.929	Valid

From the data processing results using SmartPLS 4 software, Table 3 shows that the indicators for each variable have a loading value greater than 0.7, thus being considered valid. Furthermore, four indicators have a factor loading value of less than 0.7, as seen in the numbers and text in red above. This indicates that variable indicators with factor loading values greater than 0.7 have a high level of validity, thus meeting convergent validity.

The next step is to achieve discriminant validity, which can be done by comparing the Average Variance Extraction (AVE) with each result to determine the relationship between the model-based results and the other results. Each model is considered to meet the requirements for discriminant validity if the square root of the AVE is greater than the value between its constructs.

Table 4. Results of Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
Personality Traits (X1)	0.838
Entrepreneur Skills (X2)	0.810
Digital Marketing (X3)	0.855
Exit Strategy (Y)	0.838

Discriminant Validity Test Results

The discriminant validity of the reflective indicators can be seen in the cross-loading values between the indicators and their constructs. Based on the PLS algorithm output, the cross-loading values are as follows:

Table 5. Display of Cross-Loading Results

Indicator	X1 (Personality Traits)	X2 (Entrepreneurial Skills)	X3 (Digital Marketing)	Y (Exit Strategy)
X1.1	0.921	-0.152	0.229	0.402
X1.2	0.867	-0.261	0.213	0.339
X1.3	0.931	-0.228	0.259	0.453
X1.4	0.908	-0.131	0.102	0.497
X1.5	0.949	-0.147	0.162	0.516

Indicator	X1 (Personality Traits)	X2 (Entrepreneurial Skills)	X3 (Digital Marketing)	Y (Exit Strategy)
X2.1	-0.230	0.917	0.068	0.267
X2.2	-0.182	0.890	0.214	0.368
X2.3	-0.291	0.900	0.121	0.278
X2.4	-0.120	0.915	0.141	0.369
X2.5	-0.222	0.909	0.129	0.277
X2.6	-0.115	0.911	0.234	0.403
X2.7	-0.138	0.907	0.158	0.342
X2.8	-0.228	0.904	0.051	0.296
X2.9	-0.164	0.879	0.170	0.311
X2.10	-0.098	0.874	0.130	0.313
X2.11	-0.200	0.895	0.084	0.237
X3.1	0.139	0.182	0.927	0.452
X3.2	0.247	0.134	0.948	0.480
X3.3	0.259	0.124	0.943	0.446
X3.4	0.236	0.084	0.939	0.517
X3.5	0.176	0.279	0.916	0.533
X3.6	0.021	0.026	0.874	0.299
Y1.1	0.368	0.343	0.540	0.930
Y1.2	0.536	0.322	0.507	0.936
Y1.3	0.519	0.250	0.409	0.879
Y1.4	0.413	0.313	0.376	0.903
Y1.5	0.401	0.407	0.426	0.929

The cross-loading value can be seen in each indicator, which has a cross-loading value greater than 0.7 compared to the cross-loading values of the other variables. Therefore, it can be concluded that this indicator is valid.

Reliability Test Results

This model test is used to assess the reliability of a construct. This test is conducted to verify the accuracy, consistency, and precision of the instrument in measuring the construct. To measure reliability in this study, Cronbach's alpha and composite reliability values are examined. The following are the reliability test results:

Table 6. Cronbach's alpha & Composite Reliability

Variable	Cronbach' Alpha	Composite Reliability
X1 (Personality Traits)	0.952	0.966
X2 (Entrepreneurial Skills)	0.977	0.983
X3 (Digital Marketing)	0.966	0.978
Y (Exit Strategy)	0.952	0.955

The table above shows that the Cronbach's alpha value for each construct is greater than 0.6, and the composite reliability value for each construct is greater than 0.7.

Therefore, it can be concluded that the measurements used in this study are reliable. The table above includes latent variables with high reliability, as all five variables have Cronbach's alpha values above 0.7.

B. Inner Model Testing (Structural Model)

The inner model test was conducted to determine the significant relationship between latent variables using a t-test based on the structural path parameters and the R-square value of the research model. The results of this test were run using SmartPLS 4.0 software, using the calculate-bootstrap method, which yielded the following results:

Analysis of Variance (R2) or Determinant Test

Analysis of Variance (R2) aims to determine the relationship between the independent variables and the dependent variable. The coefficient of determination values are shown in the following table:

Table 7. R-square Results

Variabel	R Square	R-Square Adjusted
Y (Exit Strategy)	0.559	0.530

Table 4.4 shows an R-square value of 0.559. This means that the Personality Traits (X1), Entrepreneurial Skills (X2), and Digital Marketing (X3) variables contribute 0.559, or 55.9%. The remaining 44.1%, obtained from 100% - 55.9%, is contributed by other variables outside the study. Based on this description, it can be concluded that the independent variables can explain the dependent variable to a moderate extent.

Path Coefficients

Path coefficients indicate the direction of the relationship between the variables, whether positive or negative. Path coefficients produce a value that indicates the direction of the relationship between the variables, whether positive or negative. A positive value is between 0 and 1, and a negative value is between 0 and -1.

Table 8. Path Coefficients Results

Variabel	Y (Exit Strategy)
X1 (Personality Traits)	0.500
X2 (Entrepreneurial Skills)	0.401
X3 (Digital Marketing)	0.338
Y (Exit Strategy)	

Table 8 shows that all independent variables, including Personality Traits (X1), Entrepreneurial Skills (X2), and Digital Marketing (X3), have values close to 1, indicating a positive relationship.

T Statistics

The T statistic is used to measure the level of significance if the T value is greater than 1.96. This value indicates the significant influence of the independent variables on the dependent variable.

Table 9. T Statistics Results

Variabel	Original Sample (O)	T statistics (IO/STDEVI)	P Values
Personality Traits (X1) -> Exit Strategy (Y)	0.401	0.200	0.005
Entrepreneurial Skills (X2) -> Exit Strategy (Y)	0.338	0.213	0.003
Digital Marketing (X3) -> Exit Strategy (Y)	0.500	0.391	0.000

Discussion

Hypothesis: Personality Traits Influence Exit Strategy

Based on the research results in Table 4.6, it shows that Personality Traits have a significant value of 0.005 (below 0.05), which means that Personality Traits have a partial relationship with Exit Strategy in MSMEs in Sidoarjo Regency. During the survey, many participants explained the importance of entrepreneur personality traits to business operations, such as managing emotional stability, a strong curiosity about technological developments, and perseverance and motivation in running their businesses. This is supported by previous research [21] entitled "The Influence of Accounting Knowledge and Entrepreneurial Personality on Managerial Performance in MSMEs in Medan City." This can be explained by the fact that in this aspect, a person's decision to exit a business, particularly in the MSME segment, is significantly influenced by their personality traits or characteristics, which support their thinking patterns in decision-making. **H1 Accepted**

Entrepreneur Skills Influence Exit Strategy

The research results in Table 4.6 show that Entrepreneur Skills have a significant value of 0.003 (below 0.05), indicating that Entrepreneur Skills have a partial relationship with Exit Strategy in MSMEs in Sidoarjo Regency. During the survey, many participants explained that the success of MSMEs is largely determined by skills in planning and budgeting for marketing strategies that meet public demand. This is supported by previous research [22] entitled "The Influence of Entrepreneurial Skills on Business Success." This can be explained by the fact that, in this aspect, the entrepreneur's skills or abilities in managing a business are a basic competency or quality that entrepreneurs must possess to run and direct their business towards a better path. **H2 Accepted.**

Digital Marketing Hypothesis Influences Exit Strategy

The final hypothesis in this study shows that Digital Marketing has a significance value of 0.000 (below 0.05). This means that Digital Marketing has a partial relationship with the decision to take an Exit Strategy among MSMEs in Sidoarjo Regency. According to the opinions expressed by survey participants, MSMEs in the modern era must

develop and keep up with technological advances so that their businesses can grow more rapidly. This is supported by previous research [23] entitled "Optimizing a Less Contact Economy Through Digital Marketing Techniques in the MSME Industry in Simo District, Boyolali Regency." This can also be explained by the current development of the business world, which is also experiencing a shift and change to the digital world. This requires MSMEs to develop and master digital marketing techniques so that when their businesses are at their peak or decline, entrepreneurs are able to make Exit Strategy decisions to save their businesses and move them to a better state. **H3 Accepted**

CONCLUSION

Fundamental Finding : The results show that personality traits, entrepreneurial skills, and digital marketing have a significant influence on the exit strategy of MSMEs in Sidoarjo Regency. Personality traits play a role in strategic decision-making to avoid business risks, entrepreneurial skills are a key factor in maintaining business continuity and development, while digital marketing strengthens competitiveness through adaptation to technological transformation. **Implication :** These findings confirm that increasing the personal and digital capacity of MSMEs is crucial in preparing a planned exit strategy, so that entrepreneurship training and digital literacy policies need to be strengthened by local governments and educational institutions. **Limitation :** However, this study has limitations in the relatively small sample size and limited coverage area in the food and beverage MSME sector in Sidoarjo Regency, so the results cannot be generalized widely. **Future Research :** Further research is recommended to expand the sectors and areas of study, use a longitudinal approach to observe changes in exit strategies in the long term, and examine the role of external factors such as policy support and access to financing on the effectiveness of MSME exit strategies.

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