

Building MSME Competitiveness Through the Local Business Development Program in the Upstream Oil and Gas Working Area of the Rokan Block in Riau Province

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Abstract

This study examines the potential optimization of the Local Business Development (LBD) partnership program in the development of MSMEs in the upstream oil and gas work area of the Rokan Block, Riau Province. MSMEs in Indonesia, totaling 64.2 million units, play a crucial role in the economy by contributing 61.07% to GDP and absorbing 97% of the workforce. However, MSMEs face various challenges such as limited access to financing and low technical capabilities. Pertamina Hulu Rokan (PHR), through the LBD program, seeks to enhance the capabilities of local MSMEs in the oil and gas mining sector. This study uses the SEM-PLS analysis method to explain the relationship between partnership, entrepreneurial orientation, human resource capability, organizational learning, and the competitive advantage of MSMEs. Data were collected through questionnaires from 232 MSME owners registered in the LBD partnership program. The analysis results show that partnership, entrepreneurial orientation, and organizational learning significantly influence human resource capabilities and the competitive advantage of MSMEs. This research provides practical and theoretical guidelines for the implementation of the LBD-based partnership program, as well as deep insights for oil and gas companies, the government, and relevant stakeholders in enhancing the contribution of partnerships to MSME development. This study also bridges existing research gaps and empirical gaps and offers a new perspective on partnership theory with a local business development contract cooperation pattern supported by the upstream oil and gas company's partnership program.

Keywords: Partnership, Entrepreneurial Orientation, HR Capability, Organizational Learning, Competitive Advantage and Local Business Development.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economy, with a total of 64.2 million units contributing 61.07 percent of the Gross Domestic Product (GDP), amounting to 8,573.89 trillion rupiah (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2021). MSMEs also employ 97 percent of the workforce and account for 60.4 percent of total investment in Indonesia (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2021). Beyond increasing income and expanding job opportunities, MSMEs help alleviate poverty and enhance community welfare (Kurniawan & Fauziah, 2014; Widowati & Purwanto, 2019).

However, MSMEs encounter several challenges, including limited access to financing, low technical and operational capabilities, and inadequate professionalism in business management due to the limited quality of human resources (Yoshino & Taghizadeh-Hesary, 2016; Yuhua & Bayhaqi, 2013). The failure rate for MSMEs stands at 78 percent, with 70 to 80 percent of failures attributed to insufficient support (Mudjiarto, 2019), with 70 to 80 percent of failures caused by a lack of assistance (Ministry of Cooperatives and SMEs, 2014).

In Riau Province, there has been a positive trend in the development of MSMEs in the mining sector, particularly in the Pertamina Hulu Rokan Oil and Gas Mining in the Rokan Block Working Area. Over the past two years, MSMEs in this region have grown by 1.36 percent in 2022 and 2.81 percent in 2023 after a decade

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of contraction (BPS Provinsi Riau, 2023). MSMEs in the Riau Mining area can employ up to 33% of the workforce, indicating significant potential for further research.

PHR supports approximately 274 MSMEs annually, focusing on areas such as health, safety, security, environment, procurement procedures, business ethics, project management, technical aspects, and financial management. This partnership program provides training, business access, and job creation for more than 1,550 people each year. With PHR's support, MSMEs can grow, compete, and contribute to regional economic development.

This research aims to explore the potential for optimizing the partnership program in developing MSMEs in the Rokan Block upstream oil and gas working area and identify key factors that influence the effectiveness of the LBD program. By using the SEM-PLS analysis method, this study will examine the relationships between partnerships, entrepreneurial orientation, human resource capabilities, organizational learning, and the competitive advantage of MSMEs. This approach is expected to offer practical and theoretical insights for implementing partnership programs that positively impact MSME growth and development.

Thus, this research is anticipated to provide valuable guidance for implementing LBD-based partnership programs and offer comprehensive insights for oil and gas companies, the government, and related stakeholders in enhancing CSR contributions for MSMEs. It also seeks to bridge existing research and empirical gaps and provide a new perspective on partnership theory through local business development cooperation contracts supported by CSR programs in upstream oil and gas companies.

LITERATURE REVIEW

Partnership

A partnership is a business strategy involving two or more parties working together for a certain period to achieve mutual benefits, based on the principle of mutual need and growth, (Ghassani & Wardiyanto, 2015). However, (Raharjo, 2018) further defines partnership as a planned, voluntary business cooperation relationship based on mutual need, support, and benefit, with large businesses providing guidance and development to SMEs. According to LBD PHR 2021, partnership indicators include the Development Program, Supervision Program, and Financing Program.

Entrepreneurial Orientation

(Porter & Magretta, 2014) defines entrepreneurial orientation as a way for companies to compete more effectively in the same marketplace. (Lumpkin & Dess, 2015) defines entrepreneurial orientation as the endeavor to understand a person's values, abilities, and behaviors in order to foster creation and innovation. It also encompasses a blend of creativity, innovation, and the courage to take risks, all of which are crucial for establishing and sustaining a new business. Indicators of entrepreneurial Orientation according to (Al Mamun et al., 2017; Beattie, 2016; Kharisma et al., 2020; Lumpkin & Dess, 2015; Rauch et al., 2009) consists of Proactive, Innovative, Taking risks and Creativity.

HR Capabilities

According to (Amarakoon et al., 2018), the capability is the ability to make good use of the resources possessed by oneself and within the organization, as well as the abilities possessed by each individual that can be developed to carry out certain activities or a series of activities. In simple terms, human resource capability is the ability of human resources to utilize actions to be developed in carrying out a series of activities. Capability is the integration of various types of specialized assets owned by an organization. The company holds a heterogeneous portfolio of resources and interior capabilities. Heterogeneity is responsible for the observed variability in financial returns across firms, (Peteraf, 1993). HR capability indicators according to (Aisyah & Purwanda, 2019; Chuang et al., 2015; Ogbeibu et al., 2024) are: Knowledge, Skills and Competencies

Organizational Learning

Organizational learning is continuously learning to increase its capacity for change (Schulz, 2017). Organizational learning takes the form of actions from individuals and groups that can influence the organization (Argote & Miron-Spektor, 2011). Organizational learning is a change in organizational knowledge that provides experience to the organization (Basten & Haamann, 2018). Where individuals continuously develop their abilities to achieve the expected results by adding better thinking patterns, openly shared aspirations, and individuals continuing to learn together (Dixon, 2017). Indicators of Organizational Learning according to (Gomes & Wojahn, 2017; Jerez-Gomez et al., 2005) are as follows: Experimentation, Interaction with External Environment, Propensity to Risk, Dialogue

Competitive Advantage

(Jay & Barney, 2020) state that competitive advantage is the ability of a company to generate higher economic value than its competitors. (Thürer et al., 2013) emphasizes the success of a company in utilizing its resources to meet organizational needs. According to (Mahdi & Almsafir, 2014), the ability of an organization to coordinate and deploy its knowledge resources to create value in pursuing its vision for the future. According to (Haddoud et al., 2017), the competitive advantage indicators. (Ferreras-Méndez et al., 2019; Mahdi et al., 2019) are as follows: Organizations have enough resources to compete, Organizations have capabilities to compete, Organizations have enough competencies to survive in a dynamic environment.

METHODS

This quantitative research uses sampling and measurement methods to collect data. The population comprises MSME owners registered in the partnership program in the upstream oil and gas working area of the Rokan Block. The entire population of 232 business owners was included in the sample using a saturated sample (census) technique. Data were collected through questionnaires and analyzed using Structural Equation Modeling - Partial Least Square (SEM PLS) analysis.

RESULTS

Respondent Characteristics

This study examines the direct and indirect effects of partnership programs and entrepreneurial orientation on the competitive advantage of LBD cooperation contract partnership MSMEs in the Rokan block oil and gas operations work area. It also analyzes the influence of resource capability triggers and organizational learning on competitive advantage. The following were the characteristics of respondents based on several categories:

Table 1 Characteristics of Respondents

No	Category	Number of people)	Percentage (%)
1	Age		
	18 – 25	-	-
	26 – 33	-	-
	34 – 41	28	12.1
	42 – 49	89	38.4
	≥50	115	49.6
	Amount	232	100%
2	Gender		
	Woman	39	16.8
	Man	193	83.2
	Amount	232	100.0%
3	Education		
	Not completed in primary school	-	-
	Completed elementary school (equivalent)	1	0.4
	Completed junior high school (equivalent)	2	0.9

No	Category	Number of people)	Percentage (%)
	Graduated from high school (equivalent)	137	59.1
	Diploma/Bachelor/Postgraduate	92	39.7
	Amount	232	100.00
4	It takes a long time to establish MSMEs		
	< 5	13	5,6
	5 – 10	164	70.7
	11 – 16	44	19.0
	> 16	11	4.7
	Amount	232	100.0%
5	LBD Contract Period		
	1 period	9	3.9
	2 periods	79	34.1
	3 periods	101	43.5
	4 periods	24	10.3
	5 periods	19	8.2
	Amount	232	100.00

Source: 2024 research

Data Quality Test (Outer Model)

Validity Test

The outcomes of the concurrent validity test, assessed by examining the loading indicator value or loading factor for each indicator within each variable construct in this research, are presented as follows:

Table 2 Convergent Validity Test Results

Variable	Indicator	Loading Factor	AVE	Decision
Partnership	K1	0.891	0.775	Valid
	K2	0.904		Valid
	K3	0.844		Valid
Entrepreneurial Orientation	OK1	0.887	0.775	Valid
	OK2	0.878		Valid
	OK3	0.868		Valid
	OK4	0.889		Valid
HR Capabilities	KSDM1	0.953	0.914	Valid
	KSDM2	0.967		Valid
	KSDM3	0.948		Valid
Organizational Learning	PO1	0.854	0.814	Valid
	PO2	0.928		Valid
	PO3	0.901		Valid
	PO4	0.923		Valid
Competitive Advantage	KB1	0.787	0.681	Valid
	KB2	0.861		Valid
	KB3	0.826		Valid

Source: Processed Data, 2024

In Table 2 above, it was shown that all indicators had loading factor values exceeding 0.7. Additionally, the average variance extracted (AVE) values were above 0.50, indicating that all the reflective indicators correlated with the construct variables. This confirmed that all indicators in the variable construct satisfied the criteria for convergent validity.

Reliability Test

Reliability Indicators

Reliability indicators that is big variance of indicators/items to explain latent constructs (Ghozali & Latan, 2014) The outcomes of the reliability assessment based on Cronbach's alpha criteria are presented in the following table:

Table 3 Cronbach's Alpha Test

Variable	Cronbach's Alpha	Size	Decision
Partnership	0.855	0.7	Reliable
Entrepreneurial Orientation	0.903	0.7	Reliable
HR Capabilities	0.953	0.7	Reliable
Organizational Learning	0.923	0.7	Reliable
Competitive Advantage	0.765	0.7	Reliable

Source: Processed Data, 2024

In Table 3, all Cronbach's alpha values for the research construct variables are observed to be above 0.70. This indicates that all construct variables fulfill the reliability criteria.

Internal Consistency Reliability

Internal consistency reliability refers to an estimation of reliability derived from the average correlation among items within a test. The outcomes of the reliability test based on internal consistency reliability criteria are presented in the following composite reliability table:

Table 4 Composite Reliability

Variable	Composite Reliability	Size	Decision
Partnership	0.912	0.7	Reliable
Entrepreneurial Orientation	0.932	0.7	Reliable
HR Capabilities	0.969	0.7	Reliable
Organizational Learning	0.946	0.7	Reliable
Competitive Advantage	0.865	0.7	Reliable

Source: processed data, 2024

In Table 4, all the composite reliability values for the research construct variables are observed to be above 0.70. This indicates that all construct variables satisfy the reliability criteria.

Structural Model Testing (Inner Model)

The inner model or structural model was evaluated in SmartPLS 4.0 to examine the relationships between constructs, significance values, and the R-square of the research model. The assessment of the structural model included analyzing the R-square for the dependent construct, conducting t-tests, and assessing the significance of the structural path parameter coefficients.

Coefficient of Determination

The coefficient of determination utilizes Adjusted R-squared, indicating the proportion of variation in the endogenous construct or criterion that can be explained by the hypothesized exogenous or predictor construct. Adjusted R-squared is applicable only to endogenous variables. The results of the Adjusted R-squared value are as follows:

Table 5 Coefficient of Determination Test Results

Dependent Variable	R2	R2 Adjusted
HR Capabilities	0.530	0.524
Organizational Learning	0.501	0.497
Competitive Advantage	0.666	0.663

Source: Processed Data, 2024

As depicted in Table 5, the adjusted R2 value for HR Capability is 0.524, indicating that 52.4% of HR capability was influenced by Partnership, Entrepreneurial Orientation, and Organizational Learning. The R2 value for Organizational Learning is 0.501, signifying that 50.1% is influenced by Partnership and Entrepreneurial Orientation. Additionally, the R2 value for Competitive Advantage was 0.666, demonstrating that 66.6% of Competitive Advantage was influenced by HR Capabilities and Organizational Learning.

F2 Analysis

F2 Analysis assesses the magnitude of the relationship between variables using Effect Size or f-square (Wong, 2013). The f-square values are categorized as 0.02 for a small effect, 0.15 for a medium effect, and 0.35 for a large effect. Values below 0.02 are considered negligible or indicate no significant effect

Table 6 F2 Analysis

Influence	f2	Criteria
Partnership -> HR Capability	0.164	Medium
Entrepreneurship Orientation -> HR Capabilities	0.268	Medium
Partnership -> Organizational Learning	0.319	Medium
Entrepreneurial orientation -> Organizational Learning	0.462	Large
Organizational Learning -> HR Capabilities	0.395	Large
HR Capabilities -> Competitive Advantage	0.220	Medium
Organizational learning -> Competitive Advantage	0.652	Large

Source: processed results, 2024

Table 6 illustrates the relationship strength between dimensions of exogenous and endogenous variables, which is indicated by the f2 value. An f2 value of 0.02 was classified as a weak influence of predictor latent variables (exogenous latent variables) at the structural level. An f2 value of 0.15 was categorized as a moderate influence of the predictor latent variable (exogenous latent variable). An f2 value of 0.35 was identified as a strong influence of latent predictor variables (exogenous latent variables) at the structural level

Asumi Model Fit

To assess the model fit and quality indices, various indicators can be utilized, and their outcomes are presented in Table 4.20 below.

Table 7 Asumi Model Fit test results

Criteria	Saturated models	Estimated model
SRMR	0.046	0.052
d_ULS	0.321	0.422
d_G	0.277	0.300
Chi-square	390,201	409,602
NFI	0.886	0.880

Source: processed results, 2024

The model fit value can be seen from the NFI and SRMR values. The NFI value was close to 1, and the SRMR was less than 0.8, indicating that the model formed was good and acceptable. From the results above, an NFI value of 0.894 was obtained, close to 1, and an SRMR value of 0.051 < 0.08. Thus, it can be interpreted that the model formed was good and acceptable.

Hypothesis Testing

Partial Least Square (PLS) hypothesis testing examined thirteen hypotheses. This method employed the t-test to evaluate the relationships between variables. The resulting SmartPLS Structural Diagram model was as follows:

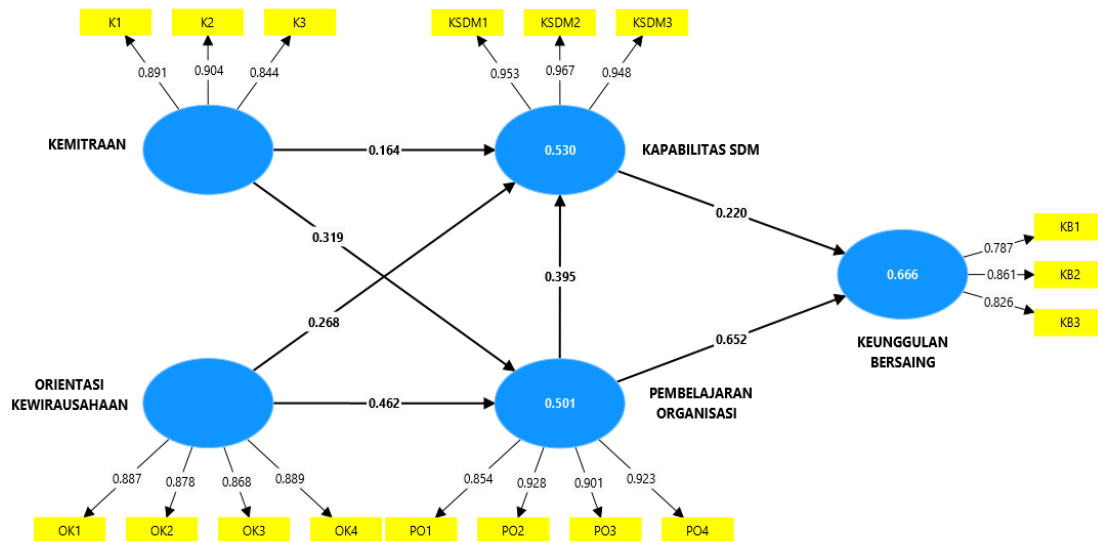


Figure 1 Structural Diagram Model PLS

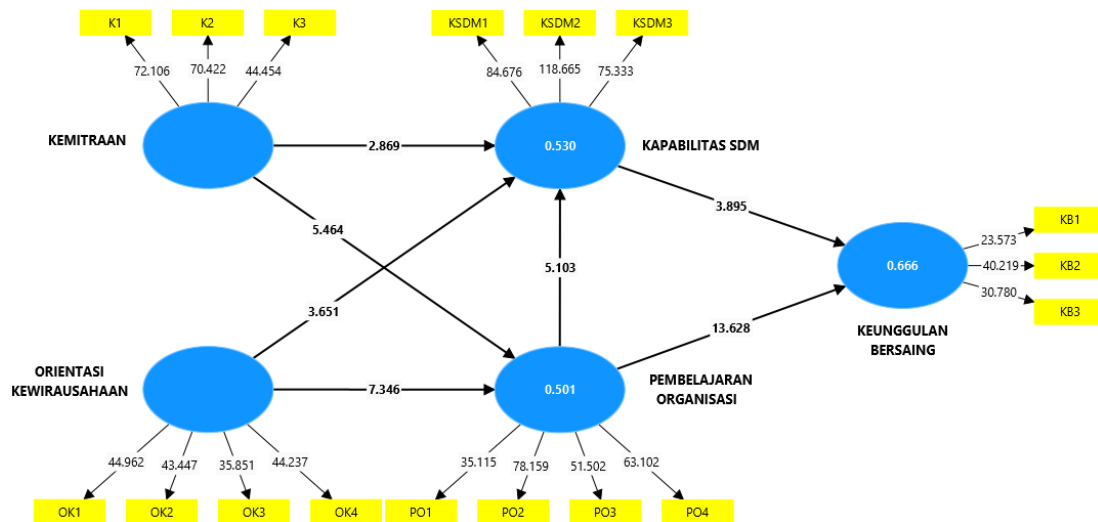


Figure 2 Bootstrapping

Test results using bootstrapping from PLS analysis can be seen as follows:

Table 8 Hypothesis Testing Results

Hypothesis test	Path Coefficient	T Statistics	P Values	Decision
<i>Direct</i>				
Partnership -> HR Capability	0.164	2,869	0.004	Significant
Entrepreneurship Orientation -> HR Capabilities	0.268	3,651	0,000	Significant
Partnership -> Organizational Learning	0.319	5,464	0,000	Significant

Hypothesis test	Path Coefficient	T Statistics	P Values	Decision
Entrepreneurial orientation -> Organizational Learning	0.462	7,346	0,000	Significant
Organizational Learning -> HR Capabilities	0.395	5,103	0,000	Significant
HR Capabilities -> Competitive Advantage	0.220	3,895	0,000	Significant
Organizational learning -> Competitive Advantage	0.652	13,628	0,000	Significant
Indirect				
Partnership -> Organizational Learning -> HR Capabilities	0.126	3,403	0.001	Significant
Entrepreneurship Orientation -> Organizational Learning -> Human Resource Capabilities	0.183	4,505	0,000	Significant
Partnership -> HR Capability -> Competitive Advantage	0.036	2,204	0.028	Significant
Entrepreneurial orientation -> Human Resource Capabilities -> Competitive Advantage	0.059	2,716	0.007	Significant
Partnership -> Organizational Learning -> Competitive Advantage	0.208	4,753	0,000	Significant
Entrepreneurial orientation -> Organizational Learning -> Competitive Advantage	0.301	6,665	0,000	Significant

Source: Processed Data, 2024

In PLS, statistical testing of each hypothesized relationship was performed through simulation. Specifically, the bootstrapping method is applied to the sample. This testing approach aims to reduce issues with the research data.

Hypothesis 1

The obtained coefficient was 0.164, with a t-statistic of 2.869 and a p-value of 0.004. These results indicated that the t-statistic (2.869) exceeded the critical value (1.96) or the p-value (0.004) was below 0.05.

Hypothesis 2

The obtained coefficient was 0.268, with a t-statistic of 3.651 and a p-value of 0.000. These findings demonstrated that the t-statistic (3.651) surpassed the critical value (1.96) or the p-value (0.000) was under 0.05. Therefore, entrepreneurial orientation had a significant impact on human resource capabilities.

Hypothesis 3

The obtained coefficient was 0.319, with a t-statistic of 5.464 and a p-value of 0.000. These results showed that the t-statistic (5.464) was greater than the critical value (1.96) or the p-value (0.000) was less than 0.05. Hence, partnerships significantly influenced organizational learning.

Hypothesis 4

The obtained coefficient was 0.462, with a t-statistic of 7.346 and a p-value of 0.000. These findings indicated that the t-statistic (7.346) exceeded the critical value (1.96) or the p-value (0.000) was below 0.05. Thus, entrepreneurial orientation significantly affected organizational learning.

Hypothesis 5

The obtained coefficient was 0.395, with a t-statistic of 5.103 and a p-value of 0.000. These results showed that the t-statistic (5.103) was greater than the critical value (1.96) or the p-value (0.000) was less than 0.05. Therefore, organizational learning significantly influenced human resource capabilities.

Hypothesis 6

The obtained coefficient was 0.220, with a t-statistic of 3.895 and a p-value of 0.000. These findings indicated that the t-statistic (3.895) surpassed the critical value (1.96) or the p-value (0.000) was under 0.05. Thus, HR capability significantly impacted competitive advantage.

Hypothesis 7

The obtained coefficient was 0.652, with a t-statistic of 13.628 and a p-value of 0.000. These results showed that the t-statistic (13.628) was greater than the critical value (1.96) or the p-value (0.000) was less than 0.05. Hence, organizational learning significantly affected competitive advantage.

Hypothesis 8

The obtained coefficient was 0.126, with a t-statistic of 3.403 and a p-value of 0.001. These findings demonstrated that the t-statistic (3.403) exceeded the critical value (1.96) or the p-value (0.001) was below 0.05. Therefore, partnerships significantly influenced human resource capabilities through the mediation of organizational learning.

Hypothesis 9

The obtained coefficient was 0.183, with a t-statistic of 4.505 and a p-value of 0.000. These results indicated that the t-statistic (4.505) surpassed the critical value (1.96) or the p-value (0.000) was under 0.05. Thus, entrepreneurial orientation significantly affected human resource capabilities through the mediation of organizational learning.

Hypothesis 10

The obtained coefficient was 0.036, with a t-statistic of 2.204 and a p-value of 0.028. These findings showed that the t-statistic (2.204) exceeded the critical value (1.96) or the p-value (0.028) was less than 0.05. Therefore, partnerships had a significant impact on competitive advantage through the mediation of human resource capabilities.

Hypothesis 11

The obtained coefficient was 0.059, with a t-statistic of 2.716 and a p-value of 0.007. These results demonstrated that the t-statistic (2.716) was greater than the critical value (1.96) or the p-value (0.007) was under 0.05. Thus, entrepreneurial orientation significantly influenced competitive advantage, mediated by human resource capabilities.

Hypothesis 12

The obtained coefficient was 0.208, with a t-statistic of 4.753 and a p-value of 0.000. These findings indicated that the t-statistic (4.753) surpassed the critical value (1.96) or the p-value (0.000) was under 0.05. Therefore, partnerships significantly affected competitive advantage through the mediation of organizational learning.

Hypothesis 13

The obtained coefficient was 0.301, with a t-statistic of 6.665 and a p-value of 0.000. These results showed that the t-statistic (6.665) was greater than the critical value (1.96) or the p-value (0.000) was less than 0.05. Hence, entrepreneurial orientation significantly impacted competitive advantage through the mediation of organizational learning.

FINDING

This research uncovers several important findings regarding the Local Business Development (LBD) program and its effect on the competitive advantage of MSMEs in the upstream oil and gas sector of the Rokan Block. The LBD program, managed by Pertamina Hulu Rokan, has demonstrated a notably positive impact on the growth of local MSMEs. A key discovery is that partnerships formed through the LBD program significantly enhance the HR capabilities of MSMEs, boosting knowledge, skills, and competencies with an f^2 value of 0.164,

indicating a moderate influence. Furthermore, entrepreneurial orientation substantially affects HR capability, with an f^2 value of 0.268. Indicators of entrepreneurial orientation such as proactiveness, innovation, risk-taking, and creativity have been shown to promote the development of improved HR capabilities.

Moreover, partnerships within the LBD program positively impact MSME organizational learning. The effect of these partnerships, with an f^2 value of 0.319, demonstrates that MSMEs participating in the LBD program gain considerable benefits in their ability to learn and adapt to changes. Entrepreneurial orientation also significantly influences organizational learning, with an f^2 value of 0.462, showing that MSMEs with a strong entrepreneurial orientation are better equipped to learn and adapt, which is crucial for maintaining competitiveness. Organizational learning significantly impacts HR capability, with an f^2 value of 0.395, indicating that effective learning processes within an organization can greatly enhance HR capabilities.

Additionally, HR capability significantly contributes to the competitive advantage of MSMEs, with an f^2 value of 0.220, underscoring the importance of HR capability development in boosting MSME competitiveness. However, the most notable finding is that organizational learning has the greatest impact on MSME competitive advantage, with an f^2 value of 0.652. This confirms that the continuous ability of MSMEs to learn and adapt is vital for sustaining and enhancing their competitive edge. The R-square analysis reveals that the research model explains 66.6% of the variation in MSME competitive advantage, influenced by HR capabilities and organizational learning. These findings highlight the significant contributions of the studied factors in determining MSME competitive advantage in the Rokan Hulu area. Furthermore, the model fit test indicates that the research model has an SRMR value of 0.052 and an NFI of 0.880, demonstrating that the model is robust and acceptable.

Overall, these findings confirm that the LBD program implemented by Pertamina Hulu Rokan has substantially impacted the development of MSMEs in the Rokan Block work area. The development of human resource capabilities and organizational learning are proven to be critical factors in enhancing MSME competitiveness. Thus, the LBD program effectively improves MSME competitive advantage by strengthening HR capabilities and fostering continuous organizational learning.

DISCUSSION

Partnerships and entrepreneurial orientation are crucial for enhancing the HR capabilities and organizational learning of MSMEs. The Local Business Development (LBD) program initiated by Pertamina Hulu Rokan (PHR) has significantly upgraded the quality of human resources and the organizational learning abilities of MSMEs. This demonstrates that comprehensive and sustained development efforts can address the technical and operational limitations faced by MSMEs. Robust partnerships offer the necessary support for MSMEs to grow and compete effectively. Planned and voluntary business cooperation relationships founded on mutual need, support, and benefit can solidify the foundations of MSMEs. Additionally, entrepreneurial orientation is vital for creating a competitive edge. Through proactiveness, innovation, and risk-taking, MSMEs can generate the added value and innovation required to thrive in a competitive market. HR capabilities and organizational learning are pivotal factors influencing the competitive advantage of MSMEs. The ability to continuously learn and adapt to external changes is crucial for managing market and technological dynamics. Effective organizational learning allows MSMEs to enhance operational efficiency and drive innovation.

CONCLUSION

This research confirms that effective partnerships, strong entrepreneurial orientation, adequate human resource capabilities, and continuous organizational learning are essential for the competitive advantage of MSMEs in the upstream oil and gas sector of the Rokan Block. The Local Business Development (LBD) program by Pertamina Hulu Rokan has enhanced the capability and competitiveness of local MSMEs. By reinforcing partnerships and entrepreneurial orientation, MSMEs are better equipped to face challenges and capitalize on opportunities. Continuous coaching and training under the LBD program have effectively improved human resource quality and organizational learning capabilities. This research offers practical guidance for oil and gas companies, the government, and other stakeholders in developing CSR-based partnership programs that

positively impact MSME growth and development. This approach can also be applied in other sectors aiming to strengthen the role of MSMEs in the national economy. Overall, the findings of this research address existing research and empirical gaps, providing a new perspective on partnership theory, particularly through local business development cooperation contracts supported by CSR programs from upstream oil and gas companies.

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