

Abstract

This paper tries to explore phenomena in the development of micro, small, and medium enterprises (MSMEs) in Indonesia. It has two research issue, namely the role of knowledge in business and management theories toward the implementation of the business and how it would affect the performance of the business in terms of growth and sustainability of MSMEs in Yogyakarta, Indonesia. This study aims to answer the following questions. First, to what extent is the knowledge of MSMEs owners or managers about business and management theories? Second, how does MSMEs owners or managers make business and management decision for the business? Third, how do those affect the development in terms of growth and sustainability? This study adopted a qualitative research method toward four micro and small business owners in Yogyakarta, Indonesia, using a semi-structured interview to obtain primary data. The findings indicated that the respondents of this research have limited knowledge in theories of business and management in four dimensions, which is strategic, operation, marketing, and finance. The limitation toward these knowledges creates a hollow in their implementation or operation of the business, which tends to be less structured, less planned, and less organized. This is resulting in certain paradigm that leads to some issues in their business which in the long run impacting the growth and sustainability of the business.

Keywords: Business and Management, Knowledge, MSME, Business performance