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CREATING AN INNOVATIVE CULTURE IN AGRIBUSINESS OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

Purpose. *This research aims to assess the motivational factors in creating an innovation culture in agribusiness of micro, small, and medium-sized enterprises (MSMEs) by examining the organizational perspective, including organizational culture, organizational learning, market orientation, and attitude to innovation culture.*

Methodology / approach. *A random cluster sampling method was used to select 100 agribusiness MSMEs in Sukoharjo Regency. This research considered exogenous latent variables, such as organizational culture, organizational learning, market orientation, and attitudes toward intention to innovate. The endogenous latent variables used were innovation intentions and innovation culture. Data were collected through an online survey and analyzed using Structural Equation Modeling (SEM) and Partial Least Square (PLS) analysis tools.*

Results. *The results showed that organizational culture, market orientation, and attitudes influenced the intention to innovate, while the level of organizational learning did not. The intention to innovate, in turn, had a significant effect on innovative behavior, as shown in the performance of agribusiness companies. This innovative behavior was reflected in the emergence of new ideas to enhance the business, including the development of new product variants, the utilization of e-commerce for sales, and the improvement of production technology to increase cost efficiency. Therefore, there was a relationship between cultural innovation and company performance.*

Originality / scientific novelty. *This research model was built based on behavioral theory and organizational culture, taking into account the difficulty and time required to develop an innovative culture within agribusiness MSMEs. These enterprises have organizational features different from medium and large companies. The objective of this research was to change the mindset of agribusiness MSMEs towards innovation, where innovation was no longer viewed as an option but rather a condition for success. Innovation became a value in fostering organizational culture.*

Practical value / implications. *The practical implications of the findings were that agribusiness MSMEs should focus on efforts such as adapting to external changes, involving all employees, consistency, and a clear and long-term business vision to promote innovation. This positive attitude towards innovation could create a culture of innovation within the company, enabling MSME agribusiness to compete and develop into a better company.*

Key words: *agribusiness MSMEs, innovation culture, organizational perspective, organizational culture, market orientation, innovative behavior.*

Introduction and review of the literature. In the modern globalized and highly competitive market, micro, small, and medium-sized enterprises (MSMEs) need to be empowered by fostering product innovation, developing human resources and technology, as well as expanding their market reach. These efforts are crucial to enhance their marketing strategies and effectively compete with rivals.

According to Sudaryanto & Wijayanti [1], MSMEs in Indonesia have the largest

workforce in the country. Furthermore, Tambunan [2] reported that MSMEs made up nearly 100 % of all registered companies and contributed 58 % to 61 % of the Gross Domestic Product (GDP) in Indonesia. Narula [3] also stated that in developing countries, the informal sector constituted relatively 80 % of the total population, underscoring the crucial role of MSMEs in such economies.

Indonesia Statistics [4] reported that there were 19,804 MSMEs operating in various sectors, including trade, manufacturing, services, agriculture, animal husbandry, fisheries, as well as food and non-food processing, with 63 %, 26.37 % and 9.93 % in the micro-enterprises, small enterprises, and medium-sized enterprises. Although Sukoharjo Regency in Central Java showed potential for MSMEs growth, previous research reported that in the agribusiness sector, that it faced challenges in improving efficiency and innovation in the agribusiness sector. Furthermore, the COVID-19 pandemic exacerbated these challenges by hindering its relationships with suppliers, consumers, and other businesses [5].

Innovation is crucial for businesses, including MSMEs, in order to improve its competitiveness. Harkema [6] defined innovation as the generation of new ideas or behaviors by organizations in the development of novel products, services, or technology. According to Maranville [7], innovation can be defined as contemporary ideas, products, or methods, often viewed as applying better solutions that meet new requirements, unarticulated needs, or existing market demands. It is perceived as a fundamental factor in economic development [8]. Both large and MSMEs can benefit from innovation since it drives sustainable competitive advantage [9], and these must adapt to changes and rapid improvement while investing in research and development to remain competitive [10]. A thriving innovation culture is increasingly valued in organizations and tends to drive business performance [11].

In order to thrive in a competitive environment, businesses must embrace innovation by continuously developing their products, services, and strategic approaches. This imperative also applies to MSMEs, which are expected to have a clear vision and long-term orientation. Kyllikki, Kaisa, and Hannele [12] reported that companies must establish growth targets and actively foster innovations. Additionally, Rosenbusch, Brinckmann, and Bausch [13] stated that various factors such as company age, type of innovation, and organizational culture influenced the relationship between innovation and performance. Implementing effective innovation management is particularly challenging for MSMEs but essential for generating valuable ideas, information, and knowledge [14].

Creating a culture that promotes innovation is crucial for MSMEs, and this can be achieved by fostering creativity and novelty while maintaining a consistent commitment to organizational learning [15, 16]. Organizational culture serves as a control mechanism that helps build organizational commitment and allows businesses to adapt to changes in the external environment [17]. Additionally, continuous learning and development must support innovation, which involves obtaining and processing knowledge and information transformed into effective strategies [18, 19].

Agribusiness MSMEs need to focus on the consumers and pay attention to the

activities of their competitors to survive and succeed in the competition. This is achieved by offering innovative solutions prioritizing consumer satisfaction, and providing competitive advantages [20]. The development of an innovation culture within MSMEs requires the willingness and intention of the actors to learn from those involved in the business. Such a culture is critical to MSMEs as it forms the basis for creating innovations that enables them to compete effectively in the agribusiness market. Therefore, a research hypothesis was formulated regarding the importance of establishing an innovation culture within agribusiness MSMEs.

Halim et al. [21] reported that four dimensions of organizational culture, namely adaptability, involvement, consistency, and mission, are perceived as crucial elements in promoting organizational innovation culture. Similarly, Sorensen [22] stated four cultural characteristics, including involvement, consistency, adaptability, and mission, which have been proven to impact organizational performance. Sharifirad and Ataei [16] reported that various aspects of organizational culture positively affect the spread of innovation within the organization. Based on the collective findings of this research, the following hypothesis was proposed:

H1: Organizational culture influences the intention of agribusiness MSMEs to innovate.

Innovation culture promotes knowledge sharing and organizational learning, which can lead to new product development ideas and increased market competitiveness. However, for this knowledge to have a meaningful impact, it needs to be enhanced and presented in an easily understandable manner. According to Halim et al. [21], behavior and cognition are critical factors in an innovation culture that can ultimately drive innovative performance. López et al. [23] stated that organizational learning was composed of four key processes, namely, information acquisition, distribution, and interpretation, as well as organizational memory. In order to promote organizational learning, an organization needs to obtain information, understand the interpretation of its meaning, and transform it into knowledge. Although organizational learning positively relates to technical innovation, it can also act as a barrier to innovation [24]. Based on these discussions, the following hypothesis was proposed:

H2: Organizational learning influences the intention of agribusiness MSMEs to innovate.

Market orientation, which emphasizes customer and competitor orientation, coordination between functions, and responsiveness, is crucial for the success of any organization [19]. Combined with innovation strategies, this culture can be a powerful tool in achieving business success. Market orientation is focused on identifying consumer needs and creating competitive advantages that lead to the successful launch of new products [25]. The areas of market orientation and innovation are closely interconnected, and policies related to innovation are widely adopted by market-oriented organizations [26]. Based on this theory, the following hypothesis was proposed:

H3: Market orientation influences the innovation culture of agribusiness

MSMEs.

The Theory of Planned Behavior (TPB) is a well-established approach for examining the motivational factors that influence a particular behavior. According to TPB, specific behavioral intentions are shaped by three factors, namely attitudes towards behavior, subjective norms, and perceived behavioral control. The attitude towards a particular behavior refers to the perception of a certain level of beneficial or unfavorable conduct [27]. Previous research showed that attitudes significantly impacted intention [28; 29; 30]. In addition, [31] reported that the attitude of managers towards innovation was a strong predictor of their intention to innovate. Managers who held a positive attitude towards innovation were more likely to express greater intention to innovate. This led to the following hypothesis:

H4: Attitudes toward innovation culture influence the intention of agribusiness MSMEs to innovate

Previous research stated that behavioral intentions played a significant role in determining behavior, even though control over performance should also be considered. Behavioral intention is a measure of the willingness of an individual to exhibit a particular behavior [27], and it is a determinant that links to actual behavior [32; 33]. Referring to these findings, the proposed hypothesis is stated as follows:

H5: Intention to innovate influences the innovation culture of agribusiness MSMEs.

The research model depicting the proposed hypotheses is shown in Figure 1.

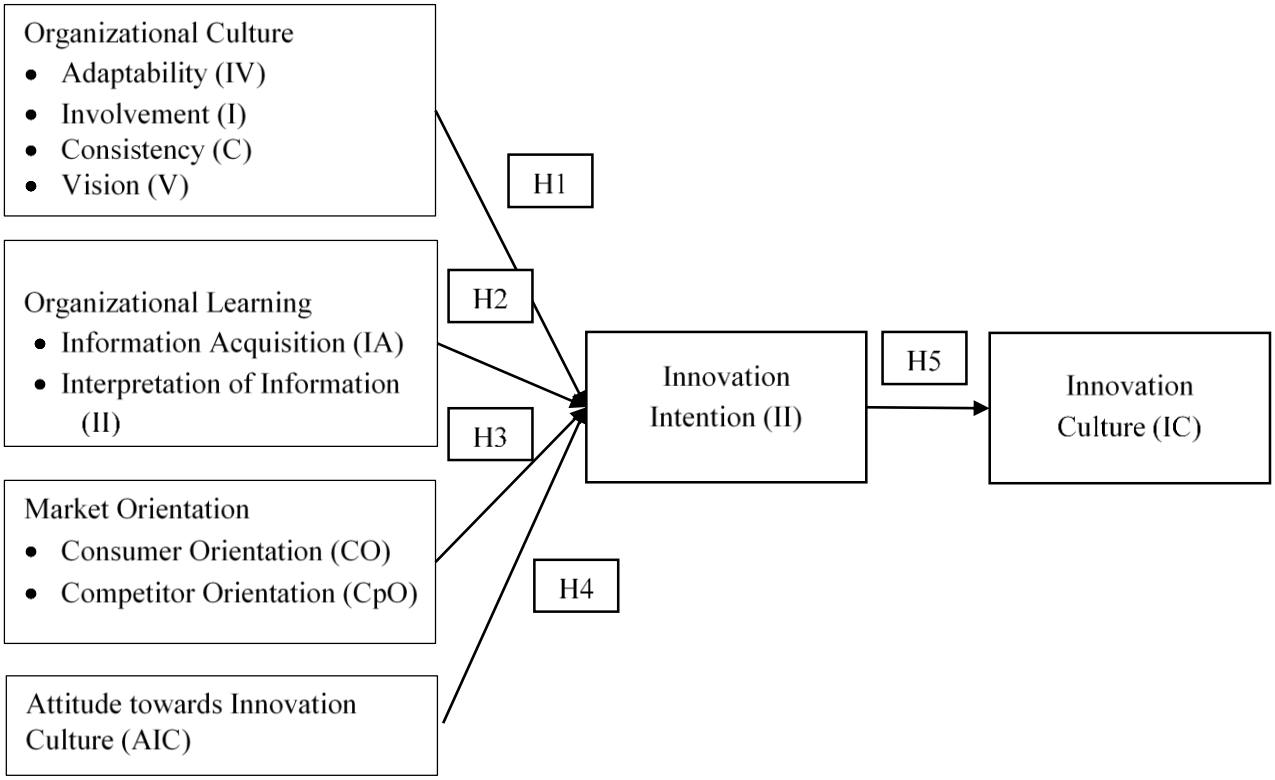

Figure 1. Research model

Source: Halim et al. [21], Pérez López et al. [23], Pérez-González et al. [19], Kabir et al. [29], Ajzen & Fishbein [27].

This research investigates the influence of organizational culture, organizational learning, market orientation, and attitudes toward the intention to innovate. Additionally, it aims to test the effect of innovation intentions on innovation behavior among agribusiness MSMEs located in Sukoharjo Regency.

The purpose of the article – to assess the motivational factors in creating an innovation culture in agribusiness MSMEs by examining the organizational perspective, including organizational culture, organizational learning, market orientation, and attitudes toward innovation culture.

Methodology. This research was conducted in Sukoharjo Regency, selected due to its excellent potential for MSMEs development spread across its sub-districts. The population and samples consisted of MSMEs owners, selected through random cluster sampling, with ten agribusiness MSMEs selected from each sub-district in Sukoharjo. Following the recommended 1:10 variable-sample ratio by Hair et al. [34], 100 respondents were investigated. Data on MSMEs characteristics, such as innovation overview, constraints, attitudes towards innovation, motivational factors, innovation culture, organizational learning, and market orientation, including innovation behavior and intention, were collected through online interviews with MSMEs owners using structured questionnaires and Google Forms. The questionnaires contained closed and open-ended questions to obtain in-depth information on the indicators and latent variables that comprise the research model. Validity and reliability tests were conducted using the questionnaires before data collection.

The variables used in this research were obtained from different sources, such as Halim et al. [21], Denison and Young [35], Nasution et al. [36], Lopez et al. [23], Sorensen [22], and Day [37]. Additionally, the model incorporates attitude, intention, and behavior variables suggested by Waqingah et al. [28], Kabir et al. [29], Carolina et al. [32], Dobni [38], and Kim et al. [33]. All variables were evaluated using a Likert scale with five points ranging from 1 (strongly disagree) to 5 (strongly agree).

This present research used Structural Equation Modeling (SEM) to examine the relationship between latent and observable variables. SEM is a comprehensive statistical approach that tests assumptions about these relationships [39]. In order to analyze the research model, Partial Least Square (PLS) was selected because it could accommodate small sample sizes, making them an appropriate tool [40]. PLS could analyze constructs composed of reflective and formative indicators [41]. It also assessed the measurement model comprising the relationships between observed variables and latent constructs measured using questionnaire items [42].

Results and discussion. Sukoharjo Regency, Central Java Province, is known for its promising agricultural industry. The growth of this industry has facilitated the establishment of various MSMEs specializing in processing agricultural commodities, such as food crops, livestock, fisheries, and forestry products [43]. The aforementioned characteristics of agribusiness MSMEs in this region were considered when selecting the research sample, and a summary of their performance (Table 1).

Table 1

Characteristics of agribusiness MSMEs

MSMEs' Characteristics	Indicator	Percentage
Education	Elementary school	3
	Junior high school	11
	Senior high school	51
	College	35
Scale of business	<2,500,000	36
	2,500.001–5,000,000	36
	5,000,001–7,500,000	11
	7,500,001–10,000,000	6
	>10,000,000	11
Length of Business	1–2	36
	3–4	25
	5–6	18
	7–8	7
	9–10	5
	> 10	9
Type of Product	Processed Food	82
	Handicraft	8
	Furniture	1
	Farming	9
Product Category	Raw Materials	9
	Semi-Finished Goods	7
	Finished Goods	84
Market Coverage	Local	24
	Regional	47
	National	27
	Export	2

Source: analysis of primary data.

The majority of respondents have completed their Senior High School education, indicating adequate educational backgrounds that can lead to better acceptance and adoption of innovation. Micro-scale MSMEs dominate the agribusiness industry in Sukoharjo Regency, with a monthly turnover of less than 5,000,000 IDR (72 %). This finding differs from MSMEs in Malaysia, where the monthly turnover tends to reach 10 to 20 million IDR [44]. The majority of MSMEs in Sukoharjo have been in business for less than six years (79 %), emphasizing the need for creativity and adaptability to external factors such as consumers, competitors, and business partners [45].

Processed food items constitute the majority of the products produced (82 %), including cassava products (chips, mocaf flour, cakes), crispy mushrooms, soy-based products (soy milk, soy crackers), various bread types, herbal drinks, honey, rice cakes, catfish jerky, and other processed food commodities. This dominance of processed food products is attributed to their broad market share and relatively easy availability of raw materials. Farming businesses account for 9 % of MSMEs, including hydroponic vegetable cultivation. Handicraft and furniture businesses

comprise rattan and teak wood furniture. As for the product categories, approximately 84 % of respondents sell finished goods ready for consumption.

The products of MSMEs have a market coverage of 47 %, 27 %, and 2 %, reaching the regional level, national, and foreign markets, respectively. The marketing media is still dominated by direct marketing, with selling activities exhibited in kiosks and through exhibitions or bazaars. Online marketing is limited, as the internet is not perceived as a necessity, let alone a culture in business. Additionally, the short shelf life and susceptibility to damage of agribusiness products make online marketing unsuitable [47]. This consideration is due to a lack of knowledge and awareness of product innovation, production, and information technology [48].

Several respondents showed creativity in expanding their businesses. One MSME, for instance, produces mushroom products by operating a baglog (a mushroom cultivation medium) business, its cultivation, as well as manufacturing processed items such as a crispy mushroom. This diversification of business operations is efficient since it utilizes the products produced, lowering dependence on external suppliers. Additionally, this business generates added product value, providing further benefits [49; 50].

Evaluation of Measurement Model (Outer Model). In order to ensure the accuracy of the SEM PLS analysis, a convergent validity test was initially conducted. This test was used to determine whether different instruments measured the same construct. However, assuming the AVE of a construct was greater than 0.5, it was considered to have acceptable convergent validity and needed to be subjected to further analysis [34].

Table 2

The values of loading factors

Indicator	IV	C	V	IA	I	BC	CO	CPO	AIC	II	IC
1	2	3	4	5	6	7	8	9	10	11	12
KL1	0.443										
KL2	0.638										
KL3	0.795										
KS1		0.791									
KS2		0.734									
V1			0.657								
V2			0.701								
V3			0.602								
V4			0.598								
AI1				0.544							
AI2				0.309							
AI3				0.496							
AI4				0.562							
AI5				0.748							
I1					0.764						
I2					0.721						
I3					0.686						

Continuation of Table 2

1	2	3	4	5	6	7	8	9	10	11	12
I4					0.530						
PK1						0.569					
PK2						0.741					
PK3						0.714					
PK4						0.682					
PK5						0.603					
OK1							0.722				
OK2							0.678				
OK3							0.685				
OK4							0.655				
OP1								0.612			
OP2								0.476			
OP3								0.625			
OP4								0.653			
SB1									0.852		
SB2									0.905		
SB3									0.899		
SB4									0.841		
NB1										0.809	
NB2										0.867	
NB3										0.897	
NB4										0.675	
PB1											0.760
PB2											0.788
PB3											0.838
PB4											0.834

Source: Output Smart PLS 6.0, 2022.

The outer model assessment aims to determine the relationship between the indicator block and its latent variable by examining the values of convergent validity, composite reliability (CR), and Cronbach alpha (CA). Convergent validity is determined by measuring the loading factor based on the correlation between the indicator and latent variable values, as shown in Table 2. The results showed that the outer loading values of 0.443, 0.309, and 0.496 for KL1, AI2, and AI3 indicators did not meet the standard criteria (outer loading > 0.5). In contrast, the outer loading values of other indicators exceeded the 0.5 thresholds, indicating that they met the convergent validity criteria. This outcome suggested that each indicator explained its effect on the latent variable by more than 50 %, and the respondents were able to understand the entire process due to the absolute validity and accuracy [34].

Table 3 shows that organizational culture and learning, including market orientation, have an AVE value of less than 0.5, indicating a relatively high measurement error. On the other hand, the remaining variables met both confirmatory and exploratory research requirements, with an AVE value greater than 0.5.

Table 3

The average variance extracted (AVE) values

Variable	Average Variance Extracted (AVE)
Organizational culture	0.449
Organizational learning	0.399
Market orientation	0.412
Attitudes toward innovation culture	0.765
Intention to innovate	0.667
Innovative behavior	0.649

Source: Output Smart PLS 6.0, 2022.

AVE values signify the variability captured by the variables compared to that attributed to measurement error. This implies that the AVE values for attitudes towards innovation culture, intention to innovate, and innovative behavior have a variability of more than 50 % captured by each indicator. In order to measure the internal consistency of a latent variable, the reliability test was conducted using Cronbach Alpha and CR values to determine the true reliability [34].

All latent variables in this research have a high level of reliability, as indicated by their CR values > 0.7 (Table 4). This value reflects that the reliability of each latent variable is more than 70 %, while the remaining is an error value or bias. The Cronbach's alpha values for all variables were > 0.6, and they met the requirements of both confirmatory and exploratory research. These values show a close relationship between the indicators within the latent variable, suggesting that the reliability of each variable is high [51].

Table 4

CR and Cronbach's alpha values

Variable	CR	Cronbach's Alpha	Decision
Organizational culture	0.877	0.848	Reliable
Organizational learning	0.899	0.877	Reliable
Market orientation	0.847	0.801	Reliable
Attitudes towards innovation culture	0.929	0.897	Reliable
Intention to innovate	0.888	0.829	Reliable
Innovative behavior	0.881	0.820	Reliable

Source: Output Smart PLS 6.0, 2022.

Evaluation of Structural Model (Inner Model). The structural model consists of latent unobservable constructs related theoretically. This test aims to estimate the strength of the relationship between the independent and dependent variables through path coefficients. The bootstrapping function was used to evaluate the structural model and to determine the significance of the path relationship between latent variables [51]. The bootstrapping test results showed the impact of exogenous variables on the endogenous ones and vice versa, as shown in Table 5 and Figure 2.

Table 5

The results of bootstrapping test

Hypothesis	Variable	Original Sample	Sample Mean	Standard Deviation	T-statistics	P-values
H1	Organizational culture → Intention to innovate	0.226	0.232	0.110	2.054	0.040
H2	Organizational learning → Intention to innovate	0.007	0.010	0.123	0.058	0.953
H3	Market orientation → Intention to innovate	0.183	0.198	0.087	2.094	0.037
H4	Attitude toward innovation culture → Intention to innovate	0.538	0.529	0.074	7.299	0.000
H5	Intention to innovate → Innovation culture	0.753	0.757	0.045	16.565	0.000

Source: Output Smart PLS 6.0, 2022.

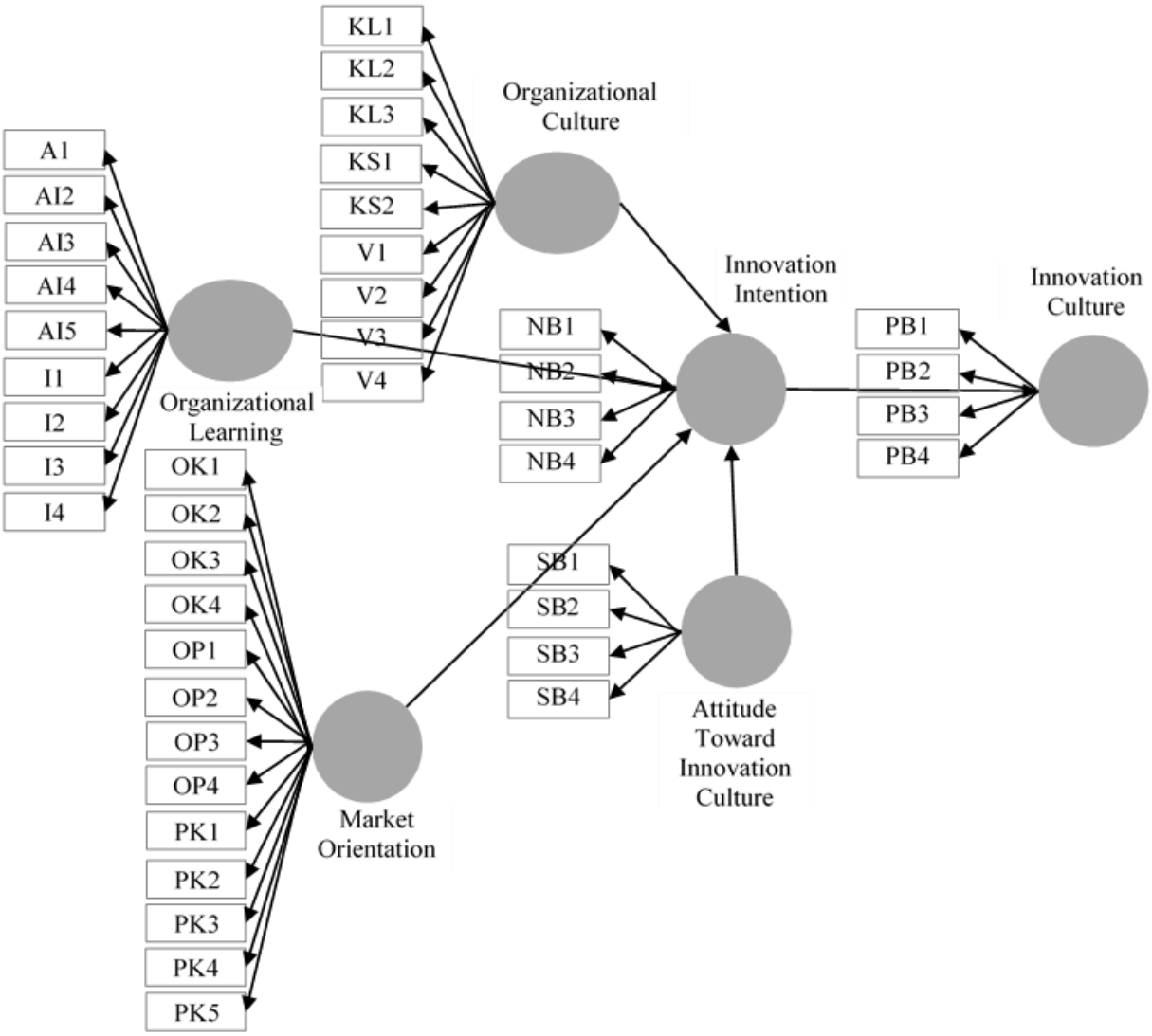

Figure 2. The output model analysis

Source: Output Smart PLS 6.0, 2022.

a. The Effect of Organizational Culture on the Intention to Innovate. The analysis shows a significant relationship between organizational culture and the intention to innovate, as indicated by the t statistic and p-value of 2.054 and 0.040, respectively, thereby supporting H1. This finding aligned with previous research conducted by Sorensen [22] and Halim et al. [21], which also reported organizational culture positively influenced the intention to innovate in an organization. Specifically, aspects of the culture such as adaptability, involvement, consistency, and a clear MSMEs vision influenced the innovation culture. MSMEs need to adapt to market changes, consumer demands, production input prices, and marketing media. The involvement of MSME owners and employees in fostering an innovation culture is crucial. By consistently implementing Standard Operating Procedures (SOP) while maintaining quality, they can gain rich inspiration or ideas for business innovation. A well-maintained organizational culture can strengthen the intention of MSME owners to build an innovation culture.

b. The Effects of Organizational Learning on the Intention to Innovate. The analysis revealed organizational learning had no significant effect on the intention to innovate, as indicated by the t statistic and p-value of 0.058 and 0.953, respectively, hence H2 was rejected. This finding contrasts with previous research by Ghasemzadeh et al. [52], Halim et al. [21], and López et al. [23], reporting that organizational learning had a positive effect on the intention to innovate. However, external information seeking and interpretation, including MSMEs behavior and cognition, did not influence the intention to innovate. It simply means these factors did not reflect the impact of organizational learning on the intention to innovate. The results suggested that the strengths and weaknesses of MSMEs organizational learning may not directly affect the intention to build an innovation culture [52]. There is a possibility the relationship between organizational learning and intention towards an innovation culture requires a mediating variable, such as organizational commitment, to be more effective.

c. The Effects of Market Orientation on the Intention to Innovate. The analysis results indicate that market orientation has a significant impact on the intention to cultivate an innovation culture, as shown by the t statistic and p-value of 2.094 and 0.037, respectively. Therefore, H3 is accepted. The higher the MSMEs market orientation, the greater their intention to innovate. This finding is consistent with previous research conducted by Pérez-González et al. [19] and O'Cass & Viet Ngo [26]. Market orientation is reflected by consumer and competitor orientation. Agribusiness MSMEs in Sukoharjo Regency must enhance consumer satisfaction orientation in their business strategy. The business strategy employed is oriented toward satisfying customer needs [53]. The current trend is more production-oriented MSMEs that are less sensitive to changes in the market [54], resulting in slow innovation and lagging behind competitors. For instance, processed chips business packaging still uses unattractive designs with minimal information on the label and limited product variants. In contrast, consumers demand secure, attractive packaging that can be ordered online anytime [55].

It is crucial for MSMEs to periodically evaluate their competitors to formulate or adjust business strategies and evaluate their performance. MSMEs must respond quickly to changes to compete effectively with competitors. Awareness and following up on market orientation are key factors that enhance MSMEs intention to innovate [56]. These competitors can motivate agribusiness MSMEs to improve their products, services, and marketing strategies. These findings suggest that market orientation is closely related to company performance [57].

d. The Effects of Attitudes towards Innovation Culture on the Intention to Innovate. The results of the statistical analysis show that attitudes toward innovation culture have a positive impact on MSMEs' intention to innovate. This is supported by the t statistic and p-value of 0.729 and 0.000, which implies H4 is accepted. The better the attitude of MSMEs towards innovation culture, the higher their intention to innovate. This finding is supported by previous research by Waqingah et al. [28] and Kabir et al. [29]. MSMEs in the agribusiness sector in Sukoharjo Regency need to recognize that innovation culture is necessary, profitable, and essential to build a successful business. Positive attitudes toward innovation culture should not be limited to responding to specific conditions and needs but must be continuously maintained to identify and address the gap between market demand and company offerings [58]. For instance, the adoption of e-commerce by agribusiness MSMEs. However, assuming the owners do not consider e-commerce as essential or valuable, it is less likely to be adopted.

e. The Effects of the Intention to Innovate on Innovation Culture. Based on the analysis results, there is a significant and positive correlation between the intention to build an innovation culture and innovative behavior, as evidenced by the t statistic and p-value of 16.565 and 0.000, respectively. Therefore, H5 was accepted. The higher the intention to build innovation, the stronger the innovation culture of the MSMEs. This finding is consistent with prior research conducted by Carolina et al. [32] and Kim et al. [33] that intention is a key driver of behavior. Agribusiness MSMEs in Sukoharjo Regency must explore novel ideas for their businesses and strive to foster a culture of innovation, promoting employees to contribute new ideas or innovations. Innovative behavior is reflected in the performance of agribusiness companies, with the introduction of new product variations, the use of e-commerce in sales, and the implementation of advanced production technology to improve production cost efficiency. There is a close relationship between company culture and performance [59].

Practical Implication. The agro-industrial sector is becoming more competitive, forcing MSMEs to survive. However, agribusiness MSMEs must also adapt to the rapid development of innovation. In order to increase innovation intention, it is essential to have a positive attitude towards innovation, market orientation, and an awareness of the importance of building an innovative culture. Innovation requires creativity and novelty supported by organizational culture, which serves as a form of control for the organization to be committed and adapt to external changes. MSMEs can enhance their capacity building by actively learning about innovation through

training, workshops, knowledge sharing, and expanding business networks. Owners should provide opportunities and facilities for employees to improve their skills and instill consistency and commitment to the vision and goals of the organization. These efforts will help innovation become culture an integral part of the culture and be supported by all components within the business organization.

Conclusions. This research aimed to investigate how organizational culture and market orientation influence the intention of agribusiness MSMEs to innovate. Additionally, it explores the impact of MSMEs behavior on the intention to innovate. A comprehensive understanding of the subject is achieved by combining organizational culture, market orientation, and behavior theory (specifically the modified TPB). The findings reveal that organizational culture, market orientation, and attitudes toward innovation significantly affect the intention to innovate among agribusiness MSMEs. Organizational learning does not have a significant influence on innovation intentions. This present research reported that intention plays a crucial role in shaping innovation culture and the actual behavior of MSMEs. These results highlight the need for collaborative efforts to foster a more deeply ingrained culture of innovation among MSMEs in agribusiness.

To cultivate an innovation culture, agribusiness MSMEs must prioritize certain factors, as revealed by the findings. These include adaptability to external changes, involvement of all employees, consistency, and a clear, long-term business vision. In addition, MSMEs in the agribusiness sector must carefully understand consumer needs and keep a close eye on their competitors to stay competitive. Building a positive attitude towards innovation and its benefits for business development is crucial to increasing the intention to innovate and establishing a culture of innovation within the company. With a strong innovation culture, agribusiness MSMEs are able to compete and achieve sustainable growth**.**

Research Limitation. This research is subject to some limitations, given its focus on a specific sample of agribusiness MSMEs. Future research should include a more extensive sample size and investigate MSMEs in other fields to better understanding the innovation culture at the MSMEs level. While this research included some aspects of the TPB theory by studying the attitude variable towards innovation, future analyses should consider including subjective norms and perceived behavior control variables in order to accept the TPB theory fully.

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