

ANALYSIS OF ENVIRONMENTAL FACTORS AND ENTREPRENEURIAL ORIENTATION FOR THE DEVELOPMENT OF UMKM DODOL IN SERDANG BEDAGAI REGENCY WORKSHOP MARKET

Himmatul Ulya ¹⁾, Suhendi ²⁾, Mesra B. ³⁾

¹Student of Master of Management Program, Universitas Pembangunan Panca Budi, Medan

^{2,3}Lecturer at Universitas Pembangunan Panca Budi, Medan

Corresponding author: himmatululya1104@gmail.com

Abstract

This study aims to determine and analyze the effect of environmental factors and entrepreneurial orientation on the development of MSME Bengkel Market in Serdang Bedagai Regency. The type of research used in this research is associative research with a quantitative approach. The population in this study were MSME's players in the Bengkel Market in Serdang Bedagai Regency. The sampling method uses a nonprobability sampling method with accidental sampling technique to provide questionnaires directly / by chance to meet respondents who are said to be suitable and feasible with existing research. Due to limited time, cost, other things, the number of research samples was 35 respondents. The data collection method was carried out by means of questionnaires and interviews. The data analysis method used is multiple linear regression analysis. Based on the research results obtained partially and simultaneously, it shows that environmental factors and entrepreneurial orientation have a significant effect on the development of MSME's. The results of the coefficient of determination test obtained an adjusted R square value of 0.928 (92.8%). This shows that the variables that environmental factors and entrepreneurial orientation are able to explain the development of MSME's by 92.8%, while the remaining 7.2% is influenced by other variables not examined in this study.

Keywords: *Environmental Factors, Entrepreneurial Orientation, Development of MSME's*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to the national Gross Domestic Product (GDP) and absorb around 97% of the total workforce in Indonesia. This shows that MSMEs are the backbone of the national economy, especially in creating jobs and reducing poverty levels throughout the country, from urban to rural areas. However, despite their significant contribution to the economy, MSMEs in Indonesia still face various challenges that hinder their growth and development. Some of the main challenges often faced by MSMEs include limited access to financing, low quality human resources, limited market access, inadequate infrastructure, and lack of adoption of technology and innovation. On the other hand, the external environment including changes in government policies, fluctuations in global and national economic conditions, and socio-cultural dynamics also affect the development of MSMEs in Indonesia.

At the regional level, especially in North Sumatra Province, MSMEs also have a vital role in local economic development. Based on data from the Cooperatives and MSMEs Office of North Sumatra Province, there are around 2.5 million MSME units spread throughout the province. MSMEs in North Sumatra operate in various sectors, ranging from trade, services, agriculture, to manufacturing. The trade and services sectors dominate the number of MSMEs in this province, while the agriculture and manufacturing sectors also show significant growth. MSMEs in North Sumatra make important contributions in creating jobs and driving regional economic growth. However, they also face various challenges, such as limited capital, low managerial skills, difficulties in accessing wider markets, and limitations in adopting technology and innovation. In addition, business environment factors such as local government policies, inadequate infrastructure, and local socio-cultural changes also affect the

Himmatul Ulya¹⁾, Suhendi²⁾, Mesra B.³⁾

ability of MSMEs to grow. The development of MSMEs is also greatly influenced by the global and national economic situation, as seen during the COVID-19 pandemic. The pandemic has had a significant impact on the sustainability of many MSMEs in Indonesia, with many forced to close their businesses or experience a drastic decline in income due to social restrictions and reduced demand. However, the pandemic has also accelerated the adoption of digital technology among MSMEs, with more business actors turning to e-commerce platforms, utilizing social media for marketing, and using digital services for payments and deliveries. The post-pandemic recovery period presents new opportunities for MSMEs to grow. Government policies that encourage digitalization, training and mentoring for MSMEs, and more inclusive financing support are important factors supporting the revival of MSMEs. In addition, the consumer trend that increasingly appreciates local and environmentally friendly products also opens up new opportunities for MSMEs to offer innovative products that are in line with market preferences.

The prospects for the development of MSMEs in Indonesia are highly dependent on their ability to adapt to changes in the business environment and take advantage of existing opportunities. Digital transformation, product innovation, and improving service quality are the main keys to increasing the competitiveness of MSMEs. In the era of industry 4.0, MSMEs are required to be more creative and innovative, utilizing digital technology to improve operational efficiency and expand the market. Increasing collaboration between the government, private sector, and financial institutions is also important to create an ecosystem that supports the growth of MSMEs. Support in the form of training, access to technology, increasing financial literacy, and opening wider market access will greatly help MSMEs to grow and contribute more to the national economy.

Business environment factors are very important for the development of MSMEs in the Serdang Bedagai workshop market, because they directly affect the sustainability and growth of the business. A conducive business environment, such as supportive local government policies, adequate infrastructure, and access to technology, can encourage innovation and operational efficiency of workshop MSMEs. Government policies that provide incentives, ease of licensing, and access to microfinance, for example, will help workshop owners to develop their businesses more quickly and competitively. On the other hand, environmental factors such as local economic conditions and market competition also affect the ability of MSMEs to survive and grow. In Serdang Bedagai, with increasing vehicle mobility, there is a great opportunity for workshops to capture a wide market. However, workshop MSMEs must also be able to adapt to changing consumer preferences and intense competition. The ability to understand and respond to changes in the business environment—including regulations, market trends, and consumer needs—will determine how effectively MSMEs can take advantage of opportunities and overcome challenges in the local market.

Entrepreneurial Orientation (EO) is very important for MSMEs because it helps improve competitiveness and business sustainability in a dynamic market. EO includes a proactive, innovative attitude, and the courage to take risks in managing a business. For MSMEs, especially in competitive markets such as Serdang Bedagai, having a strong entrepreneurial orientation allows business owners to respond more quickly to market changes, create new products or services that are relevant to consumer needs, and identify untapped business opportunities. With a proactive attitude, MSMEs can take the initiative to develop markets and seek new opportunities before other competitors move. Meanwhile, innovation encourages the development of superior and more attractive products for consumers, strengthens market position, and prevents stagnation. The courage to take risks is also important because it allows MSMEs to make strategic investments that have the potential to provide great benefits in the future. Entrepreneurial Orientation also encourages business owners to continue learning and developing, building wider networks, and creating added value for customers. Thus, entrepreneurial orientation is the key for MSMEs to survive, grow, and thrive in an increasingly complex and changing business environment.

This study was conducted to understand how environmental factors and entrepreneurial orientation influence the development of dodol UMKM in Bengkel Market, Serdang Bedagai Regency. Bengkel Market is known as a center for typical souvenirs that attracts many tourists, but faces the challenges of competition and changing market dynamics. Through this study, it is expected that effective strategies can be found for dodol UMKM to take advantage of opportunities and overcome challenges, so that they can increase their competitiveness and sustainable business growth amidst the dynamic changes in the business environment.

LITERATURE REVIEW

2.1. Development of MSME's (Y)

According to Saragih (2017), entrepreneurship is the process of applying creativity and innovation to solve problems and seek opportunities that everyone faces in everyday life. Entrepreneurship is a dynamic process to create additional prosperity. This additional prosperity is created by entrepreneurial individuals who take risks, spend time, and provide various products and services (Alma, 2013). Entrepreneurship as a job itself (entrepreneurship). An entrepreneur buys goods today at a certain price and sells them in the future at an uncertain price. So this definition emphasizes more on how someone is at risk or uncertainty (Cantillon, 2012). Business development is a form of effort to the business itself so that it can develop better and to reach a point or peak towards success. Development in business is carried out by businesses that have started and seem to have the possibility to advance further (Nurrohmah, 2015). Business Development is an activity that provides goods or services needed by consumers who have a business entity, or individuals who do not have a legal entity or business entity such as street vendors who do not have a business permit. (Steinford, 2008). MSMEs are trading businesses managed by individuals or business entities which in this case are included as criteria for small or micro businesses. Regulations regarding MSMEs have been discussed in Law Number 20 of 2008. The indicators for this variable are product variation, product innovation, expanding sales networks.

2.2. Environmental Factors (X1)

Environmental factors in MSMEs refer to various external elements that affect business operations and growth. These include economic conditions, government policies, technological changes, and social and cultural dynamics in society that can impact product or service demand, operational costs, and marketing strategies (Karneli, 2020; Contractor et al., 2020; Jiang et al., 2021). Environmental factors include macro factors such as government regulations, global and national economic conditions, and technological trends. On the other hand, micro environmental factors such as competition, consumer behavior, and supplier relationships also play an important role in determining business success (Ibidunni et al., 2022; Nuseir & Aljunnah, 2020). Environmental factors for MSMEs include all external aspects that can affect company performance and strategy. This can be pressure from competitors, changes in consumer preferences, to newly implemented environmental policies. MSMEs must be able to adapt quickly to these changes to remain competitive (Yu et al., 2020; Albitair et al., 2023). Environmental factors in MSMEs are all elements outside the internal control of the business that can have a direct or indirect impact. Environmental factors in MSMEs include various external elements such as economic, political, social, cultural, and technological that can pose challenges or opportunities for businesses. Identifying and responding to these factors appropriately is key for MSMEs to survive and thrive in a competitive market (Brychko et al., 2023; Salamah, 2023; Prasetyo & Kurniawan, 2023).

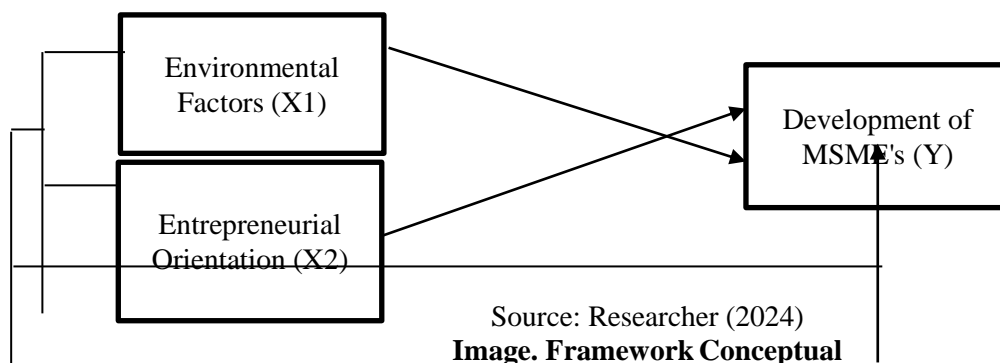
2.3. Entrepreneurial Orientation (X2)

Entrepreneurial orientation is a strategic approach that is owned by a company or individual to identify new opportunities and take risks in an effort to create added value (Chaudhary et al., 2023; Clark et al., 2024; Triyono et al., 2023). This includes the courage to innovate, experiment, and take the initiative in the face of market uncertainty (Wu et al., 2023; Shehzad et al., 2023). Entrepreneurial orientation is a strategic characteristic of a company that reflects the extent to which the company is innovative, proactive, and willing to take risks. It describes the attitude and behavior of management in

Himmatul Ulya ¹⁾, Suhendi ²⁾, Mesra B. ³⁾

exploring new business opportunities and overcoming competitive market challenges (Khan et al., 2023; Ameer & Khan, 2023). Entrepreneurial orientation refers to the mindset and behavior that demonstrates readiness to take entrepreneurial action, including readiness to innovate, courage to take calculated risks, and the ability to act quickly in exploring business opportunities (Supeni et al., 2023; Yaskun et al., 2023). Entrepreneurial orientation is a proactive approach to running a business, characterized by a tendency to always look for new ways to solve problems, innovate, and develop products or services. It also includes an active attitude in responding to changes in the dynamic business environment (Meekaewkunchor et al., 2021; Hassan et al., 2021; Zighan et al., 2022).

2.4. Conceptual Framework



2.5. Hypothesis

- 1) **H1:** Environmental factors have a significant influence on the development of UMKM Pasar Bengkel, Serdang Bedagai Regency.
- 2) **H2:** Entrepreneurial orientation has a significant influence on the development of UMKM Pasar Bengkel Serdang Bedagai Regency.
- 3) **H3:** Environmental factors and entrepreneurial orientation has a significant influence on the development of UMKM Pasar Bengkel Serdang Bedagai Regency.

RESEARCH METHODS

3.1. Research Approach

The research method in this study is a quantitative method which can be interpreted as a research method based on philosophy and positivism, used to research certain populations and samples, data collection using research instruments, data analysis is quantitative/statistical with the aim of describing and testing the established hypothesis (Sugiyono, 2017).

3.2. Location and Time of Research

This research was conducted at UMKM Pasar Bengkel, Serdang Bedagai Regency. The research was conducted in August 2024.

3.3 Population and Research Sample

Population is the total number of individual groups and is an event that attracts the attention of researchers to be studied (Sekaran & Bougie, 2017). The population in this study is the UMKM actors of Pasar Bengkel, Serdang Bedagai Regency, totaling 35 UMKM. The sample is part of the number and characteristics possessed by the population (Sugiyono, 2017). The sampling method in this study uses the nonprobability sampling method with the accidental sampling technique of providing questionnaires directly/coincidentally meeting respondents who are said to be appropriate and worthy of the existing research. Due to time, cost, and other limitations, the researcher determined the number of samples in this study to be 35 MSMEs.

3.4 Data Collection Techniques

Data collection techniques are a systematic and objective way to obtain or collect information that is oral or written. The data collection techniques used in this study are as follows:

1. Interview Study

This is done by determining direct questions and answers between the interviewer and the interviewee about everything the interviewer knows.

2. Questionnaire

This is a form of statement submitted to respondents, namely the MSMEs of Pasar Bengkel, Serdang Bedagai Regency, and the assessment uses a Likert scale.

3.5 Data Analysis Techniques

3.5.1 Data Quality Test

1) Validity Test

Validity testing shows the degree of accuracy between the data that actually occurs in an object and the data collected by researchers to find the validity of an item (Sugiyono, 2017), with the provision that the corrected item total correlation value is > 0.30 .

2) Reliability Test

Reliability testing is the extent to which measurement results using the same object will produce the same data (Sugiyono, 2017), with the provision that the Cronbach's alpha value is > 0.60 .

3.5.2 Classical Assumption Test

1) Normality Test

The normality test is to test the hypothesis of normally distributed residuals. For a good linear regression model, this assumption must be met, and the normality test is carried out on the residual values of the model.

2) Multicollinearity Test

Test Multicollinearity is a test to determine whether there is a significant relationship between independent variables in a multiple linear regression model.

3) Heteroscedasticity Test

Heteroscedasticity tests the occurrence of differences in residual variance from one observation period to another observation period, or a description of the relationship between predicted values and the Studentized Delete Residual of those values.

3.5.3 Multiple Linear Regression Test

Multiple linear regression analysis was conducted to determine the direction and extent of influence of the independent variable on the dependent variable (Ghozali, 2018). The equation model is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Information:

Y = Development of MSME's (Dependent Variable)

α = Constant

β = Multiple Regression Coefficient (*Multiple Regression*)

X_1 = Environmental Factors (Independent Variables)

X_2 = Entrepreneurial Orientation (Independent Variable)

e = Error term

3.5.4 Hypothesis Testing

1) Partial Test (t-Test)

Partial tests determine the influence of environmental factors and entrepreneurial orientation towards the development of UMKM Bengkel Market in Serdang Bedagai Regency.

Himmatul Ulya ¹⁾, Suhendi ²⁾, Mesra B. ³⁾

2) Simultaneous Test (F-Test)

This test is conducted to determine whether environmental factors and entrepreneurial orientations simultaneously has a significant influence on the development of MSMEs at the 5% confidence level (Confidence Interval) or hypothesis testing level.

3.5.5 Determination Test

According to Ghozali (2017), explains that the coefficient of determination (R²) is a tool to measure how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is between zero or one. A small R² value means that the ability of the independent variables to explain the variation of the dependent variable is very limited.

RESULTS AND DISCUSSION

4.2. Validity and Reliability Test Results

Environmental Factors Validity Test Results (X1)

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
P1.1	19.49	9.904	.624	.777
P1.2	19.51	9,551	.692	.762
P1.3	19.46	11,961	.313	.857
P1.4	19.37	9,358	.655	.769
P1.5	19.43	9,076	.656	.769
P1.6	19.31	9,810	.665	.769

Source: IBM SPSS Processing Version 20

Based on the data in the table above, it shows that 6 statements are declared valid, because the corrected item total correlation value is > 0.30 so that the statement can be used in research.

Entrepreneurial Orientation Validity Test Results (X2)

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
P2.1	19.54	9,667	.509	.771
P2.2	19.49	10,434	.365	.801
P2.3	19.40	8,953	.595	.750
P2.4	19.46	8.255	.689	.724
P2.5	19.34	9.173	.652	.739
P2.6	19.49	9.904	.478	.777

Source: IBM SPSS Processing Version 20

Based on the data in the table above, it shows that 6 statements are declared valid, because the corrected item total correlation value is > 0.30 so that the statement can be used in research.

Results of the Validity Test of Development of MSME's (Y)

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted

Y.1	19.49	9.904	.683	.777
Y.2	19.60	11,365	.505	.815
Y.3	19.54	13,020	.309	.867
Y.4	19.46	9,785	.757	.761
Y.5	19.51	9,669	.717	.769
Y.6	19.40	10,482	.723	.773

Source: IBM SPSS Processing Version 20

Based on the data in the table above, it shows that 6 statements are declared valid, because the corrected item total correlation value is > 0.30 so that the statement can be used in research.

Results of the Reliability Test of the Environmental Factors Variable (X1)

Reliability Statistics	
Cronbach's Alpha	N of Items
.816	6

Source: IBM SPSS Processing Version 20

Based on the table above, it can be seen that the environmental factors variable has 6 statements, the Cronbach Alpha value of the environmental factors variable is 0.868 so it can be said to be reliable because it is greater than 0.6.

Reliability Test Results of Entrepreneurial Orientation Variable (X2)

Reliability Statistics	
Cronbach's Alpha	N of Items
.794	6

Source: IBM SPSS Processing Version 20

Based on the table above, it can be seen that the entrepreneurial orientation variable has 6 statements, the Cronbach Alpha value of the entrepreneurial orientation variable is 0.914 so it can be said to be reliable because it is greater than 0.6.

Reliability Test Results of Development of MSME's Variables(Y)

Reliability Statistics	
Cronbach's Alpha	N of Items
.825	6

Source: IBM SPSS Processing Version 20

Based on the table above, it can be seen that the development of MSME's variable has 6 statements, the Cronbach Alpha value of the development of MSME's variable is 0.921 so it can be said to be reliable because it is greater than 0.6.

4.3 Multicollinearity Test Results

Multicollinearity Test Results			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		

Himmatul Ulya ¹⁾, Suhendi ²⁾, Mesra B. ³⁾

	Environmental Factors	.270	4.248
	Entrepreneurial Orientation	.270	4.248

Source: IBM SPSS Processing Version 20

Based on the table above, it shows that the tolerance value for the environmental factors variables and entrepreneurial orientation > 0.1 and has a VIF value < 10. Thus, it can be concluded that there are no symptoms of multicollinearity among the independent variables in the regression model of this study.

4.4 Normality Test Results

Kolmogorov-Smirnov Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		35
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	1.00309353
Most Extreme Differences	Absolute	.126
	Positive	.068
	Negative	-.126
Kolmogorov-Smirnov Z		.743
Asymp. Sig. (2-tailed)		.640
a. Test distribution is Normal.		
b. Calculated from data.		

Source: IBM SPSS Processing Version 20

Based on the data in the table above, it can be seen that the asymp. sig value (2-tailed) is 0.640 > 0.05 so it can be concluded that this study is normally distributed and has met the requirements for normality testing.

4.5 Multiple Linear Regression Test Results

Multiple Linear Regression Test

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.454	1.162
	Environmental Factors	.640	.180
	Entrepreneurial Orientation	.382	.186

Source: IBM SPSS Processing Version 20

Based on the table above, the multiple linear regression equation in this study is:

Development of MSME's = 0.454 + 0.640 environmental factors + 0.382 entrepreneurial orientation + e

Through the multiple linear regression equation, the following explanation is outlined:

1. The constant value of 0.454 means that if environmental factors and entrepreneurial orientation considered zero then the development of MSME's has a value of 0.454 units.

2. The coefficient value of the environmental factors variable of 0.640 means that if the environmental factors value increases by 1 unit, the development value of MSME's will increase by 0.640.
3. Variable coefficient value entrepreneurial orientation of 0.382 means that if the value entrepreneurial orientation increases by 1 unit, then the development value of MSME's will increase by 0.382.
- 4.

4.6 t-Test Results (Partial Test)

Partial Test (t-Test)

Model		t	Sig.
1	(Constant)	.391	.699
	Environmental Factors	3,556	.001
	Entrepreneurial Orientation	2,059	.048

Source: IBM SPSS Processing Version 20

Based on the partial test results in the table above, it can be seen that the test results for each independent variable are as follows:

1. The test results for the environmental factors variable show a t-count value of 3.556 > t-table 1.69 with a significance level of 0.001 < 0.05 so it can be concluded that in this study the entrepreneurial orientation variable has a significant effect on the development of MSME's.
2. The test results for the entrepreneurial orientation variable show a t-count value of 2.059 > t-table 1.69 with a significance level of 2.059 < 0.48 so it can be concluded that in this study the environmental factors variable has a significant effect on the development of MSME's.

4.7 F-Test Results (Simultaneous Test)

Simultaneous Test (F-Test)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	472,189	2	236,095	220,838	.000b
	Residual	34.211	32	1,069		
	Total	506,400	34			
a. Dependent Variable: Development of MSME Entrepreneurship						
b. Predictors: (Constant), Financial Literacy, Financial Technology						

Source: IBM SPSS Processing Version 20

Based on the table above, it shows that the F-count value obtained is 220.838 > F-table 2.91 with a significance level of 0.000 < 0.05. Through these results, it can be concluded that in this study, simultaneously or simultaneously, the environmental factors and entrepreneurial orientation variables have a significant effect on the development of MSME's. at Pasar Bengkel, Serdang Berdagai Regency

Himmatul Ulya ¹⁾, Suhendi ²⁾, Mesra B. ³⁾

4.8 Determination Test Results

Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.966a	.932	.928	1,034

Source: IBM SPSS Processing Version 20

Based on the table above, the results of the determination coefficient test obtained an adjusted R square value of 0.928 (92.8%). This shows that the variable environmental factors and entrepreneurial orientation able to explain development of MSME's by 92.8%, while the remaining 7.2% is influenced by other variables that were not studied in this study. this research.

5 CONCLUSION AND SUGGESTIONS

5.1 CONCLUSION

1. Environmental factors have a significant influence on the development of MSME's Pasar Bengkel, Serdang Bedagai Regency.
2. Entrepreneurial orientation has a significant influence on the development of MSME's Pasar Bengkel, Serdang Bedagai Regency.
3. Environmental factors and entrepreneurial orientation have a significant influence on the development of MSMEs at Pasar Bengkel UMKM, Serdang Bedagai Regency.

5.2 SUGGESTION

1. It is recommended that MSMEs in Pasar Bengkel Serdang Bedagai focus on adapting and utilizing environmental factors to support their growth. First, take advantage of infrastructure development such as the Medan-Tebing Tinggi toll road to increase accessibility and expand the market. Second, improve relations with local governments to obtain information on MSME support policies and programs. Third, pay attention to changes in consumer preferences and market trends to adjust products and marketing strategies. Finally, improve networks with suppliers and business partners to ensure a stable supply of raw materials and consistent product quality. Adapting to these environmental factors will help MSMEs dodol remain competitive and grow.
2. It is recommended for MSMEs in Pasar Bengkel Serdang Bedagai regarding entrepreneurial orientation to be able to develop a strong entrepreneurial orientation to increase competitiveness. First, encourage innovation by creating unique and attractive dodol product variations. Second, be proactive in exploring new market opportunities and using digital technology to expand marketing reach. Third, take measured risks by investing in business development and product diversification. In addition, improve managerial and marketing skills through training and mentoring. With this approach, dodol MSMEs can better face market challenges and take advantage of existing opportunities for sustainable growth.
3. It is recommended for MSME players in Pasar Bengkel Serdang Bedagai regarding the development of MSME's to focus on improving product quality and innovation to meet the needs of the growing market. First, pay attention to product quality and hygiene standards to build a good reputation among consumers. Second, utilize technology for operational efficiency and digital marketing. Third, establish partnerships with suppliers and distributors to ensure a stable supply of raw materials and expand the distribution network. In addition, participate in training and skills development to improve business management and strategy. With these steps, MSME dodol can optimize their growth potential and competitiveness.

4. Due to time constraints and other things, it is suggested to previous researchers to add several other variables related to discussing the prospects of the financial scope of business actors and MSMEs in North Sumatra in particular.

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*Himmatul Ulya*¹⁾, *Suhendi*²⁾, *Mesra B.*³⁾

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