

The Effect of Financial Technology, Innovation, Business Strategy, and Market Orientation on Business Performance among Indonesian SMEs: A Study in Riau Province

(Kesan Teknologi Kewangan, Inovasi, Strategi Perniagaan, dan Orientasi Pasaran terhadap Prestasi Perniagaan di kalangan PKS Indonesia: Kajian di Wilayah Riau)

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ABSTRACT

The pandemic's negative impact on SMEs' performance have been particularly felt as a result of changes in consumer behavior. Therefore, strategic actions are required to accelerate the growth of SMEs in the post-pandemic era. Based on the Dynamic Capabilities Theory, the aim of this study was to analyze the effect of financial technology, innovation, business strategy, and market orientation on the business performance of SMEs in Riau Province, Indonesia. Using purposive sampling, survey data was collected from a sample of 123 SME owner-managers. Data analysis using partial least squares structural equation modeling showed that financial technology, innovation, business strategy, and market orientation significantly affect the business performance of SMEs. SME owner-managers use financial technology to make new breakthroughs through innovation, implement more diverse business strategies, and improve market orientation. The findings suggest that long-term digital technology development strategies are required as a platform for SMEs to grow.

Keywords: Innovation; financial technology; business strategy; market orientation; small and medium enterprises

ABSTRAK

Kesan negatif pandemik terhadap prestasi PKS amat dirasai akibat perubahan dalam tingkah laku pengguna. Oleh itu, tindakan strategik diperlukan untuk mempercepatkan pertumbuhan PKS dalam era pasca-pandemik. Berdasarkan Teori Keupayaan Dinamik, tujuan kajian ini adalah untuk menganalisis kesan teknologi kewangan, inovasi, strategi perniagaan, dan orientasi pasaran terhadap prestasi perniagaan PKS di Wilayah Riau, Indonesia. Menggunakan persampelan bertujuan, data tinjauan dikumpul daripada sampel 123 pemilik-pengurus PKS. Analisis data menggunakan pemodelan persamaan struktur kuasa dua terkecil separa menunjukkan bahawa teknologi kewangan, inovasi, strategi perniagaan, dan orientasi pasaran mempengaruhi prestasi perniagaan PKS secara signifikan. Pemilik-pengurus PKS menggunakan teknologi kewangan untuk mencipta penemuan baharu melalui inovasi, melaksanakan strategi perniagaan yang lebih pelbagai, dan memperbaiki orientasi pasaran. Penemuan ini menunjukkan bahawa strategi pembangunan teknologi digital jangka panjang diperlukan sebagai platform untuk PKS berkembang.

Kata kunci: Inovasi; teknologi kewangan; strategi perniagaan; orientasi pasaran; perusahaan kecil dan sederhana

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INTRODUCTION

The performance of Small and Medium Enterprises (SMEs) has been disrupted since the emergence of the COVID-19 pandemic in early 2020, with almost all sectors in which SMEs operate being affected. The pandemic has thus required SME managers to shift their mindset on how to sustain and be more realistic in the post-COVID-19 era. Accordingly, Zaazou and Salman (2022) posited that SMEs must foster innovation and create