***Market and Entrepreneurial Orientation and Their Impacts on the Mfi Performance: The Mediating Role of Learning Orientation***

**Abstract**

The purpose of this study was to analyze the effect of market orientation, entrepreneurial orientation on the performance of Rural Banks either directly or indirectly mediated by learning orientation. The type of research used is causality research to analyze the effect of the independent variable on the dependent variable. The sample in the study used purposive sampling, namely the sample was taken using the criteria for BPR decision makers in the Riau Islands (Directors, Commissioners, Senior management officials) with the number of total sample collected was 215 respondents. The analytical tool used is statistic Descriptif and SEM-PLS. The findings of this study indicate that market orientation is proven to have a positive effect on performance both directly and indirectly through learning orientation, learning orientation is proven to have a positive effect on performance, entrepreneurial orientation is proven to have a direct positive effect on performance and learning orientation is not proven to mediate the positive effect of entrepreneurial orientation on performance. The results of this study provide insight for microfinance actors, especially BPRs in the Riau Islands, to continue to improve market orientation and entrepreneurial orientation in an effort to optimize the performance of BPRs and maintain the sustainability of their business processes.

Keywords: *Market orientation*, *Entrepreneurial orientation*, *Learning orientation*, Performance

## INTRODUCTION

Microfinance institutions (MFIs) are organizations formed with the aim of encouraging the people's economy through providing broad access to microfinance to the people's economy and are expected to be a key program in poverty alleviation efforts (Suadiah & Ajun, 2023). Based on the Law of the Republic of Indonesia Number 1 of 2013 concerning Microfinance Institutions (MFIs) are financial institutions established for community development and empowerment services by carrying out deposit management activities and loans or financing within the micro scope to members or the community and not solely for profit. Uddin & Mohiuddin, (2020) stated that MFIs are a type of organization with the purpose of social mission funds and financial sustainability.

Problems with MFIs in Indonesia generally include consistency in entrepreneurship and limited capital (Ardiansyah & Nawawi, 2022). These problems make mapping, monitoring and evaluation of these financial services difficult. The difficulty of implementing the right development strategy for MFIs is also due to overlapping regulations, authorities and the wide scope of services of microfinance institutions. This situation causes the level of business continuity or sustainability of MFIs and microfinance programs to be low. Analyze some cases of MFIs that are able to survive and compete both with fellow MFIs and more modern types of banking services.

Various problems that occur in the current era cause MFI performance to be in the spotlight. Improving MFI performance becomes very important to solve the existing problems. MFIs in Indonesia are under OJK supervision, meaning that MFI performance is supervised by law and must show positive long-term financial and social performance in order to achieve sustainable goals. What can be done to achieve organizational performance is to conduct an organizational strategy. The first strategy is that the organization needs to focus on market orientation so that the organization knows the needs of current and future customers. This shows that there is a suspicion that market orientation has a positive effect on performance. This is reinforced by the research conducted by oleh Allammari et al., (2024); Guerra & Camargo, (2024); Jebna et al., (2021); Herath, (2021)): Kesuma & Istanto, (2021); Khan & Bashir, (2020); Phorncharoen, (2020); (Brilliani, 2020) and Hidayat, (2019) where market orientation is proven to have a significant positive effect on performance.

Another factor that is thought to affect company performance is the presence of entrepreneurial orientation. Entrepreneurial orientation is important for companies as a decision-making activity that leads to the formation of new entries (business ventures) for the sustainability of the company in the future. Research conducted by Eniola & Banwo, (2024); Morshidi & Yusoff, (2024); (Praja et al., 2024); Yaqub et al., (2024); Parlyna et al., (2023); Gomes et al., (2022); Nursal et al., (2022);Ali et al., 2020;(Linares et al., 2020)and Susanto & Soelaiman, (2020) show that entrepreneurial orientation has a significant positive effect on improving company performance.

Learning orientation is important for companies to strategize to gain sustainable competitive advantage and ultimately improve company performance. Organizations with a strong learning orientation encourage employees to question the process of market-oriented behavior, the way in which they interpret the information formulated from this behavior, and the way in which they combine this information with other information. Learning-oriented organizations are able to identify market opportunities and maintain sensitivity to market changes. The results of empirical studies conducted by (Allammari et al., 2024b), Bongso et al., (2024), (BoNing et al., 2024), Morshidi & Yusoff, (2024), (Ismaila et al., 2023), (Iyiola et al., 2023), Guerra & Camargo, (2024), Karpacz & Karpacz, (2024), Sajjad et al., (2022), Schulze et al., (2022) produced findings that learning orientation has a significant positive effect on organizational performance.

The object of research is microcredit in the form of Rural Banks (BPR), especially the Riau Islands region. Based on the OJK Riau report dated April 30, 2020, banking conditions in the Riau Islands are still stable even though they have softened compared to the previous year's covid 19 pandemic. In 2019, banking credit growth in the Riau Islands amounted to 6.62% and decreased in 2020 to 4.39%. (Tari, 2020).

Microcredit emerged as a financial strategy to reach the poor in both urban and rural areas to help fight poverty by giving poor people access to capital to start micro and small businesses. Although microfinance has been quite successful in many parts of the world, its effectiveness has not been significant in developing countries. This study was conducted with the aim of analyzing the effect of market orientation and entrepreneur orientation on MFI performance of BPR Riau Islands either directly or indirectly mediated by learning orientation.

**2.LITERATURE REVIEW**

**2.1 Financial Institution Performance**

Financial performance is the company's ability to benefit from the company's business activities(Surya et al., 2023). According to (Rafi et al., 2021) “Financial performance is a description of the achievement of company activities which serves as an analytical tool to measure development and ensure the suitability of company activities with financial regulations.Company performance is a description of the financial condition of a company which is analyzed by financial analysis tools, so that it can be known about the good and bad financial condition of a company which reflects work performance in a certain period.This is very important so that resources are used optimally in the face of environmental changes”. According to Purba & Sianturi (2021) “financial management or financial management is planning, organizing, directing, and controlling financial activities such as procurement and utilization of business funds”. Meanwhile, according to Anwar (2019) “financial management is a discipline that studies the financial management of companies, both in terms of finding sources of funds, allocating funds, and sharing company profits. Literally financial management (financial management) comes from the word management which means managing and finance which means things related to money such as financing, investment and capital. So that if it is concluded that financial management can be interpreted as all activities related to how to manage finances starting from obtaining funding sources, using funds as best as possible to allocating funds to investment sources to achieve company goals” (Armereo et al. 2020).

Microfinance institutions (MFIs) are defined as financial service providers for small and micro entrepreneurs and serve as a development tool for communities, especially in rural areas. Microfinance institutions have two main characteristics that distinguish them from traditional financial services, small loans or deposits and no collateral in the form of assets. Microfinance services can be offered by microfinance institutions, which are institutions whose primary function is to provide microfinance services. Formal financial institutions with microfinance analysis units and decentralized financial institutions (Holle & Manilet, 2017). Many of those who promote microfinance believe that such access will help the poor escape poverty Anwar (2019) states that microfinance is a way to promote economic development, employment and growth through the support of micro entrepreneurs and small businesses.However, many studies in the past have shown that microfinance

**2.2. Market Orientation**

Market orientation is defined as the needs and desires of consumers and is the basis for creating the value of goods and services produced by the company (Hapsari et al., 2020). Market orientation as a business culture is able to effectively and efficiently create employee behavior that can create and support the creation of superior value products in the eyes of consumers (Tjiptono & Chandra, 2020). Firmansyah (2019) defines market orientation as a measure of behavior and activities that reflect an implementation of marketing concepts.Market orientation is effective in maintaining a competitive advantage that starts with planning and coordination with all parts of the organization to satisfy consumer wants and needs. Another definition by Homaid et al. (2018) market orientation is a collection of behaviors or activities practiced by organizations specifically in generating market intelligence, where market intelligence is related to current and future customer needs Market orientation concentrates on the behavioral component of culture (Altuntaş et al., 2013). Companies need a balance in carrying out market orientation in order to win the competition while being able to satisfy consumers (Firmansyah, 2019)

Alhakimi & Mahmoud (2020) state that market orientation is divided into 3 dimensions, namely 1) Customer Orientation. This orientation is based on target markets, customer needs, integrated marketing and profitability; 2) Competitor orientation. Focus on competitors' strategies and activities Inter-functional coordination. Focus on the degree of coordination and cooperation within the company. And 4) Supplier orientation. Focus on the supplier's ability to provide critical resources so as to increase the opportunity to initiate innovation in the market. Companies that have a high orientation to the market or customer needs, will form a learning culture that can further improve company performance. The desire to create superior value for consumers and achieve competitive advantage drives a business to create and maintain a culture that will create certainty of behavior. Market orientation is the most effective and efficient organizational culture that creates behavioral certainty to create superior value for consumers and also continuous superior performance (Sumarga and Hadiwijaya, 2018). Empirical studies conducted by (Allammari et al., 2024), (Guerra & Camargo, 2024), (Jebna, Baharudi, et al., 2021), (Herath, 2021), (Kesuma & Istanto, 2021b), (Khan & Bashir, 2020), (Phorncharoen, 2020), Sutanto and (Susanto & Soelaiman, 2020), (Hidayat, 2019b), proved to have a positive effect on company performance. Based on the explanation above, the hypotheses proposed in this study are:

**H1 :** Market Orientation has a positive effect on MFI Performance

**2.3. Entrepreneurial Orientation (EO)**

Entrepreneurial Orientation is the ability to create something new and different through creative thinking and innovative action to create opportunities (Sumarga & Hadiwijaya, 2018). EO is also defined as an organization's willingness to find and accept new opportunities and subsequent changes to implement them as a result. Swadi & al-Hayy Al-dalaien (2021) states that entrepreneurial orientation is a multidimensional construct. Innovation, risk-taking, and proactivity, as well as autonomy, are features of employee entrepreneurial orientation.

Kraus et al. (2017) divides entrepreneurial orientation into 4 dimensions, namely 1) Social innovativeness/ Ability to Innovate. Includes innovating in the face of consumer demand and needs; 2) Social risk-taking. The company's courage in taking risks when entering a new market; 3) Social proactiveness. The proactive nature of the company by actively accepting suggestions and criticism given and 4) Socialness. Focus on whether the company is socially sustainable or not.

Entrepreneurial orientation is a factor that is thought to stimulate company performance. Eniola & Banwo, (2024) in their research conducted a study of the effect of entrepreneurial orientation on the performance of MSMEs in Nigeria involving 300 MSME business people. The findings show a significant positive effect of entrepreneurial orientation on the innovation performance of MSMEs, learning orientation is proven to have a positive effect on organizational performance and learning orientation is able to strengthen the positive influence of entrepreneurial orientation on innovation performance. Empirical studies conducted by (Morshidi & Yusoff, 2024b) on 300 micro and small scale cooperatives in Malaysia resulted in findings that entrepreneurial orientation has a significant positive effect on the performance of micro and small scale cooperatives, Praja et al., (2024) conducted a study that connects entrepreneurial orientation to the marketing performance of fried onion entrepreneurs in the Kuningan Regency area. The findings show, there is a significant positive effect of entrepreneurial orientation on marketing performance,. (Parlyna et al., 2023b) conducted research on MSME actors in DKI Jakarta province. The results showed that entrepreneurial orientation proved to have a significant positive effect on the performance of MSMEs Arshad (2018) conducted research on MSMEs engaged in the manufacturing industry in Pakistan using a sample of 381 people. The findings show that entrepreneurial orientation is proven to have a positive effect either directly or indirectly mediated by innovation on company performance. Gomes et al., (2022); conducted a study with a research sample of 159 architecture and immigrants working for companies in Santa Catarina, Brazil. The results showed that entrepreneurial orientation proved to have a significant positive effect on organizational performance and indirectly mediated by service innovation and organizational learning capabilities. (Nursal et al., 2022b) conducted research with a research sample of MSME players engaged in the culinary field in Bekasi as many as 231 respondents. The results showed that entrepreneurial had a significant positive effect on the performance of MSMEs. Ali et al. (2020b) conducted research on MSMEs in Saudi Arabia using a sample of 303 respondents. The results showed that entrepreneur orientation proved to have a significant positive effect on the performance of MSMEs. From the above explanation, the hypotheses put forward in this research are

**H2 :** Entrepreneurial Orientation has a positive effect on MFI performance

**2.4. Learning Orientation (LO)**

“In this knowledge-based economy, the concept of organizational learning has received significant attention by scholars over the past three decades” (Wolff et al., 2015). “Organizational learning can be classified as single-loop or fund-loop learning policies. This type of learning arises when the conditions for action are in question. It implies a conscious and critical process that reflects on the purpose of the learning process, meaning that individuals together with others assess and evaluate choices and actions. Two-turn learning opens up insights into how informal norms and structures in organizational culture limit learning and development activities. Learning orientation is a concept closely related to vision, mental models, and cultural dimensions in OL, and is defined as a set of organizational values that influence the extent to which proactive learning occurs” (Alerasoul et al., 2022).

Mahmoud et al. (2016) proposed four components of learning orientation 1) Commitment to Learn. This refers to the extent to which an organization values a learning culture; 2) Shared-vision refers to an organization-wide focus on learning, or learning direction; 3) Open-mindedness. It relates to the willingness to critically evaluate the organization's operational routines and acceptance of new ideas and 4) Inter-organizational knowledge sharing/intra-organizational knowledge sharing.

The learning process is one of the factors that can improve both individual and organizational performance through the process of monitoring, evaluation and improvement for the future. A number of research results prove that learning orientation has a positive effect on organizational performance. (Bongso et al., 2024) conducted research on MSMEs in Indonesia with a sample size of 152 respondents. The results showed that learning orientation proved to have a significant positive effect on company performance, (Ismaila et al., 2023) conducted research with a research sample of MSME actors in Kadunia state, Nigeria with a sample size of 202. The research findings show that learning orientation is proven to mediate a positive influence on company performance. Iyiola et al. (2023) conducted a study with the unit of analysis being 421 startup managers in Turkey learning orientation has a significant positive effect on entrepreneur performance and business model innovation. Karpacz & Wojcik-Karpacz (2024) conducted research on MSMEs with a research sample of 182 operators engaged in parking technology in Poland.

The findings show that learning orientation is proven to have a positive effect on company performance and market dynamism is not proven to mediate the positive effect of learning orientation on company performance. Alam et al. (2022) conducted a study of MSME actors in Peshawar and Charadda India with a total research sample used of 300 respondents. The results showed that learning orientation proved to have a positive effect on company performance both directly and indirectly mediated by innovation. (Sajjad et al., 2022) conducted research on MSME players in the manufacturing sector in Pakistan using a sample size of 379 respondents. The findings show that learning orientation is proven to have a significant positive effect on the performance of MSMEs Barbosa & Ayala (2020) conducted research on MSMEs in Colombia with a sample size of 289 companies. The findings show that learning orientation is proven to have a significant positive effect on the performance of MSMEs. From the explanation above, the hypotheses put forward in this research are

**H3 :** Learning Orientation has a positive effect on MFI performance

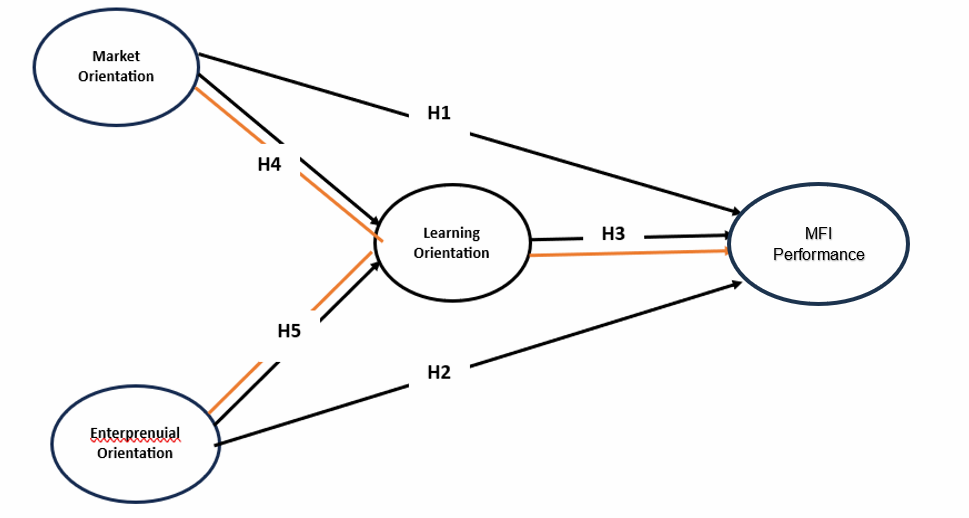
Learning orientation is important given that companies must strategize to gain a sustainable competitive advantage. Organizations with a strong learning orientation encourage their employees to question the process of their market-oriented behavior, the way in which they interpret the information formulated from this behavior, and the way in which they combine this information with other information (Franco et al., 2021). Learning-oriented organizations are able to identify market opportunities and maintain sensitivity to market changes (Homaid et al., 2018). From the explanation above, this research uses Learning Orientation as a mediating variable for the influence of market and entrepreneur orientation in influencing organizational performance.

According to Ie & Pratama (2019) the results of hypothesis testing show that entrepreneurial orientation and market orientation, both together and partially have a positive influence on performance in small and medium enterprises in the retail sector. The conclusion of this study is that there is a positive effect of entrepreneurial orientation and market orientation jointly on performance in small and medium enterprises in the retail sector, there is a partial effect of entrepreneurial orientation on performance in small and medium enterprises in the retail sector, and there is a partial positive effect of market orientation on performance in small and medium enterprises in the retail sector. Pratono et al. (2019) and (Mantok et al., 2019) examine inter-organizational learning orientation that contributes to transforming market orientation and entrepreneurial orientation to improve performance and sustainable competitive advantage. To test the hypothesis, this study uses Partial Least Square-SEM (PLS-SEM) with survey data of 280 companies. There is a strong tendency that inter-organizational learning orientation plays an important role as an intervening variable that operates by receiving input from market orientation and entrepreneurial orientation. From the explanation above, the hypothesis proposed in this study is stated as follows

**H4 :** Market Orientation has a significant positive effect on MFI Performance of Rural Banks mediated by Learning Orientation.

**H5 :** Entrepreneurial Orientation has a significant positive effect on MFI Performance of Rural Banks mediated by Learning Orientation.

The crystallization of the explanation of the literature study and the empirical study described above, produces a conceptual framework of research as shown in Figure 1.



**Figure 1. Research Conceptual Framework**

**3. RESEARCH METHODOLOGY**

This research is a causality research that aims to analyze the effect of Market Orientation (MO) and Entrepreneurial Orientation (EO) on MFI Performance either directly or indirectly through the mediation of Learning Orientation (LO) variables at Rural Banks in Riau Islands.

The variables used in the study based on their functions consist of

1. **Independent variables**

This study uses 2 independent variables, namely

1. Market Orientation

Measurements for this variable are adopted from Al-Hakimi & Borade (2020) using 4 dimensions, namely Customer Orientation (3 indicators), Competitof Orientation (3 indicators), Inter-functional Coordination (3 indicators) and Supplier Orientation (3 indicators).

1. Entrepreneurial Orientation

The measurement for this variable is adopted from Kraus et al. (2017) using 4 dimensions, namely Social innovativeness (3 indicators), Social risk-taking (3 indicators), Social proactiveness (3 indicators) and Socialness (3 indicators).

1. **Mediating Variable**

The mediating variable used in this study is the Learning Organization whose measurement is adopted from Mahmoud et al. (2016) using 4 dimensions, namely Commitment to learning (4 indicators), Shared vision (4 indicators), Open-mindedness (3 indicators) and Inter-organizational knowledge sharing (3 indicators).

1. **Dependent Variable**

The dependent variable in this study is MFI performance whose measurement is adopted by (Mahmoud et al., 2016) using 4 dimensions, namely Service Quality (1 indicator), Customer Satisfaction (1 indicator), Gross Profit Margni (1 indicator) and Employee Satisfaction (1 indicator).

The sample withdrawal method used is purposive sampling where the selected sample is taken using certain criteria, namely the respondent is one of the branch managers, directors and senior management officials of MFIs at the Riau Islands Province People's Credit Bank and the respondent has at least worked for more than 1 year at the Riau Islands Province People's Credit Bank. The number of samples used is based on the (Hair et al., 2019) criteria, namely the minimum sample size used is 5 times the number of measurement indicators used. This study used 43 indicators so that the total sample used was 215 respondents. From the data collected, 215 respondents were successfully obtained, which means that it meets the minimum sample requirements used.

The analytical tool used is Structural Equation Model -Partial Least Square (SEM-PLS) using SmartPLS software with stages

1. **Instrument Testing (Outer Model)**

Instrument testing consists of validity testing and reliability testing with the following explanation

1. Convergent validity testing

Performed using outer loading and Average Variance Exctracted (AVE) with the criteria that an indicator is said to be valid if it has an outer loading ≥ 0.7 and has an AVE value ≥ 0.5.

1. Discriminant validity testing

Discriminant validity testing is carried out using Cross Loading with the criterion that the causality between the latent variable and each indicator (manifest variable) is greater than the causality with other latent variables, so the latent variable can be said to predict its indicators better than other latent variables.

1. Reliability Testing

Reliability testing is carried out to test the consistency of answers from respondents with an analytical tool using the criteria that something is said to have good reliability if the composite reliability value, rho\_A is greater than 07 and can be strengthened by a Cronbach's alpha value greater than 0.7

1. **Structural Testing (Inner Model)**

Structural testing is carried out with the following tests

1. R Squared (R2)

The R-squared (R2) value is used to measure how much influence certain independent latent variables have on the dependent latent variable. According to Ghozali (2011), the R2 result of 0.67 indicates that the model is categorized as good. The R2 result between 0.333 and 0.677 indicates that the model is categorized as moderate. Meanwhile, the R2 result of less than 0.33 indicates that the model is categorized as weak.

1. Q Squared (Q2)

Q-square measures how well the observed values produced by the model and also the parameter estimates. A Q-square value greater than 0 (zero) indicates that the model has predictive relevance, while a Q-square value of less than 0 (zero) indicates that the model lacks predictive relevance. However, if the calculation results show a Q-square value of more than 0 (zero), then the model should be said to have relevant predictive value.

1. Theory hypothesis testing

Testing the proposed hypothesis is carried out by testing the inner structural model by looking at the path coefficients which show the parameter coefficients and the significance value of the formulation of the hypothesis in the significance test with the following decision making

If the p-value of t statistics ≤ 0.05 then Ho is rejected

If the p-value of t statistics > 0.05 then Ho is accepted

**4. RESULT AND DISCUSSION**

**Descriptive statistics**

The results of descriptive statistical calculations for research variables can be seen in table 1. Descriptive statistics for the Market Orientation variable produce an mean value of 3.2500 which indicates that the market orientation of the respondents is quite good. All dimensions that make up the market orientation variable and its forming indicators are also at a fairly good level as indicated by the entire Mean value between 3.0372 and 3.6372. There is one indicator that is the weakness of the perception of market orientation, namely we often monitor competitors' marketing strategies which results in an Mean value of 2.6651. The results of descriptive statistical calculations for the entrepreneurial orientation variable resulted in an Mean value of 3.4326 which means that the entrepreneurial orientation of the respondents is at a fairly good level. Descriptive statistics of the dimensions and indicators that make up entrepreneurial orientation are also at a fairly good level with the lowest Mean value of 3.1209 and the highest Mean of 3.9302. There is one indicator that is a weakness in the formation of variables, namely the indicator In our company, new ideas for solving social problems appear very often with an Mean value of 2.6512. Descriptive statistics for the Learning Orientation variable produces an Mean value of 3.4481 which indicates that research respondents have a fairly good learning oreintention. The dimensions and indicators of Learning Orientation as a whole are also at a fairly good level with the lowest Mean value of 3.0000 and the highest Mean value of 3.9628. The performance of the Riau Islands BPK company is considered quite good by respondents as indicated by the Mean answer value of 3.4437. The lowest performance is owned by service quality with an Mean value of 3.2605 and the highest performance is employee satisfaction with an Mean value of 3.8186.

**Outer Model Testing**

**Convergent Validity Testing**

The results of convergent validity testing for Market Orientation variables using outer loading are shown in Table 1. Information from the table shows that all indicators that make up the 4 dimensions of Market Orientation, namely Customer Orientation (3 indicators), Competitor Orientation (3 indicators), Inter-functional Coordination and Supply Orientation, are all proven valid because they have an outer loading value> 0.7 for all indicators used. The results of these findings indicate that all indicators that make up the Market Orientation dimension are valid. Convergent validity testing using AVE for the dimensions of the Market orientation variable can be seen in table 1. The findings show that the four dimensions of Market orientation produce an AVE value&gt; 0.5, which means that it is proven that all indicators that make up the dimensions are valid.

The processing results for testing the convergent validity of the Entrepreneurial orientation variable can be seen in table 1. Information from the table shows that all indicators that form 4 dimensions of entrepreneur orientation consisting of Social Innovativeness (3 indicators), Social Risk Taking (3 indicators), Social Proactiveness (3 indicators) and Socialness (3 indicators) show that all indicators are proven valid because they produce an outer loading value&gt; 0.7. Convergent validity testing using AVE for the dimensions of the Entrepreneurial Orientation variable can be seen in table 1. The findings show that the four dimensions of Entrepreneur Orientation produce AVE values &gt; 0.5, which means that it is proven that all indicators that make up the four dimensions are valid.

The processing results for testing the convergent validity of the Learning Orientation variable can be seen in table 1. Information from the table shows that all indicators that make up the 4 dimensions of Learning Orientation consisting of Commitment to Learning (4 indicators), Shared Vision (4 indicators), Open Mindedness (3 indicators) and Supplier Orientation (3 indicators) show that all indicators are proven valid because they produce an outer loading value&gt; 0.7. Convergent validity testing using AVE for the dimensions of the Entrepreneurial Orientation variable can be seen in table 1. The findings show that the four dimensions of Learning Orientation produce AVE values> 0.5, which means that it is proven that all indicators that make up the four dimensions are valid.

**Table 1. Descriptive Statistics and Validity testing**

| **Indicator (Statement)** | **Mean** | **Standard Deviation** | **Outer Loading** | **AVE** |
| --- | --- | --- | --- | --- |
| We systematically measure customer satisfaction on a regular basis | 3.2698 | 0.7744 | **0,972** | 0,939 |
| We regularly analyze the current and future needs of our customers | 3.3860 | 0.8058 | 0,966 |
| We regularly examine the factors that influence our customers' purchasing decisions | 3.2558 | 0.8172 | 0,969 |
| **Customer Orientation** | 3.3039 | 0.7745 |  |  |
| We analyze our competitors' strategies systematically and regularly | 3.4884 | 0.9852 | 0,976 | 0,931 |
| We systematically examine our competitors' strengths/weaknesses | 3.3442 | 0.8497 | 0,956 |
| We often monitor competitors' marketing strategies | 2.6651 | 0.9950 | 0,963 |
| **Competitor Orientation** | 3.1659 | 0.9108 |  |  |
| Market strategies developed by all functions of the organization are carried out in a coordinated manner | 3.6372 | 0.9214 | 0,929 | 0,875 |
| Organizational decisions are executed with a sense of personal commitment to serving the market. | 3.3256 | 0.6083 | 0,922 |
| We systematically arrange meetings between different functions to analyze the market. | 3.1814 | 0.8143 | 0,954 |
| ***Inter-functional coordination*** | 3.3814 | 0.7321 |  |  |
| We systematically and frequently measure distributor satisfaction | 3.1488 | 0.7890 | 0,951 | 0,916 |
| We regularly check the current needs of our distributors | 3.0372 | 1.0405 | 0,962 |
| We analyze the compatibility of our marketing strategies with our distributors | 3.2605 | 0.9892 | 0,959 |
| ***Supplier orientation*** | **3.1488** | **0.8997** |  |  |
| ***Market Orientation*** | **3.2500** | **0.7198** |  |  |
| *Social innovation is important to our company* | 3.2279 | 0.81983 | 0,928 | 0,804 |
| *We invest heavily in developing new ways to increase our social impact or to serve our beneficiaries* | 3.1209 | 1.06089 | 0,942 |
| *In our company, new ideas for solving social problems emerge very often* | 2.6512 | 1.02501 | 0,815 |
| **Social Innovativeness** | **3.0000** | **0.86588** |  |  |
| *We are not afraid to take big risks when serving our social cause* | 3.8093 | 0.77695 | 0,923 | 0,771 |
| *Bold action is required to achieve our corporate social mission* | 3.6186 | 0.88266 | 0,924 |
| *We avoid the cautionary line of action if social opportunities might be lost like that* | 3.6930 | 0.88005 | 0,780 |
| **Social Risk** | **3.7070** | **0.74006** |  |  |
| *We aim to be at the forefront of making the world a place.* | 3.9302 | 0.76718 | 0,853 | 0,754 |
| *Our organization has a strong inclination to be at the forefront of tackling its social mission* | 3.5070 | 1.00870 | 0,928 |
| *We usually initiate actions that are emulated by other social enterprises/social entrepreneurs* | 3.2279 | 0.68982 | 0,820 |
| ***Social proactiveness*** | **3.5550** | **0.71908** | **0,922** |  |
| The goal of achieving our social mission precedes the goal of generating profits | 3.7163 | 0.86924 | 0,940 | 0,889 |
| Our organization places a strong focus on partnerships with other organizations and/or governments to ensure greater and faster achievement of social missions. | 3.3023 | 0.73418 | 0,965 |
| We set ourselves ambitious goals in relation to sustainability and incorporate them into all strategic decisions. | 3.3860 | 1.02072 | 0,922 |
| ***Socialness*** | **3.4682** | **0.82592** |  |  |
| ***Entrepreneurial orientation*** | **3.4326** | **0.74399** |  |  |
| Learning is the key to improvement for the future of the organization | 3.7163 | 0.93652 | 0,930 | 0,849 |
| Employee learning is an investment, not an organizational expense. | 3.6186 | 0.73854 | 0,923 |
| Learning is seen as a key commodity required to ensure organizational survival. | 3.9163 | 0.75037 | 0,912 |
| Managers basically agree that our bank's ability to learn is key to our competitive advantage. | 3.4977 | 0.77263 | 0,920 |
| Commitment to learning | 3.6872 | 0.73712 |  |  |
| All employees are committed to the goals/vision of the organization. | 3.2372 | 0.77611 | 0,951 | 0,789 |
| There is total buy-in to our bank vision across all levels, functions and divisions. | 3.4930 | 0.99939 | 0,811 |
| There is a common goal/vision in this organization. | 3.2605 | 0.82432 | 0,942 |
| Employees see themselves as partners in charting the direction of the bank. | 2.6651 | 1.00904 | 0,841 |
| **Shared vision** | 3.1640 | 0.79472 |  |  |
| We are not afraid to critically reflect on the shared assumptions we make about our customers. | 3.7256 | 0.86686 | 0,836 | 0,815 |
| Personnel at this bank realized that the way they viewed the market had to be constantly questioned. | 3.3349 | 0.57959 | 0,923 |
| We continue to assess the quality of our decisions and activities taken from time to time. | 3.2651 | 0.82566 | 0,947 |
| **Open-mindedness** | 3.4419 | 0.68253 |  |  |
| We systematically and frequently measure distributor satisfaction | 3.9628 | 0.77249 | 0,856 | 0,916 |
| We regularly check the current needs of our distributors | 3.1116 | 1.10505 | 0,947 |
| We analyze the compatibility of our marketing strategies with our distributors | 3.4233 | 1.03329 | 0,953 |
| **Organizational knowledge sharing** | 3.4992 | 0.89760 |  |  |
| **Learning Orientation** | 3.4481 | 0.75011 |  |  |
| Overall service quality is good | 3.2605 | 0.80132 | 0,835 | 0,759 |
| High customer satisfaction | 3.2419 | 1.07091 | 0,927 |
| Our company was able to achieve the targeted market share Gross profit margin | 3.2605 | 1.00330 | 0,902 |
| Employee satisfaction is good | 3.8186 | 0.80282 | 0,898 |
| Our company was able to achieve its targeted market share | 3.6372 | 0.86926 | 0,788 |
| **MFI Performance** | **3.4437** | **0.79469** |  |  |

Source: data processed with SPSS 25 and SmartPLS 3

The information from the table shows that all indicators that make up the 5 dimensions of performance consisting of Service Quality (1 indicator), Customer Satisfaction (1 indicator), Gross Profit Margin (1 indicator), Employee Satisfaction (1 indicator) and Market Share (1 indicator) show that all indicators are proven valid because they produce an outer loading value> 0.7. Convergent validity testing using AVE for the Performance variable can be seen in table 1. From the processing results, the AVE value is 0.750> - 0.5, which means that the five dimensions that make up the performance variable are proven to be valid.

**Validity Testing**

One of the evaluations to measure the measurement model (*outer model*) is discriminant validity. Because discriminant validity relates to the principle that different construct measures should not be highly correlated, the discriminant validity of the reflective measurement model can be calculated based on the *cross loading* value of the manifest variable on each latent variable. If the correlation between the latent variable and each of its indicators (*manifest variables*) is greater than the correlation with other latent variables, then the latent variable can be said to predict its indicators better than other latent variables.

**Table 2. Testing Discriminant Validity with Cross Loading**



Source: SmartPLS.4.0 Data Processing Results

The results of discriminant validity testing using *Cross Loading* can be seen in table 2. Information from the table shows the *Cross Loading* value of each variable dimension with its indicator is greater or the dimension with its variable compared to its relationship to other latent variables produces another large value. These results can be concluded that discriminant validity for each research variable is fulfilled, which means that the indicators that make up the dimensions/variables are better than the indicators that make up other latent dimensions/variables.

**Table 3. Testing Discriminant Validity with HTMT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Enterpreneur Orientation | Performance | Learning Orientation | Market Orientation |
| Enterpreneur Orientation |  |  |  |  |
| Performance | 0.432 |  |  |  |
| Learning Orientation | 0.164 | 0.597 |  |  |
| Market Orientation | 0.428 | 0.743 | 0.482 |  |

Source: SmartPLS.4.0 Data Processing Results

Discriminant validity testing using the heterotrait-monotrait ratio (HTMT) Ratio) shows all HT / MT ratio values for the research variables <0.9, which means that all indicators used in this research model are well discriminated and can measure their own constructs specifically. More details can be seen in table 3.

**Reliability Test**

Reliability test in the SEM-PLS model is used as one of the evaluations for the measurement model (*outer model*). Latent variables can be said to have good *reliability* if the *composite reliability* value, rho\_A *is* greater than 0.7 and can be strengthened by a *Cronbach's alpha* value greater than 0.7. The processing results for reliability testing can be seen in table 4. The results of reliability testing for the *Market orientation* variable are carried out on the 4 dimensions that form it. The processing results show that all indicators that make up the dimensions are proven to be reliable (consistent) banecause they all produce Rhoy A, Cronbach Alpha and Composite Reliability values> 0.7. Reliability testing for the *Entrepreneur Orientation* variable which consists of 4 dimensions also results in the conclusion that all indicators that make up the dimensions are proven to be reliable because they produce Rho A, Cronbach Alpha and Composite Reliability values> 0.7. The results of reliability testing for *Learning Orientation* variables consisting of 4 dimensions also resulted in the conclusion that all indicators that make up the 4 dimensions proved to be reliable because they produced rho A, *Cronbach Alpha* and *Composite Reliability* values> 0.7. For testing the reliability of MFI Performance variable consisting of 5 dimensions / 5 indicators resulted in the conclusion that all dimensions were proven reliable (consistent) because they produced rho A, Cronbach Alpha and Composite Reliability values> 0.7.

**Table 4. Reliability Testing of Research Variables**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Rho-A** | **Cronbach's Alpha** | **Composite Reliability** |
| *Market orientation* | | | |
| CO | 0.968 | 0.968 | 0.979 |
| COMO | 0.963 | 0.963 | 0.976 |
| IFC | 0.929 | 0.928 | 0.954 |
| SO | 0.961 | 0.954 | 0.970 |
| *Entrepreneurial orientation* | | | |
| SI | 0.881 | 0.876 | 0.925 |
| SRT | 0.852 | 0.848 | 0.910 |
| SP | 0.853 | 0.836 | 0.902 |
| S | 0.939 | 0.937 | 0.960 |
| *Learning Orientation* | | | |
| CL | 0.941 | 0.941 | 0.957 |
| SV | 0.918 | 0.909 | 0.937 |
| OM | 0.897 | 0.886 | 0.930 |
| IKS | 0.926 | 0.909 | 0.943 |
| MFI Performance | 0.926 | 0.920 | 0.940 |

Source: SmartPLS.4.0 Data Processing Results

**Inner Model Testing**

**Squared (R2)**

The *R-squared* value (R2) is used to measure how much influence certain *independent latent* variables have on the dependent latent variable. According to Ghozali (2011), the R2 result of 0.67 indicates that the model is categorized as good. The results of R 2 between 0.333 and 0.677 indicate that the model is categorized as moderate. Meanwhile, the result of R 2 less than 0.33 indicates that the model is categorized as weak. The test results for the *R-square* test can be seen in table 5. The information from the table shows:

For the *Learning Orientation* model, the *R-square* value is 0.246 which means that the variation of the independent variables, namely *Market orientation* and *Entrepreneurial Orientation*, is able to explain the variation of the dependent variable, namely *Learning Orientation*, by 24.6% while the remaining 75.4% is the variation of other independent variables that affect *Learning Orientation* but are not included in the model. This result shows that the *Learning Orientation* model falls into the weak category because there are still other variables that affect *Learning Orientation* outside of those used in the study.

For MFI performance model, the *R-square* value is 0.604, which means that the variation of the independent variables, namely *Market Orientation, Entrepreneur Orientation* and *Learning Orientation*, is able to explain the variation of the dependent variable, namely performance by 60.4% while the remaining 39.6% is the variation of other independent variables that affect performance but are not included in the model. These results indicate that the performance model falls into the moderate category.

**Table 5. R Square Processing Results**

|  |  |
| --- | --- |
| **Inner Model** | **R Square** |
| *Learning Orientation* | 0,246 |
| MFI Performance | 0,604 |

Source: SmartPLS.4.0 Data Processing Results

**Predictive Relevance**

The R-square of the PLS model can be evaluated by looking at the Q-square *predictive relevance* for the variable model. *Q-square* measures how well the observed values are generated by the model as well as its parameter estimates. A *Q-square* value greater than 0 (zero) shows that the model has *predictive relevance*, while a *Q-square* value less than 0 (zero) shows that the model lacks *predictive relevance*. However, if the calculation results show a *Q-square* value of more than 0 (zero), then the model deserves to be said to have relevant predictive value . The results of Q2 processing for the inner model can be seen in table 6. Information from the table shows that the Q2 value for the *Learning Orientation* and MFI Performance models produces a value> 0, which means that the model has a relevant predictive value.

**Table 6 Q Square Processing Results**

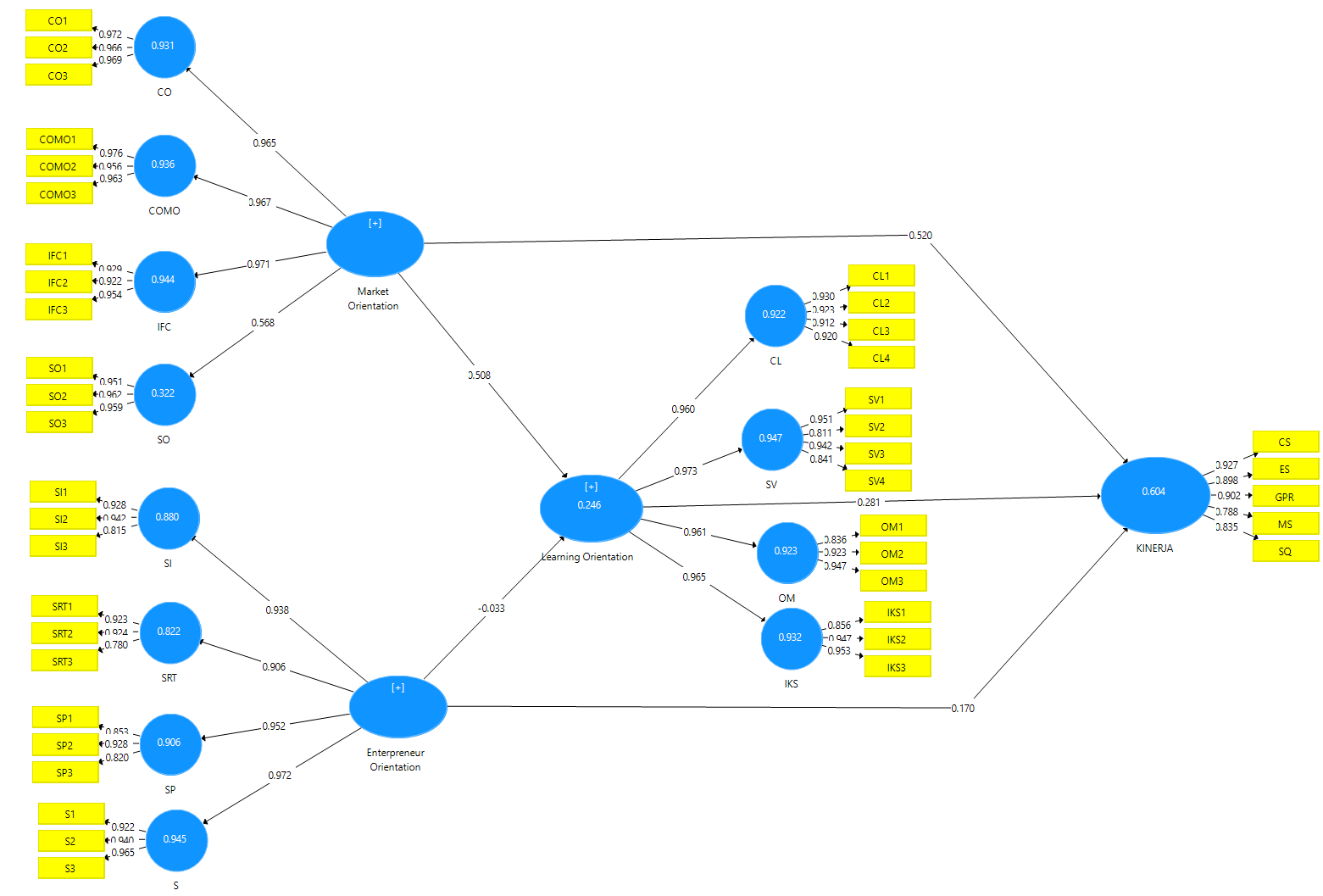
|  |  |  |  |
| --- | --- | --- | --- |
| Inner Model | SSO | SSE | Q² (=1-SSE/SSO) |
| *Learning* | 3010 | 2455.699 | 0.184 |
| MFI Performance | 1075 | 593.215 | 0.448 |

Source: SmartPLS.4.0 Data Processing Results

**Research Hypothesis Testing**

In this *study*, there are two testing models carried out by SmartPLS, namely the measurement model or commonly referred to as the outer model and the structural model or commonly referred to as the inner model. First, starting with the measurement model (outer model), which is used to determine the validity and reliability that connects reflective indicators with latent variables tested using three measurement methods. After conducting confirmatory factor analysis and all indicators are declared valid and reliable. Then next is to test the overall structural model (inner model). This structural model (inner model) is carried out by evaluating the percentage of variance (R2) for endogenous latent variables that are modeled to be influenced by exogenous latent variables and also testing is carried out with the t value obtained from *bootstrapping* to see whether the effect is significant or not (Wardhono et al., 2016). Based on the Partial Least Square estimation method, the Full Structural Model path diagram is obtained as shown in the following figure:

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Source: processed data

Fig 2. Full Structural Model (PLS Algorithm)

The hypothesis in this study will be tested using the path coefficient value and t values to see whether there is a significant effect or not. In addition, the results of the path significance test also show the parameter coefficient value (original sample). The parameter coefficient shows the significance value of the effect of each research variable. The processing results for hypothesis testing are shown in the table 7.

***Table 7 Path Significance Test***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hypothesis** | | **Coefficient** | **P Values** | **Summary** |
| H1 | Market Orientation -> MFI Performance | 0,520 | 0,000 | Supporte |
| H2 | *Entrepreneurial Orientation* -> MFI Performance | 0,170 | 0,007 | Supported |
| H3 | *Learning Orientation* -> MFI Performance | 0,281 | 0,000 | Supporte |
| H4 | *Market orientation* -> *Learning Orientation* -> MFI Performance | 0,143 | 0,000 | Supported |
| H5 | *Entrepreneurial Orientation* -> *Learning Orientation* -> MFI Performance | -0,009 | 0,334 | Not Supported |

**Source: data processed with SmartPLS 4.0**

The calculation results using Smart PLS presented in the table 6 with a significance level of 5% obtained a P-value of 0.000 <0.05. Thus, the test results for hypothesis 1 are H0 rejected and H1 accepted, meaning that Market Orientation has a significant positive effect on Performance. The Market Orientation variable on Performance has a coefficient value of 0.520 with a positive direction, meaning that the better the Market Orientation, MFI Performance will also increase or it can be concluded that it is proven that Market Orientation has a positive effect on MFI Performance.

The calculation results using Smart PLS produce a p-value of 0.007 <0.05 so it can be concluded that hypothesis 2 is H0 rejected and H1 accepted, meaning that *Entrepreneurial Orientation* has a significant effect on Performance. The *Entrepreneurial Orientation* variable on performance has an estimated coefficient value of 0.170 with a positive direction, meaning that the better the *Entrepreneurial Orientation*, the performance will also increase or it can be concluded that it is proven that *Entrepreneurial Orientation* has a positive effect on MFI performance.

The results of the Smart PLS calculation obtained a P-value of 0.000 <0.05 so it can be concluded that hypothesis 3 is H0 rejected and H1 accepted, which means that *Learning Orientation* has a significant effect on Performance. The *Learning Orientation* variable on performance has an estimated coefficient value of 0.281 with a positive direction, which means that the better the Learning *Orientation*, the performance will also increase or in other words the hypothesis that Learning *Orientation* has a significant positive effect on MFI performance is proven.

The calculation results with Smart PLS obtained a P-value of 0.000 <0.05 so that it can be concluded that hypothesis 4 is H0 rejected and H4 accepted, meaning that Market Orientation has a significant effect on Performance through *Learning Orientation*. The Market Orientation variable on Performance through *Learning Orientation* has an estimated coefficient of 0.143 with a positive direction, meaning that the better the Market Orientation, the Performance through *Learning* Orientation or in other words the hypothesis that Market Orientation has a significant positive effect on MFI Performance through *Learning Orientation* is proven.

The calculation results with Smart PLS obtained a P-value of 0.668> 0.05. Thus, the test results for hypothesis 5 are H0 accepted and H1 rejected, which means that *Entrepreneurial Orientation* has no significant effect on Performance through *Learning Orientation*. The *Entrepreneurial Orientation* variable on Performance through *Learning Orientation* has an estimated coefficient value of 0.009 with a negative direction, meaning that the better the *Entrepreneurial Orientation*, the Performance through *Learning Orientation* will also decrease so that the *Entrepreneurial Orientation* hypothesis has a significant positive effect on MFI Performance through *Learning Orientation*.

**Discussion**

Market orientation has a significant positive effect on company performance, as indicated by the coefficient value of 0.520 with a p value <0.05. This finding shows that the higher the level of market orientation of a company, the better its performance. This is in line with the findings of research conducted by Allammari et al., (2024), Guerra & Camargo, (2024), Jebna et al., (2021), Herath, (2021), Kesuma & Istanto, (2021), Khan & Bashir, (2020), Phorncharoen, (2020), Brilliani, (2020) and Hidayat, (2019) where market orientation is proven to have a positive effect on the performance of companies (BPR) in Riau Islands. These findings indicate that market-oriented companies tend to have a better understanding of customer needs and competitive conditions, so they can design strategies that are more effective in improving performance. The concept of market orientation itself includes the collection, dissemination and response to market information that allows companies to be more adaptive to changes in the business environment. Therefore, a strong market orientation allows a company to develop a sustainable competitive advantage and improve its business performance. Thus, the findings in this study are in line with the results of previous studies showing that market orientation plays an important role in improving firm performance. This condition is in line with the research findings of this study where the dimensions of *consumer orientation, competitor orientation and inter financial coordination* are the dimensions that provide the highest contribution for companies in controlling market orientation related to improving the performance of Riau Islands BPRs.

Entrepreneurial orientation has a significant influence on firm performance with a coefficient of 0.170 and a p value <0.05. This shows that the higher the level of entrepreneurial orientation, the better the performance achieved by the company. These findings are in line with the results of empirical studies conducted by Eniola & Banwo, (2024); Morshidi & Yusoff, (2024); Praja et al., (2024); Yaqub et al., (2024); Parlyna et al., (2023); Arshad (2018); Gomes et al., (2022); Nursal et al., (2022); Ali et al. (2020); Linares et al., (2020) and Susanto & Soelaiman, (2020) Entrepreneurial orientation reflects the extent to which companies are innovative, proactive, and risk-taking in the face of market uncertainty where companies with a strong entrepreneurial orientation are more likely to adapt to environmental changes and make innovative decisions, thus contributing to improved performance. In the context of BPRs in Riau Islands, strict regulations from BPRs cause decision makers to focus more on innovations in investment development by aligning with existing regulations the aim of improving company performance. This is the cause of the significant positive effect of *Entrepreneurial orientation* on the MFI performance of BPR companies in Riau Islands.

The significant positive effect of learning orientation on performance in this study is shown by a coefficient of 0.281 with a p value of 0.000 <0.05. These results indicate that the higher the learning orientation of an organization, the better its performance. These findings are in line with the results of empirical studies conducted by Allammari et al., (2024), Bongso et al., (2024), BoNing et al., (2024); Morshidi & Yusoff, (2024), Ismaila et al., (2023); Iyiola et al. (2023); Guerra & Camargo, (2024), Karpacz & Wojcik-Karpacz (2024); Sajjad et al., (2022); Schulze et al. (2022); and Hasanah et al. (2022) Learning orientation is the organization's ability to acquire, disseminate, and apply knowledge to improve its capabilities in dealing with environmental changes. Organizations with a high level of learning orientation tend to be more adaptive to market dynamics and have a stronger competitive advantage (Sahzad *et al*, 2024). Thus, these findings confirm that organizations that continuously develop and implement learning processes can improve their overall performance. Organizations that are able to adapt quickly to market changes through the learning process will be superior in achieving competitive advantage. In this context, companies with a high learning orientation not only gain new insights but also develop innovations that have an impact on improving operational efficiency and effectiveness.

The relationship between market orientation, learning orientation, and performance shows significant results with a coefficient of 0.143 and a p value of 0.000 <0.05. These results indicate that learning orientation plays a role as a mediator in the relationship between market orientation and organizational performance. The results of these findings are in line with the findings of research conducted by Allammari et al. (2024), Guerra & Camargo (2024b) which state that market orientation refers to the company's ability to identify and respond effectively to customer needs. Companies other than market orientation without being supported by a strong learning process tend to have difficulty in adapting to changes in the dynamic business environment. Therefore, learning orientation becomes a key factor that allows companies to internalize market information, develop strategic insights, and increase innovation which has an impact on improving performance. This shows that companies that have a high market orientation but without a strong learning mechanism often experience limitations in improving performance. Organizations that combine market orientation with learning orientation tend to have higher levels of innovation, which has a positive impact on financial and operational performance.

The relationship between entrepreneurial orientation, learning orientation, and performance did not show significant results, with a coefficient of -0.009 and a p value of 0.668. This indicates that learning orientation does not act as a mediator in the relationship between entrepreneurial orientation and organizational performance. Strict regulations from BPRs cause operational activities of banking activities to refer to existing SOPs so that BPR actors cannot change the existing operational system to be immediately improved from the learning process carried out either based on actual conditions, monitoring and evaluation processes carried out by the company. Any changes that will be made must refer to the applicable rules in the sense that they must first change the existing rules through provisions made in the form of formal decrees. In this condition, BPR business actors only optimize their managerial abilities by referring to existing regulations with the aim of improving company performance. This causes entrepreneur orientation to only directly affect the performance of BPR companies but is unable to be mediated by *learning orientation*.

**CONCLUSION**

Based on research that aims to analyze the effect of *market orientation* and *Entrepreneurial Orientation* on organizational performance, either directly or through mediation *of Learning* , it can be concluded as follows Market orientation is proven to have a significant positive effect on BPR performance in Riau Islands; *Entrepreneurial orientation* is not proven to have a significant positive effect on BPR performance in Riau Islands; *Learning orientation* is not proven to have a significant positive effect on BPR performance in Riau Islands; *Learning orientation* is proven to mediate the positive effect of market orientation on BPR performance in Riau Islands; *Learning orientation* is proven to mediate the positive effect of market orientation on BPR performance in Riau Islands.

Based on the results of this study, several implications can be identified, both in the context of managerial practice and organizational strategy development:

1. The results showed that *market orientation* has a significant impact on organizational performance, both directly and through *Learning Orientation*. This indicates that organizations that are more sensitive to market needs tend to have higher competitiveness. Therefore, need to improve their understanding of the market, customers, and industry trends in order to maintain or improve their performance through training programs, organizational culture that supports innovation, and knowledge-sharing mechanisms can be key in accelerating the learning process and increasing competitiveness.
2. The results showed that entrepreneur orientation had a direct effect on the performance of BPRs in Riau Islands but *learning orientation* was not proven to mediate the effect of entrepreneur orientation on the performance of Riau Islands BPRs. The results of these findings provide policy implications that need to be done by BPR Riau Islands are '
3. BPRs must innovate (new ways), especially those related to investment development in Riau Islands BPRs by carrying out activities that have a social impact on the community with financial inclusion from starting socialization to implementation so that MSMEs which are the target of BPRs have access to banking, especially in terms of access to capital which has been an obstacle for MSMEs.
4. BPR Riau Islands must be able to create synergy and collaboration with MSME business actors by creating a partnership program.

**Consent**

As per international standards or university standards, respondents’ written consent has been collected and preserved by the author(s).

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