

Entrepreneurial orientation and sustainable business: Examining the mediating role of market orientation and financial performance in village-owned enterprises

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Abstract: Village-Owned Enterprises (VOEs) play a crucial role in enhancing the well-being of rural communities. Achieving sustainable performance requires the implementation of a business sustainability framework encompassing environmental, economic, and social dimensions. VOEs with a strong entrepreneurial orientation, market orientation, and sound financial performance are expected to achieve business sustainability. This study aims to examine and explain the influence of entrepreneurial orientation, market orientation, and financial performance on business sustainability, both directly and indirectly. A quantitative method is employed, with a sample of 113 VOEs selected for analysis. Data analysis is conducted using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). The findings indicate that entrepreneurial orientation, market orientation, and financial performance significantly influence business sustainability. Additionally, market orientation and financial performance act as mediating variables in the relationship between entrepreneurial orientation and business sustainability.

Keywords: *Entrepreneurial orientation, Financial performance, Market orientation, Sustainable business.*

1. Introduction

Since the start of 1990, there has been a business paradigm shift toward sustainability in developed countries due to the public's awareness of social and environmental effects [1]. Climate change and natural resource limitation are the main challenges that affect consumption patterns and development strategies [2]. In 2023, IPCC reports showed that climate change contributed to the decrease in gross domestic production (GDP), supply chain interference by extreme weather, and the increase in wealth inequality, specifically in developing areas. To address these challenges, some companies have devised and adopted strategies to minimize the negative effects of global climate change over the last three decades [3]. Additionally, companies need to adapt their way of creating and providing value to their customers, which aligns with the sustainability principle [4]. The conventional business model that is oriented toward increasing sales volume tends to put higher pressure on the environment, thereby increasing risk and operational costs. Mitigating this requires a sustainable business concept to ensure the sustainability of the business as well as to reduce the negative impact on the environment [5].

Sustainable business can be regarded as a business' ability to sustainably balance financial, social, and environmental performances [6]. In this type of business model, value creation is not only oriented to shareholders but also to other stakeholders, such as the public and the environment. As one of the main contributors to climate change, businesses must manage their environmental impacts and sustainability while maintaining profits [7]. The sustainable business concept highlights that a business' performance is measured not only by its ability to produce profits but also by its contribution to maintaining social and ecological balance. This approach allows businesses to assume three main

elements (economy, environment, and social) to achieve long-term growth and competitive advantages [2].

This business approach has been adopted by various small and large enterprises in Indonesia. *Kilang Pertamina Internasional* (Pertamina International Refinery) uses cooking oil to manufacture *sustainable aviation fuel*, which is one of the ways to reduce environmental impact [8]. Garuda Indonesia also adopted a sustainable strategy through its *Green Strategy dan Garuda Indonesia Peduli Lingkungan* (Green Strategy and Garuda Indonesia environment care) program, which is aligned with the International Air Transport Association *Four Pillar Strategy*, to mitigate environmental impact and increase resource utilization efficiency [9]. At the level of micro, small, and medium enterprises (MSME, *Usaha Mikro, Kecil, dan Menengah* (UMKM)), a survey of 3000 MSMEs by the United Nations Development Program, Ministry of Cooperatives and SMEs of Ibrahim, et al. [10] showed that 95% of the MSMEs were interested in applying eco-friendly approaches, and 90% were interested in adopting inclusive business practices, which are part of the Sustainable Development Goals. A similar survey of 77 MSMEs by the MSME Center of Economy and Business Faculty of the University of Indonesia showed that 78% of respondents had eco-friendly plans for their businesses, and 79% had adhered to environmental rules [11]. These findings showed an increasing awareness of sustainability in various business sectors, including MSMEs that play a strategic role in the national economy.

The increasing adoption of sustainable business practices affects development in rural areas, which also play crucial roles in sustainable development. Rural MSMEs that optimize sustainable local natural resource utilization can mitigate global challenges such as climate change and food security [2]. Local businesses also play a role in job creation, improved well-being, and poverty reduction in developing countries [12]. The implementation of sustainability principles in business not only increases economic performance but also contributes to ecological conservation and social welfare of rural people [2]. Some studies reported that local businesses with sustainability principles significantly contributed to local economic growth and increased locals' quality of life [13, 14]. Therefore, strengthening local businesses using sustainable principles becomes a fundamental aspect of sustainable development in rural areas and increasing the impact of MSMEs as a driver of job creation in Indonesia's green economy.

To improve the local economy with sustainable principles, the Indonesian government grants authority to the rural government to establish village-owned enterprises (*Badan Usaha Milik Desa* (BUM Desa)) as one of the efforts to create an independent and inclusive economic ecosystem for rural people [15]. As one of the MSMEs managed collectively, village-owned enterprises hope to implement sustainable business practices to fulfill the current generation's needs without sacrificing those of the next generation [2]. The success parameter in achieving sustainable development can vary depending on rural and urban areas, according to their territorial, economic, and social characteristics [1]. Local stakeholders are crucial in supporting sustainability, such as in facility provision and sustainability principles implementation, to effectively optimize natural resources and conserve them simultaneously [16]. Thus, village-owned enterprises can be a strategic instrument for accelerating sustainable rural development and improving local economic competitiveness at the national level.

However, village-owned enterprises are not yet optimal for sustainable business implementation. A few challenges still affect village-owned enterprises in many ways. Economically, a village-owned enterprise is not yet independent, depending on the government's funding. Independently, village-owned enterprises only manage 2%–4% of total revenue, while 88% comes from the government's allocation [17]. Socially, human resources remain a challenge for village-owned enterprises, including the low ability to manage them, and a fraud case that impaired their operations [18]. Environmentally, the low awareness of environmental sustainability still poses a challenge. Moreover, there are no clear policies yet to ensure the environmentally sustainable operation of village-owned enterprises [17]. With these challenges, implementing sustainable business principles in village-owned enterprise operations still requires improvements and well-thought-out strategies. A comprehensive approach is needed to reduce the dependence on government funding, increase human resource capacity, and

strengthen policies and regulations so that village-owned enterprises can contribute to sustainable rural development more effectively.

Entrepreneurship orientation can help overcome these challenges. This orientation promotes the adoption of sustainable business practices and increases business competitiveness. Some studies have demonstrated that this orientation is a determinant factor of a company [12]. In ever increasingly competitive environment, businesses must adopt an entrepreneurship orientation to maintain business sustainability and increase their competitive edge [19]. This orientation consists of three main dimensions: innovation, proactive, and risk-taking, which is the foundation of a company's strategic management [8]. A business that applies this orientation will not only focus on financial gains but also integrate environmental and social aspects into its business strategy [7]. Thus, companies with a strong entrepreneurship orientation can expand sustainable practices through innovation, proactive responses to environmental issues, and risk-taking to create lasting value [11].

However, business sustainability is not only dependent on internal factors like entrepreneurship orientation and the market dynamics. In recent years, consumers have demanded companies pay attention to environmental issues and social responsibilities. PwC's survey in 2024 reported that 85% of customers experience the impact of climate change in their daily lives. Despite facing rising living costs, 80% of respondents were willing to pay 9.7% more to use products from sustainable manufacturers. This shift in demand and preference for sustainable products and services is crucial for businesses adopting a market orientation strategy [20]. The complexity of environmental issues also demands that businesses integrate sustainable principles into every aspect of their business, including marketing strategies and product development [21]. Sustainable market orientation can effectively increase customer value through competitive innovation while supporting sustainable goals [22].

In addition, sustainable strategy implementation through entrepreneurship or market orientation requires financial support. In practice, sustainable innovation requires huge investment and carries a huge risk, so financial flexibility is a key factor in the implementation's success [23]. Companies with good financial performance tend to be more capable of allocating their resources to sustainability initiatives in terms of environmental, social, and management aspects [24]. Financial flexibility also allows companies to innovate, explore new business opportunities, and optimize resources for sustainable practices [25]. Adequate capital also enables companies to align their business strategies with sustainable principles, including responding to opportunities for environmental issues [26]. Companies with a higher awareness of environmental opportunities and issues tend to integrate environmental awareness into their business orientation and allocate their financial resources to eco-friendly policies [3].

Village-owned enterprise sustainability is affected by the interaction between entrepreneurship orientation, market orientation, and financial performance. These three factors contribute to formulating adaptive and sustainable business strategies. Entrepreneurship drives innovation, proactivity, and risk-taking, allowing village-owned enterprises to competitively expand their local-oriented and environmentally adaptive business [19]. Companies with a strong entrepreneurship orientation tend to adopt innovative strategies to achieve long-term sustainability [7]. Meanwhile, a strong market orientation increases the understanding of customers' demands and preferences for sustainable products and services. Those two orientations can help village-owned enterprises to adapt their business strategy, increase their competitiveness, and maintain customer loyalty [20]. Responsivity to the market allows businesses to create value for customers through sustainable innovation [6]. The combination of entrepreneurship innovation and market responsiveness contributes to improved financial performance. Financial stability is a key factor in business sustainability, as it allows businesses to invest in eco-friendly technology, develop human resources, and diversify their business [23, 24]. Companies with stable finance are more flexible in risk mitigation and allocate capital for sustainable strategies [25, 26]. The connection between these three factors creates a mutual support mechanism to increase financial performance, thus enabling village-owned enterprises to carry out their economic, environmental, and social business practices [3].

The sustainability of village-owned enterprises is affected by several factors, one of which is entrepreneurship orientation, which reflects the organizational ability to innovate, proactively act, and take risks to increase competitiveness [12]. Several studies have revealed a positive relationship between entrepreneurship orientation, market orientation and financial performance. Market orientation allows a business to be more responsive to customers' needs and market trends that lean toward sustainability [21]. Meanwhile, stable financial performance allows flexibility for businesses to invest in eco-friendly technology and sustainable business strategies [23]. It can be concluded that market orientation and financial performance bridge the impact of entrepreneurship orientation on business sustainability. However, previous studies have reported a direct connection between entrepreneurship orientation and business sustainability without considering the mediating factors and variables, such as market orientation and financial performance [11]. This calls for further study on how the effect of these two variables in strengthening entrepreneurship impacts business sustainability, specifically in village-owned enterprises, which have different business schemes than other commercial businesses.

Therefore, understanding how village-owned enterprises can optimize the role of market orientation and financial performance in improving business sustainability is important. Considering the pivotal role of village-owned enterprises in sustainable rural development, this study explores the factors that affect their business sustainability. It has been established that entrepreneurship orientation is a key factor in driving innovation and business competitiveness, while market orientation and financial performance potentially enhance the effects of entrepreneurship orientation. There is still a gap in the literature regarding how mediating factors can affect business sustainability, specifically in the village-owned enterprise context, which this study is trying to fill. The results are expected to contribute to the sustainability literature and expand the knowledge for policymakers in formulating more effective strategies to improve the performance and sustainability of village-owned enterprises in Indonesia.

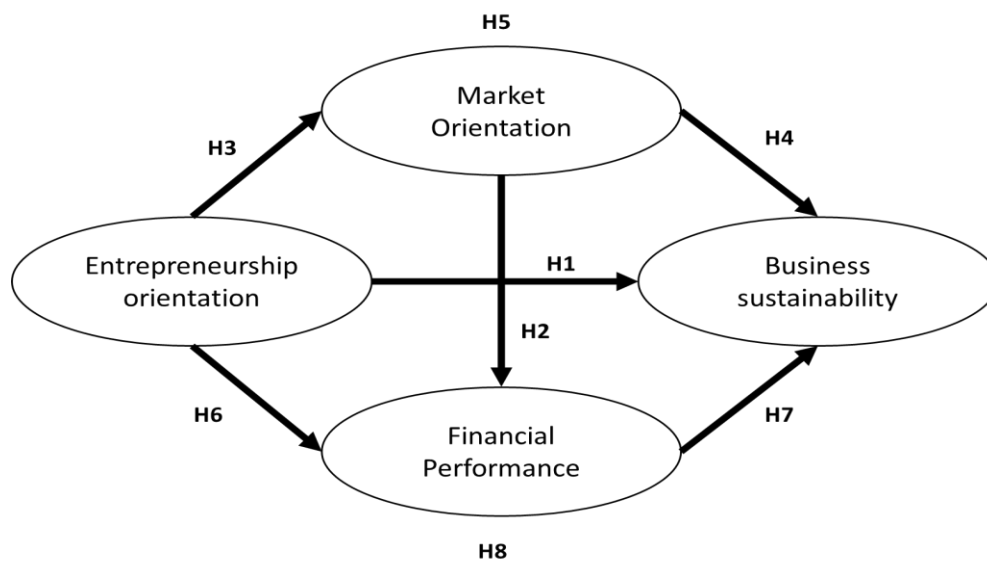


Figure 1.
Study framework.

2. Literature Review

Business entrepreneurship orientation will identify commercial potential from an awareness of ecological issues [11]. Through this orientation, businesses reconfigure their business plans, considering the high pressure and instability of sustainability issues [7]. Moreover, it enables

businesses to experiment with sustainable innovation and take strategic measures for their success [12] while increasing the intention to engage in green entrepreneurship by developing innovative products and services [27].

H₁: Entrepreneurship orientation has a significant positive impact on business sustainability.

Several empirical studies have shown that market orientation is a pivotal strategic orientation to business performance [28]. As one of the important foundations in marketing literature, market orientation is a key factor in meeting customer needs effectively [29]. Market-oriented businesses use information from the market to align their products or services with the market's demand and compete with competitors [30]. The direct effect of this orientation on operational activity is significant, in opportunity exploration and exploiting, which ultimately gives a financial edge to the business [17]. With market orientation, a business can efficiently reduce cost and investment risk while increasing customers' willingness to pay, ultimately positively impacting the business' financial performance [9].

H₂: Market orientation has a significant positive impact on financial performance.

Entrepreneurship orientation has not only a direct impact on businesses' sustainability but is also significant to market orientation. The ability of a business to enter a new market depends on several processes, practices, and strategic decisions, involving innovation, proactivity, and risk-taking [18]. Entrepreneur-oriented businesses tend to understand and adapt to the dynamic needs of customers using market orientation [31]. As a non-material resource, market orientation allows the identification of customer demand and the procurement of information required to formulate sustainable strategies [32]. Understanding the habits and needs of stakeholders, including customers, competitors, and regulators [33] is crucial to formulating a competitive business strategy, products, and services [34].

H₃: Entrepreneurship orientation has a significant positive relationship with market orientation.

Meanwhile, the worsening environmental condition requires businesses to integrate sustainability into their market orientation [21]. Businesses that adopt modern strategies have competitive superiority through sustainable practices. Market orientation helps inspire business transformation to be sustainable [6]. With increasing sensitivity to the market's needs and environmental awareness, market-oriented businesses need to apply green resources and sustainable capabilities in their business strategies [20]. In the era of an environmentally aware market, an ecological-based market orientation is crucial to building business competitiveness [22].

H₄: Market orientation has a significant impact on a business' sustainability.

H₅: Market orientation can mediate the connection between entrepreneur orientation and business sustainability.

In addition to its strategic role in sustainability and market orientation, entrepreneurship orientation has a positive correlation with financial performance in an environmental context [5, 35]. This orientation plays a role in achieving growth, success, and good financial performance [36]. Strong entrepreneur-oriented businesses will be at the forefront of innovating products and services, ultimately improving their financial performance [37]. Through innovation, proactivity, and risk-taking, entrepreneurship orientation has a positive effect on business revenue [8].

H₆: Entrepreneurship orientation has a significant positive impact on financial performance.

Good financial performance is also crucial in supporting a business's sustainability because sustainable practices require extensive investment. Financial flexibility, as reflected in the availability of liquid assets, is the primary factor that allows businesses to adopt sustainable policies and facilitate sustainable practices [3]. Allocating the budget for sustainable initiatives is usually driven by threat perception, legitimacy needs, and environmental and social pressure [10]. Due to the high-risk and unstable nature of sustainable product innovation, financial flexibility reduces the inherent risk in such investments [23]. Flexibility in resource allocation allows businesses to implement eco-friendly and sustainable business strategies [26].

H₇: Financial performance has a significant effect on business sustainability.

H₈: Financial performance mediates the relationship between entrepreneurship orientation and business sustainability.

3. Methodology

This study analyzed the connection between entrepreneurship orientation and business sustainability, with market orientation and financial performance as mediating variables. A total of 631 village-owned enterprises in Bali, Indonesia constituted the population of this study, and the sample size was calculated using the Isaac and Michael formula [38] with an error rate of 10%. The sample size was calculated to be 85; however, this study had questionnaires collected from 113 village-owned enterprises. Proportional stratified random sampling was done to ensure representative sampling of each village-owned enterprise in each regency in Bali due to the uneven number of village-owned enterprises in each regency.

Each variable had different indicators. Entrepreneurship orientation was based on innovation, proactivity, and risk-taking [4, 39]. Market orientation was based on customer orientation, competitor orientation, and inter-functional coordination [40, 41] and financial performance was based on revenue, assets, and profit growth [42, 43]. Meanwhile, business sustainability was based on sustainability in three factors, environment, economy, and society [14].

Data were collected in two months using an interview with a questionnaire. The test was conducted with 30 initial respondents to ensure the quality of the instruments. The validity test showed a significant correlation in all instruments ($r > 0.3$), and the reliability test showed that all variables were reliable based on the Cronbach's Alpha score ($CA > 0.6$) [13].

The analysis was performed using quantitative methods using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) tool in SmartPLS software. SEM-PLS was chosen because it can analyze the complex relationship between latent variables and is flexible in handling small data and samples [13].

4. Analysis

The first step in the measurement model evaluation is the validation and reliability testing of the variables (entrepreneurship orientation, market orientation, financial performance, and business sustainability). Composite reliability and Cronbach's Alpha (Table 2), convergent validity (Table 3), and discriminant validity (Table 4) were the model evaluations.

4.1. Convergent Validity Test

The convergent validity was tested by measuring the outer loading and Average Variance Extracted (AVE) values. Outer loading measures the contribution of each indicator to the latent variable, where a loading factor ≥ 0.7 is considered qualified [13]. Table 1 shows all indicators with an outer loading between 0.823 and 0.978, indicating that each indicator made a substantial contribution to measuring latent variables and was qualified for the model. Moreover, an AVE score of ≥ 0.5 indicates that the latent variables can explain more than 50% of the indicator's variance [15]. Thus, this model is valid convergent validity.

Table 1.
Item loading.

Variables	Dimension	Indicators	Outer Loading Score
Entrepreneurship orientation	Risk taking	X1.1.1	0.944
	Outer loading score	X1.1.2	0.924
		X1.1.3	0.907
	Innovative	X1.2.1	0.964
	Outer loading score	X1.2.2	0.959
		X1.2.3	0.909
	Proactive	X1.3.1	0.955
	Outer loading score	X1.3.2	0.956
Market orientation	Customer orientation	X1.3.3	0.950
	Outer loading score	X2.1.1	0.877
		X2.1.2	0.880
	Competitor orientation	X2.2.1	0.949
	Outer loading score	X2.2.2	0.943
	Inter-functional coordination	X2.3.1	0.940
	Outer loading score	X2.3.2	0.857
		X2.3.3	0.879
Financial performance		X3.1	0.941
		X3.2	0.921
		X3.3	0.947
Business sustainability	Environmental sustainability	Y1.1.1	0.925
	Outer loading score	Y1.1.2	0.978
		Y1.1.3	0.976
	Economic sustainability	Y1.2.1	0.882
	Outer loading score	Y1.2.2	0.912
		Y1.2.3	0.919
		Y1.2.4	0.907
	Social sustainability	Y1.3.1	0.843
	Outer loading score	Y1.3.2	0.823
		Y1.3.3	0.852
		Y1.3.4	0.886
		Y1.3.5	0.882
		Y1.3.6	0.874

4.2. Model Reliability Test

Model reliability was measured by Cronbach's Alpha, Composite Reliability (CR), and AVE. Cronbach's Alpha ≥ 0.7 showed good reliability, whereas CR needs to be higher than 0.6, with an ideal score of 0.7 [24]. The result showed a CR value of more than 0.7, indicating good internal consistency. All variables fulfilled the reliability requirements.

Table 2.
Validity and reliability analysis.

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Entrepreneurship orientation	0.971	0.981	0.945
Market orientation	0.975	0.984	0.953
Financial performance	0.930	0.955	0.877
Business sustainability	0.887	0.931	0.819

4.3. Discriminant Validity Test

Discriminant validity measures how one construct is not related to another. The Fornell–Larcker criterion was employed and considered significant if the square root of the AVE for every variable was larger than the correlation with other latent variables. The analysis showed that all variables fulfilled the discriminant validity criteria, so there was a significant difference in each variable in the model (Table 3.)

Table 3.
Discriminant validity test.

Variables	Business sustainability	Financial performance	Entrepreneurship orientation	Market orientation
Business sustainability	0.905			
Financial performance	0.820	0.936		
Entrepreneurship orientation	0.715	0.682	0.972	
Market orientation	0.741	0.734	0.700	0.976

After confirming that all outer models were valid and reliable, the next step was to model the structural model to analyze the direct and indirect effects between variables. The model was considered valid and reliable for testing the hypothesis and analyzing the connection between entrepreneurship orientation, market orientation, financial performance, and business sustainability.

4.4. Direct Effect

The direct effect analysis in SEM-PLS was used to elucidate the causal effect between the independent and dependent variables without mediation variables. This evaluation aimed to determine whether the intervariable connections in this study are significant and impactful. Entrepreneurship orientation was the independent variable; market orientation and financial performance were the mediating variables; and business sustainability was the dependent variable. SEM-PLS direct effect analysis showed significant connections with a 5% error rate between the variables (Table 4). Entrepreneurship had significant connections with market orientation ($t = 10.825$; $p < 0.001$), financial performance ($t = 3.258$; $p = 0.001$), and business sustainability ($t = 2.295$; $p < 0.001$). Meanwhile, market orientation had significant connections with financial performance ($t = 5.614$; $p < 0.001$) and business sustainability ($t = 2.227$; $p = 0.028$). Finally, financial performance had significant connections with business sustainability ($t = 5.231$; $p < 0.001$).

These results indicate that entrepreneurship orientation has a significant direct impact on business sustainability and plays a significant role in increasing market orientation and financial performance. The connection between market orientation and business sustainability indicated that more responsive village-owned enterprises tend to apply sustainable business strategies. Meanwhile, financial performance was the primary factor for village-owned enterprises to adopt sustainable business practices, as indicated by the significant value ($t = 5.231$; $p < 0.001$).

Table 4.
Direct effect analysis results.

Path coefficients	Original Sample	Sample Mean	Standard Deviation	T-Statistics	P-values	Sig. Level	Result
Entrepreneurship orientation -> Market orientation	0.700	0.699	0.065	10.825	0.000	5%	Sig.
Entrepreneurship orientation -> Business sustainability	0.330	0.340	0.101	3.258	0.001	5%	Sig.
Entrepreneurship orientation -> Business sustainability	0.215	0.194	0.094	2.295	0.024	5%	Sig.
Market orientation -> Financial performance	0.503	0.498	0.090	5.614	0.000	5%	Sig.
Market orientation -> Business sustainability	0.209	0.200	0.094	2.227	0.028	5%	Sig.
Financial performance -> Business sustainability	0.519	0.546	0.099	5.231	0.000	5%	Sig.

4.5. Mediating Effect

This study also analyzed the role of financial performance and market orientation as mediating variables in the relationship between entrepreneurship orientation and business sustainability. The

results showed significant mediation of mediating variables to dependent and independent variables ($t = 2.277$; $p = 0.025$), meaning that some part of entrepreneurship orientation's effect on business sustainability was achieved by the improvement of financial performance. Thus, a strong entrepreneurship-oriented village-owned enterprise tends to increase its financial performance before achieving business sustainability. Meanwhile, market orientation had a mediating effect as well ($t = 2.124$; $p = 0.036$) (Table 5). A more innovative and stronger entrepreneurship-oriented village-owned enterprise tends to be more responsive to the market's dynamic, ultimately contributing to its business sustainability. These results indicated that financial performance and market orientation had important implications, such as mediating variables, and strengthening entrepreneurship orientation toward business sustainability.

Table 5.
Indirect effect analysis.

Path coefficients	Original	Sample	Standard	T-Statistics	P-values	Sig.	Result
	Sample	Mean	Deviation			Level	
Entrepreneurship orientation -> Financial performance -> Business sustainability	0.172	0.19	0.075	2.277	0.025	5%	Sig
Entrepreneurship orientation -> Market orientation -> Business sustainability	0.147	0.14	0.069	2.124	0.036	5%	Sig

5. Discussion

Village-owned enterprises have a crucial role in supporting sustainable development in rural areas, and it is imperative for them to be sustainable businesses with positive economic, social, and environmental impacts. Sustainable business is defined as the ability of a business entity to survive for a long time while keeping the expectations of its stakeholders [44]. Business sustainability is not only oriented toward financial revenue but also integrates social and environmental aspects into the business strategy [38, 45]. Thus, this study aimed to analyze the connection between entrepreneurship orientation, market orientation, financial performance, and business sustainability in a village-owned enterprise setting.

5.1. Entrepreneurship Orientation, Market Orientation, and Business Sustainability

The results revealed positive and significant connections between entrepreneurship and market orientation and business sustainability. Entrepreneurship orientation includes innovation, proactiveness, and risk-taking, all of which contribute significantly to business sustainability [46]. Innovation allows village-owned enterprises to devise creative ways to practice business to become more eco-friendly, while risk-taking allows village-owned enterprises to take risks by investing in unstable sustainable programs. A proactive stance allows village-owned enterprises to more responsively adopt sustainable business strategies. These findings are in line with Majali, et al. [12] who reported that high entrepreneurship-oriented businesses tend to apply long-term sustainable strategies.

Meanwhile, market orientation plays a crucial role in sustainable business. Nowadays, customers notice the sustainability aspects of the products and services they consume. Village-owned enterprises that understand the market's dynamic toward sustainability can adjust their products and services to be eco-friendly. By monitoring potential competitors, village-owned enterprises can ensure that they are not behind in adopting sustainable business practices. A study by Tjahjadi, et al. [22] also highlighted that strong market-oriented businesses tend to adapt quickly to sustainability trends and fulfill environmentally aware customer expectations and needs. This further demonstrates that business sustainability is not only affected by internal operational factors but also by how village-owned enterprises respond to market dynamics.

5.2. The Effect of Entrepreneurial Orientation on Market Orientation and Financial Performance

The results show that entrepreneurship orientation positively affects market orientation and financial performance. An innovative approach allows the creation of competitive products that align with the market's needs. The courage to take risks is needed to implement an innovative business marketing strategy, while proactivity allows village-owned enterprises to quickly respond to the market's dynamic, ensuring the products and services are relevant to the customer's needs. Hernández-Linares, et al. [29] observed that high entrepreneurship-oriented businesses tend to be more adaptable in developing competitive market strategies, ultimately increasing their financial performance.

In terms of financial performance, innovative village-owned enterprises can produce competitive products and services, thus attracting customers. Proactive village-owned enterprises can execute profitable business opportunities, and brave village-owned enterprises will invest in innovation that increases revenue. Rauch, et al. [35] reported that entrepreneurship orientation is positively correlated with long-term growth and profitability. These results indicated that entrepreneurship orientation not only affects product innovation but also the business' ability to be financially viable in the long term.

5.3. Mediation of Market Orientation and Financial Performance in the Connection Between Entrepreneurship Orientation and Business Sustainability

The results show that market orientation and financial performance mediate the connection between entrepreneurship orientation and business sustainability. Strong entrepreneurship orientation will increase market orientation and finally contribute to business sustainability. Market condition understanding allows village-owned enterprise administrators to devise sustainable strategies aligned with the market's trends and customers' demands. These findings support [21] who reported that market orientation is a key factor in connecting entrepreneurship innovation with business sustainability.

Financial performance is also an important factor in business sustainability. Village-owned enterprises with good entrepreneurship tend to have better financial performance, which allows them to support sustainable strategy implementation. Business sustainability usually requires additional investment, so financial performance is the main supporting factor. Adomako, et al. [3] showed that companies with flexible financial strength can allocate more resources to sustainability. Heubeck and Ahrens [24] highlighted financial stability as the main requirement for businesses to adopt sustainable strategies because they can invest in green innovation and social responsibility. In conclusion, financial performance is not only the direct result of entrepreneurship orientation but also the main facilitator of sustainable practices.

6. Conclusions and Implications

To obtain a sustainable business, a village-owned enterprise with an entrepreneurial orientation needs market orientation to understand customers' preferences, which nowadays tend to favor products with less environmental impact. Good financial performance is also needed so that village-owned enterprises can allocate some of their resources to sustainable practices. This study provides empirical evidence of how market orientation and financial performance serve as mediators in the connection between entrepreneurship orientation and business sustainability in village-owned enterprises.

This study can be a reference for various stakeholders, including central and local governments, to formulate strategies for village-owned enterprises to become more sustainable. This study used entrepreneurship orientation, market orientation, financial performance, and business sustainability as variables, while many other variables could potentially affect business sustainability, such as religion, attitudes, and core values.

This study was limited to a village-owned enterprise sample. Further studies could expand the geographical area and explore other external factors, such as government policy and technological access, that affect the sustainability of village-owned enterprises.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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