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Influence of Market Orientation and Green Innovation to Performance Mediated by Entrepreneurial Insights: Case in Furniture MSMEs

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Abstract   *The purpose of this study is to determine the role of entrepreneurial insight in mediating the influence of market orientation and green innovation on performance. The object of this research is the Furniture UMKM in Kapanewon Dlingo, Bantul, Yogyakarta with research samples of 84 MSMEs furniture that have made green innovations. The method used to analyze data is PLS-SEM. The results of this study indicate that green innovation has a significant effect on performance and entrepreneurial insights, market orientation has a significant effect on performance and entrepreneurial insights, and entrepreneurial insights affect performance. Entrepreneurship insights does not mediate the effect of green innovation on performance, and entrepreneurial insight also does not mediate the influence of market orientation on performance.*

***Keywords**: Entrepreneurial insight; Green Innovation; Market orientation; Performance*

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as the primary engine of economic development. This is because the current entrepreneurial environment is the most dynamic ever faced. Every entrepreneur strives to minimize the impact of price wars, sustained cost efficiency pressures, and simultaneously seeks to maximize new market opportunities (Masa'deh et al., 2018). The emergence of the current environmental degradation phenomenon has led to an increasing number of MSMEs applying environmental issues, such as green innovation in operational activities, to enhance performance (Lisnaningrum, 2020).

In achieving these goals, MSMEs need to focus on performance. This is because performance serves as the benchmark for the success of a company, representing the level of achievement obtained in pursuit of its objectives. Moeheriono (2012) states that performance is a depiction of the level of achievement in implementing a program, activity, or policy in realizing the goals, vision, and mission of a company outlined in its strategic planning. Performance reflects the level of achievement a company attains within a specific period (Sabihaini & Prasetio, 2018). In the furniture sector, MSMEs cannot overlook the significance of performance. To achieve high performance, current furniture MSMEs require market orientation in their business operations.

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Market Orientation is the most effective and efficient culture or organization in creating the necessary behaviors to generate superior value for buyers. Market orientation is considered to enhance business performance because it is a crucial component in business development. This can be observed in how managers conduct their business, demonstrating innovative, proactive, and risk-accepting behaviors. Market orientation is a corporate culture that can enhance overall company performance; it is essential for creating superior value for buyers and achieving superior performance for the company in an increasingly competitive environment (Narver & Slater, 1995).

The issues faced by Furniture MSMEs in Kapanewon Dlingo include suboptimal market orientation and management lacking expertise in implementing green innovation. Additionally, there is a lack of entrepreneurial insight among MSME managers, resulting in less-than-optimal performance. To enhance performance in Furniture MSMEs, Green Innovation has been identified as one strategy to achieve superior results. Chen et al. (2006) define green innovation or environmentally friendly innovation as a company's efforts involving innovative products and processes that focus on energy conservation, pollution prevention, waste recycling, and environmentally friendly product design. The issues faced by Furniture MSMEs in Kapanewon Dlingo include suboptimal market orientation and managers lacking expertise in implementing green innovation. Additionally, there is a lack of entrepreneurial insight among MSMEs managers, resulting in less-than-optimal performance. To enhance MSMEs performance, Green Innovation has been identified as one strategy to achieve superior results. Chen et al. (2006) define green innovation or environmentally friendly innovation as a company's efforts involving innovative products and processes that focus on energy conservation, pollution prevention, waste recycling, and environmentally friendly product design.

Another variable determining the success of MSMEs is the need for entrepreneurial insight. Masa'deh et al. (2018) state that entrepreneurial insight paves the way for the strategic direction of MSMEs to monitor its activities for achieving better business performance. According to Amin, Thurasamy, Aldakhil & Kaswuri (2016) as cited in Sondra and Widjaja, entrepreneurial insight is a process, practice, and decision-making activity that leads to new business ventures. In this definition, it is highlighted that entrepreneurial orientation has three dimensions: innovation, risk-taking, and proactiveness. The key characteristics for MSMEs are features of entrepreneurial orientation, such as the willingness to innovate continuously, a tendency to act independently, the courage to take risks, an aggressive attitude towards competitors, and proactiveness towards market opportunities.

The importance of addressing this theme is to enable entrepreneurs or owners of Furniture MSMEs to endure and compete in the market. Moreover, the market orientation, green innovation, and entrepreneurial insight implemented within MSMEs are expected to enhance business performance in the future.

Literature Review

Performance

Performance is the outcome achieved by a company or business entity in carrying out the assigned tasks. Sabihaini and Prasetio (2011; 2012; 2018; 2020) state that performance is the level of achievement that MSMEs obtain within a specific period. According to Cho & Lee (2018), performance is how much an organization achieves

its goals and how well it can overcome fluctuating environmental factors such as profit, productivity, employee satisfaction, social responsibility, and business sustainability.

Referring to studies by Dibrell (2008), Sabihaini (2013), Fatchuroji et al. (2020), Wuryaningrum et al. (2022), and Sabihaini et al. (2023), performance can be measured using four indicators: a) profit growth, b) sales growth, c) market share growth, d) Return on Assets (ROA). Therefore, performance represents the outcome achieved by a company or business entity in carrying out the tasks assigned to it.

Market Orientation

Market orientation is the activity of assessing the needs and desires of customers to create satisfaction. The main goal of market orientation is to provide superior value to consumers based on knowledge obtained from consumer and competitor analyses, where this knowledge is acquired and disseminated throughout the entire organization (Nuvriasari et al., 2012). Market orientation effectively understands and responds to its entire surrounding context, including customers, competitors, and suppliers, to prioritize consumer satisfaction and loyalty.

Market orientation is a way to acquire market knowledge to address the current and future desires of consumers (Kholi & Jaworski, 1990).

Green Innovation

Green Innovation, or environmentally friendly innovation, is a new approach to reducing the impact of environmental damage. The ongoing environmental degradation phenomenon has led to an increasing number of MSMEs emphasizing the importance of environmentally friendly lifestyles, one of which involves the use of green products. Through the implementation of organizational practices, such as using eco-friendly raw materials, reducing material consumption, and minimizing water, electricity, and other resource usage (Morant et al., Carrion, 2016), Green Innovation signifies a company's effort to create innovations in technology during the production process to minimize material wastage with the goal of energy conservation.

Entrepreneurial Insight

Entrepreneurial insight is a condition where individuals tend to be innovative, proactive, and willing to take risks to initiate or manage a business (Manahera et al., 2018). Entrepreneurial insight is a process, practice, and decision-making activity, or an individual's inclination, in seeking opportunities, having the courage to take risks, and displaying aggressiveness in competition to win in the market.

Entrepreneurial insight is a process, practice, and decision-making activity, or an individual's inclination, in seeking opportunities, having the courage to take risks, and displaying aggressiveness in competition to win in the market. According to Herlinawati et al. (2019), entrepreneurial insight is the ability to creatively and innovatively utilize resources to discover opportunities for business success.

The implementation of entrepreneurial insight can be carried out by MSMEs managers through consistent innovation, achievement motivation, willingness to take risks, leadership qualities, and self-confidence. Therefore, entrepreneurial insight plays a crucial role in enhancing the performance of Furniture MSMEs in Kapanewon

Dlingo, particularly based on methods, techniques, and decision-making in the dynamic environmental conditions prevalent today.

Hypothesis Development

The Influence of Market Orientation on Performance

Dewi Anggraini, Tapi Rondang Ni Bulan, and Annisha Suvero Suhyar (2022) conducted research on the impact of learning orientation and innovation on business performance through entrepreneurial orientation in the food sector MSMEs in Kolam village. The results prove that market orientation affects business performance. This finding aligns with the study conducted by Pramesti and Giantari (2016), indicating that market orientation has a positive and significant impact on business performance.

H1. Market Orientation has a positive and significant impact on

Green Innovation Impact on Performance

The research conducted by Singha, Del Giudice, Chiericie, and Grazianof (2019) on the influence of Green Innovation and environmental performance, involving the role of green transformational leadership and green human resource management, provides evidence that Green Innovation has a positive and significant impact on business performance. This finding is in line with studies conducted by Adegbile et al (2017), Kammerer (2009), and Chen et al. (2006). Green Innovation is associated with a firm environmental management agenda, and it stimulates environmental performance. Furthermore, green product and process innovations not only reduce negative environmental impacts but also enhance the financial and social performance of companies through waste reduction and cost savings (Weng et al., 2015).

H2. Green Innovation has a positive and significant impact on Performance.

Market Orientation impact on Entrepreneurial Insight

Anggraini, Bulan, & Suhyar (2022) conducted research on the influence of learning orientation and innovation on business performance through entrepreneurial orientation in the food sector MSMEs in Kolam village. The results prove that market orientation influences entrepreneurial insight. This research finding is supported by Pramesti & Giantari (2016), indicating that market orientation has a positive and significant impact on entrepreneurial insight. The study is consistent with research conducted by Mardiyono (2015), suggesting a positive influence of market orientation on entrepreneurial insight in the regression analysis performed.

H3. Market Orientation has a positive and significant impact on Entrepreneurial Insight.

Green Innovation impact on Entrepreneurial Insight

Nursal, Rianto, & Bukhari (2022) conducted research on "The Influence of Market Orientation, Entrepreneurial Orientation, Knowledge Management, and Learning Organization on Performance Mediated by Innovation in Culinary SME's in Bekasi." The results prove that Green Innovation influences entrepreneurial insight. This research finding is also consistent with the study conducted by Manahera et al. (2018), suggesting that the entrepreneurial insight possessed by an entrepreneur will

help them find ways to continually develop their business. Business development will inevitably lead to the use of resources, business processes, and subsequently generate innovation as a strength to compete.

H4. Green Innovation has a positive and significant impact on Entrepreneurial Insight.

Entrepreneurial impact on Performance

Karnowati & Handayani (2022) conducted research on the "Mediation role of business performance on entrepreneurship orientation and market orientation to create MSMEs competitiveness in pandemic times." The results prove that entrepreneurial insight has a positive impact on business performance. This research finding aligns with studies by Hernández-Perlines et al. (2021), Kusa et al. (2021), Lantu et al. (2016), suggesting that entrepreneurial insight has a positive and significant influence on business performance.

H5. Entrepreneurial Insight has a positive and significant impact on Performance.

The Influence of Market Orientation, Entrepreneurial Insight and Perfomance

Anggraini, Bulan, & Suhyar (2022) conducted research on the influence of learning orientation and innovation on business performance through entrepreneurial orientation in the food sector Micro, Small, and Medium Enterprises (MSMEs) in Kolam village. The results prove that entrepreneurial orientation does not mediate the influence of market orientation on business performance. This finding is supported by previous research conducted by Haryono & Muliatie (2017), indicating that entrepreneurial insight does not mediate the influence of market orientation on business performance.

H6. Entrepreneurial Insight does not mediate the influence of Market Orientation on Performance.

The Influence of Green Innovation, Entrepreneurial Insight, and Performance

Anggraini (2022) conducted research on the influence of learning orientation and innovation on business performance through entrepreneurial orientation in the Food SME sector in the Kolam village. The results prove that entrepreneurial insight does not mediate the influence of green innovation on performance. This study is supported by previous research conducted by Haryono & Muliatie (2017), indicating that entrepreneurial insight does not mediate the influence of innovation on business performance.

H7. Entrepreneurial Insight does not mediate the influence of Green Innovation on Performance.

Methods

MSMEs represented by the managers or owners who are also respondents. The population for this study includes all Wooden Furniture MSMEs in Kapanewon Dlingo that have implemented green innovation, totaling 520 MSMEs (MSMEs Department Bantul, 2023). The determination of the sample size follows the Slovin formula, resulting in a minimum sample size of 84 MSMEs. The data collection technique is conducted through a survey method by distributing questionnaires directly to the respondents (managers). By distributing the questionnaires directly, it

Table 1. Definitions and Indicators of Variables

Variable	Variable Definition	Indicators	Measurement Scale
Perfomance (P)	The level of achievement of a company within a specific period (1 year)	1. Profit growth 2. Sales growth 3. Market share growth 4. *Return on Assets* (ROA) (Sabihaini dan Prasetio, 2020; Fatchuroji et al, 2020, Wuryaningrum et al, 2022, Sabihaini et al, 2023)	5-point Likert scale
Market Orientation (MO)	The manager's ability to assess the needs and desires of customers to create customer value	1. Customer orientation 2. Competitor orientation 3. Market information (Simintiras 2011)	5-point Likert scale
Green Innovation (GI)	A plan used to achieve the company's strategic targets by employing new techniques, systems, practices, and production processes to reduce environmental impact	1.Green products 2.Green processes (Chen 2006)	5-point Likert scale
Entrepreneurial Insight (EI)	The ability to create something different through creative and innovative actions to create opportunities and face challenges.	1. Innovation 2. Achievement motivation 3. Willlingness to take risks 4. Leadership skills 5. Self-confidence (Suryana 2014)	5-point Likert scale

is expected that all questionnaires will be returned 100%. The total number of questionnaires distributed is 84, with a 100% return rate, making them suitable for analysis. In this study, there are four variables: market orientation, green innovation, performance, and entrepreneurial insight.

The operational definitions and indicators of the research variables are presented in Table 1. The measurement of variables utilizes a 5-point Likert Scale. The data analysis technique employed includes: 1) Descriptive Analysis: Description of the characteristics of MSMEs. Descriptive statistics is a method used to analyze data by describing or portraying sample data as it is, without intending to draw conclusions that apply universally or generalize (Sugiyono, 2017). 2) Quantitative Analysis: Quantitative analysis in this study employs Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS is a variance-based structural equation analysis (SEM) method.

Results and Discussions

The characteristics of MSMEs are shown in Table 2. Based on Table 2, it is evident that the majority of Wooden Furniture MSMEs have been in operation for 5-15 years. Regarding the gender of owners or managers of Wooden Furniture MSMEs in Kapanewon Dlingo, 67 individuals or 82.1% are male, and the remaining are female. In terms of positions, the majority are owners,

Table 2. Characteristics of SMEs

Age of SMEs	Frequency	Percentage
5-15 years old	55	65,5%
15-25 years old	25	29,8%
25-35 years old	3	2,40%
35-45 years old	1	2,30%
>50 years old	0	0%
Total	84	100.0%
Gender	**Number of People**	**Percentage**
Male	67	82,1%
Female	17	17,9%
Total	84	100.0%
Position	**Number of people**	**Percentage**
Owner	63	75%
Manager	21	25%
Total	84	100.0%

Source: Processed primary data, 2023

Table 3. Outer Loading (Convergent Validity) Results

Item	Loading	Item	Loading	Item	Loading	Item	Loading
GI1	0.603	P1	0.539	MO1	0.457	EI1	0.559
GI2	0.779	P2	0.698	MO2	0.53	EI2	0.638
GI3	0.646	P3	0.53	MO3	0.684	EI3	0.572
GI4	0.713	P4	0.733	MO4	0.641	EI4	0.728
GI5	0.59	P5	0.563	MO5	0.629	EI5	0.666
GI6	0.678	P6	0.747	MO6	0.698	EI6	0.519
GI7	0.692	P7	0.636			EI7	0.752
						EI8	0.686
						EI9	0.673
						EI10	0.466

Source : Data Processing Results, 2023

accounting for 63 individuals or 75%, while the rest are managers, totaling 21 individuals or 25%. This indicates that the majority of Wooden Furniture MSMEs in Kapanewon Dlingo are directly owned or managed by their owners.

Results of PLS Analysis

The analysis of Partial Least Squares Structural Equation Modeling (PLS-SEM) involves two stages: the measurement model analysis (Outer Model) and the structural model analysis (Inner Model) (Ghozali & Latan, 2015).

Measurement Model Analysis (Outer Model)

Convergent Validity / Average Variance Extracted (AVE)

Convergent validity assesses the extent to which a measurement correlates positively with alternative measurements of the same construct. To determine the validity of an

Table 4. Outer Loading (Convergent Validity) Results

Green Innovation		Perfomance		Market Orientation		Entrepreneurial Insight	
Item	Loading	Item	Loading	Item	Loading	Item	Loading
GI1	0.625	P2	0.66	MO3	0.773	EI2	0.666
GI2	0.811	P4	0.774	MO4	0.629	EI3	0.604
GI3	0.676	P6	0.775	MO5	0.742	EI4	0.746
GI4	0.673	P7	0.75	MO6	0.659	EI5	0.627
GI6	0.68					EI7	0.765
GI7	0.672					EI8	0.724
						EI9	0.677

Source: Processed Primary Data, 2023

Table 5. Average Variance Extracted (AVE) Results

	AVE	Criteria	Explanation
Green Innovation	0.527	>0.5	Valid
Perfomance	0.536	>0.5	Valid
Market Orientation	0.549	>0.5	Valid
Entrepreneurial Insight	0.545	>0.5	Valid

Source : Data Processing Results, 2023

Table 6. (Discriminant Validity)

Values of Latent Variables, AVE, and Square Root of AVE

	Green Innovation	Performance	Market Orientation	Entrepreneurial Insight	AVE	Square Root of AVE
Green Innovation	1	0.466	0.608	0.505	0.527	0,692
Performance	0.466	1	0.506	0.444	0.536	0,741
Market Orientation	0.608	0.506	1	0.664	0.549	0,703
Entrepreneurial Insight	0.505	0.444	0.664	1	0.545	0,689

Source: Data Processing Results, 2023

indicator for a variable construct, it is examined based on the outer loading values. In this exploratory study, where loading factor values should be greater than 0.6-0.7, and the average variance inflation factor (AVE) should be greater than 0.5 (Ghozali & Latan, 2015).

Based on the SmartPLS calculation results in Table 3, it is found that there are 9 items with outer loadings <0.6. These items are GI5, P1, P3, P5, MO1, MO2, EI1, EI6, and EI10. These items need to be excluded and retested. Therefore, these indicators are not valid and cannot be used. Meanwhile, the other items with >0.6, indicating that the validity test is valid. After excluding items GI5, P1, P3, P5, MO1, MO2, EI1, EI6, and EI10, the results of the outer loading can be seen in Table 4.

The convergent validity results after removing items GI5, P1, P3, P5, MO1, MO2, EI1, EI6, and EI10 show that the values of green innovation, performance, market orientation, and entrepreneurial orientation items are above 0.6 and considered valid. In addition to examining the outer loading of each indicator, convergent validity can be observed from the AVE (Average Variance Extracted) values. A variable is considered valid if the AVE value is above 0.5 (Ghozali & Latan, 2015).

Table 7. Composite Reliability

Variables	*Composite Reliability*
Green Innovation	0.847
Performance	0.776
Market Orientation	0.785
Entrepreneurial Insight	0.856

Source: Data processing results, 2023

Table 8. R-Square Test Results

Independent Variable	Dependent Variable	R Square
Market Orientation Green Innovation	Entrepreneurial insight	0.605
Green Innovation Market Orientation Entrepreneurial insight	Performance	0.325

Source: Processed data, 2023

Based on Table 5, it shows that the AVE values generated by all variables above are >0.5, thus meeting the convergent validity requirements.

Discriminant Validity

Discriminant validity is an analysis to assess the validity of variables by examining the Square Root of AVE (Average Variance Extracted) for each variable, which should be greater than the correlation between variables with other variables in the model.

Based on Table 6, it shows that the correlation values of Green Innovation to Performance are 0.466, Green Innovation to Market Orientation is 0.608, and the correlation of Green Innovation to Entrepreneurial Insight is 0.505, which are all smaller than the Square Root of AVE for the Green Innovation variable, which is 0.692. The same pattern applies to the latent variables of Performance, Market Orientation, and Entrepreneurial Insight, where the correlation values between latent variables are smaller than the Square Root of AVE for each respective variable. This means that all four variables are considered valid.

Composite Reliability

To test the reliability of variable data, you can observe the composite reliability values. If a variable has a composite reliability value greater than 0.7 (Ghozali, 2012), then the variable is considered reliable.

Based on Table 7, it shows that all statement items used are reliable or dependable because they have composite reliability values above 0.70.

Analysis of the Measurement Model (Inner Model)

The R-Square test results are presented in Table 8. Table 8 shows that R-Square has a value of 0.605, meaning that the model's ability of the orientation to the market and green innovation variables can explain the dependent variable of entrepreneurial insight by 60.5%, and the remaining 39.5% is explained by other variables. Meanwhile, the R-Square for the model of the orientation to the market, green innovation, and entrepreneurial insight variables to the performance variable is 0.325, which means that the variables of the orientation to the market, green
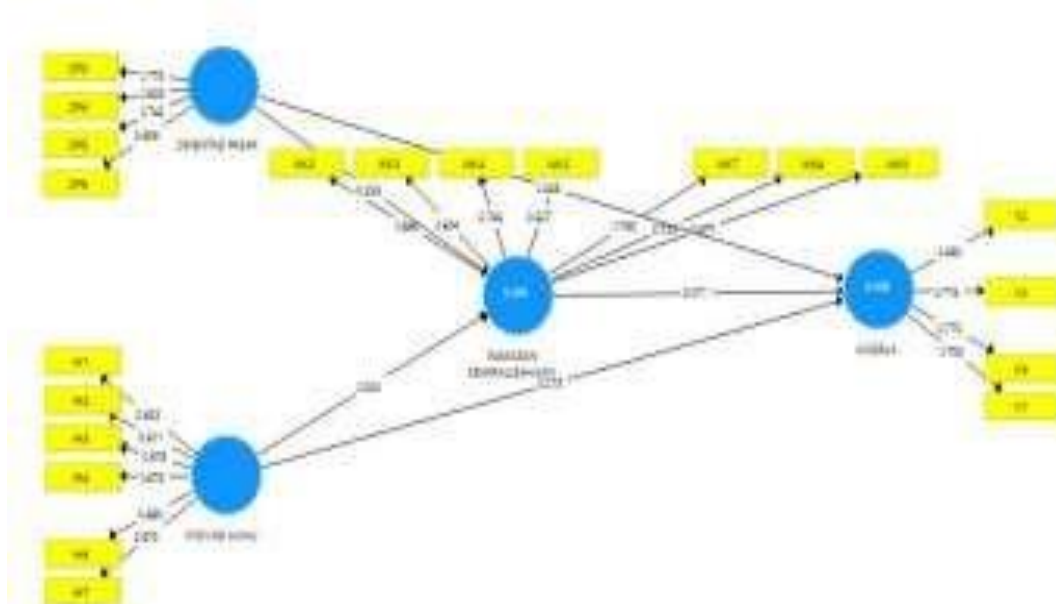
Figure 1. PLS Model Results

Table 9. Direct Influence between Variables

Relation between Variables	Original Sample (O)	Sampel Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Explanation
Green Innovation -> Performance	0.215	0.251	0.141	2.057	0.04	Significant
Green Innovation -> Entrepreneurial insight	0.501	0.467	0.173	2.9	0.004	Significant
Market Orientation -> Performance	0.328	0.292	0.151	2.168	0.031	Significant
Market Orientation -> Entrepreneurial insight	0.359	0.4	0.145	2.48	0.013	Significant
Entrepreneurial insight - Performance	0.071	0.092	0.159	1.98	0.03	Significant

Source: Processed secondary data, 2023

innovation, and entrepreneurial insight can explain the performance by 32.5%, and the remaining 67.5% is explained by other variables.

The output results of PLS 3.2.9 found the bootstrapping values with a sample of 84, producing estimation values and probabilities (p-values) as shown in Figure 1.

Hypothesis Testing Results (Inner Weight)

The results of direct influence testing. Hypothesis testing can be conducted by observing its significance level and the path parameters between latent variables. The results of direct and indirect influence hypotheses (Table 9 and Table 10) show that all proposed hypotheses are accepted at a significance level smaller than 0.05. The results of the indirect influence testing of the green innovation and market orientation variables on performance through entrepreneurial insight are shown in Table 10.

Table 10. Indirect Influence between Variables

Relationship between variable	Original Sampel (O)	Sampel Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Explanation
Green Innovation -> Entrepreneurial insights -> Perfomance	0.036	0.036	0.083	1.972	0.023	Significant
Market Orientation -> Entrepreneurial insights -> Performance	0.025	0.041	0.07	2.134	0.001	Significant

Source: Processed secondary data, 2023

Discussion

Influence of Green Innovation on Performance

Based on the results of hypothesis testing, it is evident that the regression coefficient value of the green innovation variable is positive and significant for the performance of SMEs in the Wood Furniture sector in Kapanewon Dlingo. This implies that a higher application of green innovation can enhance the performance of SMEs. This result indicates that SMEs that have implemented green innovation can improve their performance. The implementation of green innovation, reflected in green products and processes, involves producing green products through the selection of environmentally friendly raw materials, the use of energy-efficient raw materials, efficient use of raw materials in the production process, and evaluating the product for easy decomposition or recycling. As for green processes, they result from production processes that reduce hazardous waste, recycle waste, and incorporate green technology culture into the processes. Performance is reflected in profit growth, sales growth, market share growth, and return on assets (ROA). The findings of this study support the research of Sanjay Kumar Singha (2019), which states that green innovation has a positive and significant impact on business performance. Green innovation is associated with a strict environmental management agenda, and it stimulates environmental performance. Moreover, green product and process innovations not only reduce the negative environmental impact of businesses but also enhance the financial and social performance of companies through waste reduction and cost savings (Weng et al., 2015).

Influence of Green Innovation on Entrepreneurial Insight

Based on the results of hypothesis testing, it is evident that the regression coefficient value of the green innovation variable is positive and significant for entrepreneurial insight in SMEs in the Wood Furniture sector in Kapanewon Dlingo. This means that a higher application of green innovation can enhance the entrepreneurial insight of SMEs. The results indicate that SMEs that have implemented green innovation can improve their entrepreneurial insight. The implementation of green innovation is reflected in the adoption of green products and processes. Green products are produced through the selection of environmentally friendly raw materials, the use of energy-efficient raw materials, efficient use of raw materials in the production process, and evaluating the product for easy decomposition or recycling. As for green processes, they result from production processes that reduce hazardous waste, recycle waste, and incorporate a culture of green technology into the processes. Entrepreneurial insight is reflected in innovation, achievement motivation, risk-taking courage, leadership qualities, and self-confidence. Innovation is generated

from the ability of SMEs to innovate and constantly seek new ideas for innovation. Achievement motivation is derived from SMEs that always encourage motivation for innovation and consistently compete to drive achievement motivation. Courage in taking risks is derived from managers who can make decisions and take responsibility for issues. Leadership qualities are generated from the manager's ability to take risks effectively when faced with problems, and the manager carefully considers decision-making. Self-confidence is produced through managers who are confident in their abilities and ready to face rejection from others. The findings of this study support the research by Fadhli et al. (2022), stating that green innovation influences entrepreneurial insight. The entrepreneurial orientation possessed by an entrepreneur will help them find ways to continue developing their business. The development of business will inevitably lead to the use of resources and business processes, subsequently bringing forth innovation as a force to compete (Manahera et al., 2018).

Influence of Market Orientation on Performance

Based on the results of hypothesis testing, it is evident that the regression coefficient value of the market orientation variable is positive and significant for the performance of SMEs in the Wood Furniture sector in Kapanewon Dlingo. This implies that a higher application of market orientation can enhance the performance of SMEs. The results indicate that SMEs that have implemented market orientation can improve their performance. The implementation of market orientation is reflected in the adoption of customer orientation, competitor orientation, and market information. Customer orientation is generated from SMEs that focus on customers and engage in communication with them. Competitor orientation is derived from SMEs that discuss competitor strategies and leverage opportunities to achieve a competitive advantage. Market information is obtained through market research in innovating and gathering information from customers to expand the market. Performance is reflected in profit growth, sales growth, market share growth, and return on assets (ROA). The findings of this study support the research by Dewi Anggraini (2022), which states that market orientation has a positive influence on performance. SMEs must continue to improve customer satisfaction to achieve their goals. Additionally, companies should monitor the level of commitment to serving customer needs and implement SME strategies consistently.

Influence of Market Orientation on Entrepreneurial Insight

Based on the results of hypothesis testing, it is evident that the regression coefficient value of the market orientation variable is positive and significant for entrepreneurial insight in SMEs in the Wood Furniture sector in Kapanewon Dlingo. This implies that a higher application of market orientation can enhance entrepreneurial insight in SMEs. The results indicate that SMEs that have implemented market orientation can improve their entrepreneurial insight. The implementation of market orientation is reflected in the adoption of customer orientation, competitor orientation, and market information. Customer orientation is generated from SMEs that focus on customers and engage in communication with them. Competitor orientation is derived from SMEs that discuss competitor strategies and leverage opportunities to achieve a competitive advantage. Market information is obtained through market research for innovation and gathering information from customers to expand the market.

Entrepreneurial insight is reflected in innovation, achievement motivation, risk-taking, leadership spirit, and self-confidence. Innovation is derived from the ability of

SMEs to innovate and constantly seek new ideas for innovation. Achievement motivation is generated from SMEs that consistently encourage motivation for innovation and compete to drive achievement motivation. Courage in taking risks is generated from managers who can make decisions and take responsibility for problems. Leadership spirit is derived from the manager's ability to take risks effectively when faced with challenges, and managers make calculated decisions. Self-confidence is generated through managers who are confident in their abilities and are ready for rejection from others. This research supports Dewi Anggraini (2022), stating that market orientation has a positive influence on entrepreneurial insight. This study is consistent with the research by Mardiyono (2015) that market orientation has a positive influence on entrepreneurial insight in the regression analysis conducted.

Influence of Entrepreneurial Insight on Performance

Based on the results of hypothesis testing, it is evident that the regression coefficient value of the entrepreneurial insight variable is positive and significant for performance in SMEs in the Wood Furniture sector in Kapanewon Dlingo. This implies that a higher application of entrepreneurial insight can enhance the performance of SMEs. The results indicate that SMEs that have implemented entrepreneurial insight can improve their performance. The implementation of entrepreneurial insight is reflected in the adoption of innovation, achievement motivation, risk-taking, leadership spirit, and self-confidence.

Innovation is derived from the ability of SMEs to innovate and constantly seek new ideas for innovation. Achievement motivation is generated from SMEs that consistently encourage motivation for innovation and compete to drive achievement motivation. Courage in taking risks is generated from managers who can make decisions and take responsibility for problems. Leadership spirit is derived from the manager's ability to take risks effectively when faced with challenges, and managers make calculated decisions. Self-confidence is generated through managers who are confident in their abilities and are ready for rejection from others.

Performance is reflected in profit growth, sales growth, market share growth, and return on assets (ROA). This research aligns with the studies by Hernández-Perlines et al. (2021), Kusa et al. (2021), Lantu et al. (2016) with the perspective that entrepreneurial insight has a positive and significant impact on business performance. Entrepreneurial insight is a resource that serves as a competitive advantage for SMEs. The current condition is full of uncertainty and brings significant risks for SMEs if they are hasty in decision-making. Therefore, the entrepreneurial characteristics of SME players are needed. SME entrepreneurs can take strategic steps by focusing on new business opportunities with high risks in the current situation and aggressively seeking potential opportunities in uncertain conditions, requiring courage to take risks to achieve business performance.

Influence of Green Innovation on Performance through Entrepreneurial Insight

Based on the results of hypothesis testing, as indicated by the t-statistics and p-values, it is stated that entrepreneurial insight does not mediate the influence of green innovation on performance. The lack of entrepreneurial insight in SME managers regarding innovation, achievement motivation, courage in taking risks, leadership spirit, and self-confidence leads to the conclusion that entrepreneurial insight does not play a mediating role in the influence of green innovation on

performance. This is because not all SMEs with good performance have a strong entrepreneurial insight. Managers of SMEs often focus solely on green innovation to achieve good performance, and entrepreneurial insight may develop over time, not necessarily requiring managers to learn entrepreneurial insight to create green innovation and good performance. This research supports the study by Dewi Anggraini (2022) stating that entrepreneurial insight does not mediate the influence of green innovation on performance. The results are also in line with the research by Haryanto et al. (2017), which indicates that entrepreneurial insight does not mediate the influence of innovation on business performance.

Influence of Market Orientation on Performance through Entrepreneurial Insight

Based on the results of hypothesis testing, as indicated by t-statistics and p-values, it is stated that entrepreneurial insight does not mediate the influence of market orientation on performance. The lack of entrepreneurial insight in SME managers regarding innovation, achievement motivation, courage in taking risks, leadership spirit, and self-confidence leads to the conclusion that entrepreneurial insight does not play a mediating role in the influence of market orientation on performance. This is because not all SMEs with good performance have a strong entrepreneurial insight. Managers of SMEs often focus solely on market orientation to achieve good performance, and entrepreneurial insight may develop over time, not necessarily requiring managers to learn entrepreneurial insight to create market orientation and good performance. This research supports the study by Dewi Anggraini (2022), stating that entrepreneurial insight does not mediate the influence of market orientation on performance. The results are also in line with the research by Haryono & Muliatie (2017), which indicates that entrepreneurial orientation does not mediate the influence of market orientation on business performance.

Conclusion

Based on the research findings and discussions, the following conclusions can be drawn: 1) Green innovation has a positive and significant effect on performance in SMEs in the Furniture sector in Kapanewon Dlingo. 2) Green innovation has a positive and significant effect on entrepreneurial insight in SMEs in the Furniture sector in Kapanewon Dlingo. 3) Market orientation has a positive and significant effect on performance in SMEs in the Furniture sector in Kapanewon Dlingo. 4) Market orientation has a positive and significant effect on entrepreneurial insight in SMEs in the Furniture sector in Kapanewon Dlingo. 5) Entrepreneurial insight has a positive and significant effect on performance in SMEs in the Furniture sector in Kapanewon Dlingo. 6) Entrepreneurial insight cannot mediate the influence of green innovation on performance in SMEs in the Furniture sector in Kapanewon Dlingo. 7) Entrepreneurial insight cannot mediate the influence of market orientation on performance in SMEs in the Furniture sector in Kapanewon Dlingo.

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