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The Influence of Ict Adoption, Entrepreneurial Orientation, and Government Support on the Financial Performance of Event-Based MSMEs in Surakarta City

Miranda Widiastuti [1*] Naili Amalia [2]
[1, 2] Universitas Slamet Riyadi, Indonesia
Email: mirandawd12@gmail.com[1] nailiamalia25@gmail.com[2]

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Corresponding Author:
Miranda Widiastuti, Universitas Slamet Riyadi, Indonesia

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Abstract

The financial performance of event-based MSMEs is important for sustaining business continuity amid increasingly dynamic event activities and changing market demands. However, MSMEs may face challenges in utilizing information and communication technology, developing entrepreneurial capabilities, and accessing adequate government support to improve their financial performance. Therefore, this study aims to analyze the significance of the effects of ICT adoption, entrepreneurial orientation, and government support on the financial performance of event-based MSMEs in Surakarta City. This study employed a quantitative approach using questionnaire data collected from 100 event-based MSME owners or operators selected through purposive sampling. Data were analyzed using descriptive analysis, research instrument testing, classical assumption tests, multiple linear regression analysis, t-test, F-test, and coefficient of determination (R^2). The results show that ICT adoption, entrepreneurial orientation, and government support each have a significant effect on the financial performance of event-based MSMEs, supporting the first, second, and third hypotheses, respectively. The F-test produced a significance value of 0.000, indicating that the regression model is appropriate for predicting financial performance. The coefficient of determination (R^2) of 0.393 indicates that the three independent variables jointly explain 39.3% of the variance in financial performance, while the remaining 60.7% is explained by other factors outside the model, including customer orientation, financial literacy, business networking, and product innovation.

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1. Introduction

Micro, small, and medium-sized enterprises (MSMEs) constitute a fundamental component of economic activity in developing economies, including Indonesia. Their importance extends beyond their contribution to aggregate output, as MSMEs also provide employment, generate household income, and sustain local economic circulation. The resilience of Indonesian MSMEs became particularly visible during the 1997 Asian financial crisis, when many large enterprises experienced severe disruption while smaller businesses continued to sustain economic activity (Husaini et al., 2023). This resilience, however, should not be interpreted as evidence that MSMEs are structurally immune to economic pressures. Resource constraints, limited managerial capabilities, technological barriers, and restricted access to markets and institutional resources continue to shape their ability to survive and improve performance.

Recent evidence indicates that digitalization, entrepreneurial capabilities, and institutional support can provide important resources for MSMEs, but their effects on business outcomes vary across firms and contexts (Trinugroho et al., 2022; Prasannath et al., 2024). Understanding the conditions under which these resources translate into superior financial outcomes is therefore particularly relevant for MSMEs operating in dynamic local economies.

The issue is especially pertinent in Surakarta, Central Java, where trade, tourism, cultural activities, and creative industries form an important part of the local economic ecosystem. Indonesia's economy grew by 5.04%

year on year in the third quarter of 2025, while Java contributed 56.68% of national GDP and recorded growth of 5.17% during the same period (BPS-Statistics Indonesia, 2025). Central Java recorded even higher year-on-year growth of 5.37% in the third quarter of 2025 (BPS-Statistics Central Java, 2025). Within this regional setting, Surakarta has experienced substantial growth in its MSME population, increasing from 13,203 units in 2023 to 15,485 units in 2024. MSMEs are distributed across the city's five districts, with Banjarsari accounting for 28.1%, Jebres 27.8%, Pasar Kliwon 22.7%, Laweyan 11.3%, and Serengan 10.1%. The expansion of the MSME population has coincided with the increasing availability of cultural, tourism, and creative-economy events that provide opportunities for local businesses to reach consumers. Regular activities such as *Solo Night Market*, *Solo Car Free Day*, *Mangkunegaran Night Market*, festivals, concerts, and tourism events create market spaces in which MSMEs can increase customer exposure and transaction opportunities (Isnataeni. 2023).

The emergence of event-driven economic activity creates a distinctive operating environment for MSMEs in Surakarta. Large-scale events can temporarily concentrate consumers, increase visitor traffic, and generate substantial spending within local business ecosystems. Evidence from the 2026 Mangkunegaran Run, for example, indicates an estimated economic impact of Rp40 billion on Surakarta, accompanied by a 103% increase in participating businesses' turnover and a 130% increase in visitor numbers (Katadata Insight Center, 2026).

Such evidence demonstrates the capacity of events to generate short-term market opportunities for local businesses. At the same time, event-based opportunities are inherently temporary and demand can fluctuate substantially across event and non-event periods. Higher sales during an event do not necessarily guarantee stronger financial performance if additional operating costs, inventory requirements, promotional expenditures, and resource commitments are not managed effectively. Event-based MSMEs therefore need to transform temporary market opportunities into financially sustainable business outcomes through effective resource utilization, entrepreneurial responses, technological capabilities, and access to institutional support.

In this regard, financial performance is one of the critical aspects that needs to be examined in Micro, Small, and Medium Enterprises (MSMEs), as it reflects the extent to which businesses are able to convert market opportunities into sustainable business results. For smaller firms, financial performance is commonly reflected in outcomes such as profitability, sales or turnover, and the adequacy of business capital. The importance of financial performance is further emphasized by the need for businesses to achieve optimal results by considering aspects of effectiveness, efficiency, and economy. This is particularly relevant for MSMEs, as limited financial resources can restrict their ability to invest in technology, develop products, respond to market opportunities, and withstand periods of weak demand. Therefore, strong financial performance is essential for MSMEs to transform temporary market opportunities into sustainable business outcomes and support long-term business growth.

Recent research demonstrates that financial performance is not determined by a single internal capability but can emerge from the interaction of technological resources, entrepreneurial capabilities, and external institutional conditions. Government support, for example, can provide financial and non-financial resources, whereas entrepreneurial orientation can influence how firms identify and exploit opportunities. Digital technologies can similarly expand market access and improve operational processes. The central empirical issue is therefore not simply whether these factors are beneficial in principle, but whether they produce measurable improvements in MSMEs' financial performance under specific market conditions.

ICT adoption represents one potentially important mechanism through which MSMEs can strengthen their financial performance. Digital technologies can facilitate online sales, digital payments, customer communication, marketing activities, procurement, and information exchange, thereby reducing geographical constraints and improving operational flexibility. Evidence from Thailand shows that the financial benefits of digital technology adoption depend on the depth and type of technology used: e-commerce, online purchasing, and online payments can provide meaningful benefits, whereas basic internet access alone may have limited effects on financial performance (Jongwanich &

Kohpaiboon, 2025).

Evidence from European SMEs similarly demonstrates that digitalization can significantly improve financial performance, particularly under conditions of economic disruption (Savvakis et al., 2024). Other studies indicate that ICT adoption can enhance SME performance through innovation and organizational mechanisms rather than through technology alone (León-Gómez et al., 2022). Digital diffusion has also been shown to stimulate innovation among SMEs, while dynamic capabilities and business networks can help firms overcome internal resource constraints associated with digital adoption (Hassan et al., 2023; Soluk et al., 2023). These findings suggest that ICT adoption can contribute to business performance, but its effectiveness may depend on the intensity of adoption, organizational readiness, and the ability of firms to integrate technology into business processes. The literature nevertheless indicates that the relationship between ICT adoption and performance is not uniformly positive.

Evidence from Indonesian micro and small businesses shows that adoption of digital technologies is associated with firm characteristics and income levels, suggesting that digital adoption itself may reflect pre-existing differences in business capacity rather than operate as an isolated determinant of performance (Trinugroho et al., 2022). Research on digital marketing adoption likewise indicates that market pressure and organizational readiness shape the evolution of firms' digital strategies, implying that technology adoption needs to be aligned with organizational capabilities and market conditions (Su et al., 2023).

The empirical literature therefore points toward a more conditional understanding of technology-performance relationships. For event-based MSMEs, this issue is particularly relevant because the value of ICT may depend on how effectively digital tools are used to attract consumers before an event, manage transactions during an event, and maintain customer relationships after the event has ended. The financial consequences of ICT adoption may consequently differ from those observed among conventional SMEs operating under more stable demand conditions.

Entrepreneurial orientation provides a second internal capability that may explain differences in MSME financial performance. Entrepreneurial orientation captures firms' propensity to innovate, act proactively, and assume risks when responding to market opportunities. Its relevance is particularly pronounced in dynamic environments in which entrepreneurs must continuously identify opportunities, adapt offerings, differentiate themselves from competitors, and make decisions under uncertainty. Empirical evidence generally supports a positive relationship between entrepreneurial orientation and SME performance, although the mechanisms through which this relationship operates are not uniform.

Entrepreneurial orientation has been shown to influence firm performance directly and indirectly through entrepreneurial competencies, with environmental dynamism shaping the strength of these relationships (Aftab et al., 2022a). Other evidence indicates that entrepreneurial orientation is associated with financial, social, and environmental performance through innovation and entrepreneurial competencies, while social ties can strengthen some of these relationships (Aftab et al., 2022). Configurational evidence further suggests that combinations of innovativeness, proactiveness, and risk-taking can produce different performance outcomes across micro, small, and medium-sized firms (Suder, 2022). Entrepreneurial orientation therefore appears to be an important strategic resource, but its performance implications may depend on how entrepreneurial behaviors interact with organizational and environmental conditions.

Evidence from emerging economies reinforces this contextual interpretation. Research in the United Arab Emirates indicates that the entrepreneurial orientation-performance relationship can be shaped by constructive politics and market turbulence, demonstrating that entrepreneurial behavior does not operate independently of the external environment (European Management Journal study, 2023). Evidence from Indonesian MSMEs similarly shows that innovativeness and risk-taking can positively influence business performance, whereas proactiveness may produce a different outcome, highlighting the possibility that individual dimensions of entrepreneurial orientation do not necessarily generate identical performance effects (Adam et al., 2024).

Indonesian evidence also indicates that entrepreneurial orientation can contribute to

MSME performance alongside social media and e-commerce adoption, suggesting that entrepreneurial behavior and technological resources can be complementary rather than independent sources of performance (Yacob et al., 2023). These findings challenge a simple assumption that greater entrepreneurial orientation automatically produces superior financial performance. For event-based MSMEs, entrepreneurial orientation may be particularly consequential because event participation requires entrepreneurs to recognize temporary opportunities, introduce differentiated offerings, respond quickly to changes in customer demand, and accept calculated risks associated with short-term market opportunities.

Government support represents a third factor that may influence MSME financial performance by providing external resources that individual firms may be unable to obtain independently. Government support can take the form of financial assistance, training, advisory services, market facilitation, infrastructure, information, and other institutional interventions. Its importance is particularly relevant for resource-constrained MSMEs, for which access to finance, technology, knowledge, and markets may restrict the ability to exploit business opportunities.

Research on government support programs demonstrates that financial and non-financial interventions can strengthen the relationship between entrepreneurial orientation and SME performance, indicating that institutional support may operate not only as a direct resource but also as an enabling condition for entrepreneurial behavior (Nakku et al., 2020). A more recent systematic review similarly identifies several pathways through which government support can influence SME performance, including direct effects and indirect effects through entrepreneurial orientation, while emphasizing that the effectiveness of support varies according to sector, firm characteristics, and the type of intervention provided (Prasannath et al., 2024).

The empirical evidence on the direct financial consequences of government support, however, remains inconclusive. Government financial and non-financial incentives have been found to improve SME financial performance and competitiveness, partly through differentiation and cost-leadership strategies (Anwar & Li, 2021). Government financial support has also been linked to technological progress and changes in firm scale, although evidence from Vietnam found no direct relationship between government financial support and aggregate firm productivity, suggesting that the effects of support may depend on how the resources are converted into productive capabilities (Vu & Tran, 2021).

Research on Malaysian SMEs found that government financial support was not directly associated with financial performance but operated through cloud ERP implementation and competitive advantage, providing evidence that institutional support may require intermediate organizational mechanisms before generating financial outcomes (Jayeola et al., 2022). Government interventions have nevertheless demonstrated measurable benefits during severe economic disruption: evidence from more than 42,000 UK SMEs showed that government support reduced negative earnings and extended the expected survival period of vulnerable firms during the COVID-19 crisis (Belghitar et al., 2022). These findings indicate that government support can matter substantially, but its effects are neither automatic nor necessarily direct.

The combined literature therefore reveals an unresolved empirical issue. ICT adoption, entrepreneurial orientation, and government support have each been associated with SME performance, yet the magnitude, direction, and mechanisms of their effects vary across technological, organizational, institutional, and environmental contexts.

The digitalization literature suggests that technology benefits depend on adoption depth, organizational readiness, and complementary capabilities; the entrepreneurial orientation literature shows that entrepreneurial behavior can produce heterogeneous outcomes depending on environmental conditions and specific EO dimensions; and the government-support literature indicates that institutional interventions may operate directly or through intermediate capabilities rather than automatically improving financial performance. These inconsistencies suggest that examining the three factors independently may provide an incomplete explanation of financial performance, particularly for MSMEs operating in temporary and highly dynamic markets.

A further unresolved issue concerns the context in which these relationships are examined. Existing studies have predominantly focused on conventional SMEs across manufacturing, services, food and beverage, or

broad regional populations. Much less attention has been devoted to MSMEs whose business opportunities are strongly connected to recurring cultural, tourism, creative-economy, and commercial events. This context is theoretically relevant because event-based MSMEs face a distinctive combination of temporary demand concentration, fluctuating customer traffic, competitive vendor environments, and the need to respond rapidly to changing market opportunities.

The same ICT capability, entrepreneurial behavior, or government support that produces a particular outcome in conventional SMEs may therefore generate a different financial effect when business performance depends partly on the ability to exploit short-lived event opportunities. The research gap consequently lies not merely in the geographical setting of Surakarta, but in the insufficient integration of technological, entrepreneurial, and institutional explanations of financial performance within an event-based MSME context.

Against this background, the present study asks: To what extent do ICT adoption, entrepreneurial orientation, and government support influence the financial performance of event-based MSMEs in Surakarta, Indonesia? The study aims to empirically examine the individual effects of ICT adoption, entrepreneurial orientation, and government support on the financial performance of event-based MSMEs. Its contribution is twofold. First, it extends the MSME performance literature by examining technological, entrepreneurial, and institutional determinants within a single analytical framework rather than treating them as isolated explanations. Second, it extends the contextual understanding of MSME performance by focusing on event-based businesses operating within Surakarta's cultural, tourism, and creative-economy ecosystem.

The novelty of the study therefore lies in connecting these three explanatory dimensions to financial performance within a business context characterized by event-driven market opportunities and demand fluctuations. This approach is expected to provide a more context-sensitive explanation of how MSMEs can transform temporary market opportunities into sustainable financial outcomes and to generate evidence relevant to both MSME owners and policymakers designing support mechanisms for local event-based enterprises.

2. Literature Review

2.1 Resource-Based View as the Theoretical Foundation

The Resource-Based View (RBV) provides the principal theoretical foundation for explaining how internal resources and organizational capabilities contribute to firm performance. The theory argues that firms differ in the resources they control and that resources capable of generating sustained competitive advantage possess characteristics such as value, rarity, imperfect imitability, and limited substitutability. Competitive advantage therefore depends not merely on possessing resources but also on the ability to organize and deploy them effectively within the firm's strategic activities (Barney, 1991).

For MSMEs, this perspective is particularly relevant because their performance is strongly influenced by how effectively limited resources are mobilized and combined (Salsabella et al., 2026). ICT adoption can be viewed as a technological resource and organizational capability that enables firms to improve information processing, communication, operational coordination, and market access. Entrepreneurial orientation represents a strategic capability through which business owners recognize opportunities, undertake calculated risks, and implement innovative responses. Government support, although originating outside the firm, can provide complementary financial and nonfinancial resources that strengthen the firm's ability to mobilize its internal resources. The RBV therefore provides an integrated explanation for why differences in technological capability, entrepreneurial capability, and access to external institutional resources may lead to differences in MSME financial performance.

2.2 Financial Performance of MSMEs

Financial performance represents the extent to which an enterprise achieves economically meaningful outcomes from its business activities. For MSMEs, financial performance is particularly important because limited financial resources make the ability to generate sales, profits, returns, and sustainable cash flows central to business continuity and growth. Financial performance should therefore be understood not merely as an accounting outcome but as an indication of whether resources and capabilities have been converted into economically valuable business results.

The RBV perspective suggests that financial performance reflects the effectiveness with which organizational resources and capabilities are deployed. Resources that remain unused or are poorly coordinated do not automatically create superior performance. Conversely, resources that improve operational efficiency, facilitate innovation, strengthen market responsiveness, or expand revenue opportunities can contribute to better financial outcomes. This perspective provides the basis for examining ICT adoption, entrepreneurial orientation, and government support as potential determinants of the financial performance of event-based MSMEs.

2.3 ICT Adoption

ICT adoption refers to the extent to which enterprises employ information and communication technologies in business activities and integrate them into organizational processes. ICT adoption among SMEs is multidimensional rather than simply representing whether a firm possesses a computer or has access to the Internet. A validated SME-oriented ICT adoption scale identifies communication, internal integration, integration with customers, interorganizational integration, and strategic integration as important dimensions of ICT adoption (Özşahin et al., 2022).

The multidimensional character of ICT adoption is important because the economic value of technology depends on how deeply it is incorporated into business processes. Basic communication technologies can facilitate information exchange, whereas internal integration can improve information flows and operational coordination. Customer integration can strengthen interactions with buyers, while interorganizational integration facilitates information exchange with suppliers and business partners. Strategic integration extends ICT use toward data-supported managerial decision making (Özşahin et al., 2022). These capabilities can reduce transaction and coordination costs, improve responsiveness, expand market access, and support more efficient allocation of business resources.

Empirical evidence generally indicates that ICT adoption can contribute to SME performance, although its effects may depend on the sophistication and form of adoption. ICT adoption has been found to positively affect SME performance, with innovation and corporate social responsibility also serving as mechanisms through which technological adoption generates performance benefits (León-Gómez et al., 2022). Evidence from Sri Lankan SMEs similarly indicates that ICT usage across infrastructure, applications, policy, human resources, and mobile technology dimensions is positively associated with business performance (Ranatunga et al., 2021). These findings are consistent with the RBV because ICT becomes economically valuable when technological resources are transformed into organizational capabilities that improve the firm's efficiency and market responsiveness.

The relationship is nevertheless not necessarily uniform across all dimensions of ICT adoption. Evidence from Turkish SMEs indicates that internal and strategic integration can contribute positively to firm performance, whereas other ICT dimensions do not always demonstrate significant effects, suggesting that the sophistication and manner of technological integration matter (Alma Çallı et al., 2024). Such evidence indicates that ICT adoption should not be treated as an automatic source of financial improvement; rather, its contribution depends on whether technological resources are effectively embedded in organizational activities.

2.4 Entrepreneurial Orientation

Entrepreneurial orientation (EO) represents a strategic posture through which firms respond to opportunities and competitive challenges. Contemporary EO research commonly emphasizes dimensions such as innovativeness, risk-taking, and proactiveness, while broader conceptualizations may also incorporate competitive aggressiveness and autonomy. These dimensions capture a firm's willingness to experiment with new ideas, commit resources under uncertainty, and act ahead of competitors.

From an RBV perspective, EO can be regarded as an organizational capability because it determines how firms identify, combine, and exploit resources in changing market environments. Technological and financial resources do not automatically generate superior performance if managers lack the willingness or capability to exploit emerging opportunities. An entrepreneurial posture can facilitate experimentation, encourage opportunity recognition, and support the reconfiguration of available resources toward activities with greater commercial potential.

Empirical evidence supports the relevance of EO to SME performance. Research involving Indonesian MSMEs found that

innovativeness, risk-taking, and strategic networking positively affected business performance, although proactiveness showed a negative relationship, demonstrating that the contribution of individual EO dimensions may vary across contexts (Adam et al., 2024). Evidence from Pakistani SMEs similarly indicates that EO is positively associated with financial, social, and environmental performance, with entrepreneurial competencies and innovation helping explain the relationship (Aftab et al., 2022). Configurational evidence from European SMEs further indicates that combinations of EO dimensions can be associated with high organizational performance rather than each dimension necessarily operating in isolation (Suder, 2022).

The mixed evidence is theoretically important. EO does not necessarily produce superior performance simply because a firm is innovative, proactive, or willing to take risks. The effectiveness of these orientations depends on how entrepreneurial behavior is translated into resource deployment and market action. This consideration is particularly relevant to event-based MSMEs, where business opportunities may be temporary, demand may fluctuate substantially around events, and entrepreneurial responses must be aligned with rapidly changing market conditions.

2.5 Government Support

Government support refers to financial and nonfinancial interventions through which public institutions provide resources, incentives, capabilities, information, training, market access, or a more supportive institutional environment for SMEs. Government support can therefore complement resources that are otherwise difficult for small enterprises to obtain independently. Financial support may include grants, subsidies, credit facilities, or other forms of financial assistance, whereas nonfinancial support may involve training, technical assistance, business development services, networking opportunities, and regulatory facilitation.

Within an RBV framework, government support can be understood as an external resource that enhances the firm's capacity to acquire, develop, and deploy internal resources. This interpretation does not imply that government support automatically improves financial performance. Its contribution depends on whether the support is effectively converted into productive capabilities, technological adoption, innovation, market access, or other activities that generate economic value.

Empirical findings provide evidence for both direct and indirect effects. Government financial and nonfinancial support has been found to positively influence financial performance among SMEs, partly through strategies such as differentiation and cost leadership (Anwar & Li, 2021). Government intervention has also been shown to reduce negative earnings and improve the survival prospects of SMEs during periods of severe economic disruption (Belghitar et al., 2022). A systematic review of 65 studies further identifies several pathways through which government support policies can influence SME performance, including direct effects, effects on entrepreneurial orientation, and indirect effects through the interaction between government support and entrepreneurial orientation (Prasannath et al., 2024).

Evidence is not uniformly supportive of a direct government-support effect. Government financial support, for example, has been found to have no direct association with SME financial performance in one study, while its effects emerged through cloud ERP implementation and competitive advantage (Jayeola et al., 2022). This finding suggests that government support may function as an enabling resource rather than as an automatic determinant of financial outcomes. The effectiveness of support may consequently depend on the ability of SMEs to transform external assistance into productive organizational capabilities.

2.6 ICT Adoption and Financial Performance

The relationship between ICT adoption and financial performance can be explained through the conversion of technological resources into operational and market capabilities. ICT can improve the speed and accuracy of information processing, facilitate coordination, reduce transaction and communication costs, strengthen customer interaction, and support market expansion. When these capabilities improve the efficiency of business activities or create additional revenue opportunities, financial performance can increase. This mechanism is consistent with RBV because the competitive value of technology emerges from its effective integration into organizational processes rather than from technology ownership alone (Barney, 1991).

Empirical research provides substantial support for this relationship. ICT adoption has

been found to positively affect SME performance, partly through innovation-related mechanisms (León-Gómez et al., 2022). ICT usage has also demonstrated a positive relationship with business performance among SMEs in Sri Lanka (Ranatunga et al., 2021). At the same time, evidence that only some dimensions of ICT integration significantly affect firm performance indicates that the quality and depth of adoption matter (Alma Çallı et al., 2024). For event-based MSMEs, effective ICT adoption can reasonably be expected to support operational coordination, customer communication, digital transactions, and market responsiveness, thereby creating conditions for improved financial outcomes.
H1: ICT Adoption has a positive and significant effect on the financial performance of event-based MSMEs in Surakarta.

2.7 Entrepreneurial Orientation and Financial Performance

EO can enhance financial performance because entrepreneurial behavior determines how firms identify and exploit opportunities, respond to competitive pressures, and reconfigure resources under uncertainty. Innovativeness can generate differentiated offerings and new business approaches, proactiveness can facilitate earlier responses to emerging opportunities, and risk-taking can enable firms to pursue opportunities that require commitment under uncertainty. These behaviors can improve financial outcomes when they are appropriately aligned with market conditions and organizational resources.

The empirical literature generally supports a positive EO–performance relationship, although the strength and direction of individual EO dimensions are not uniform. EO has been positively associated with financial performance among Pakistani SMEs, with entrepreneurial competencies and innovation helping explain the relationship (Aftab et al., 2022). Research on Indonesian MSMEs likewise demonstrates positive effects of innovativeness and risk-taking on performance, while proactiveness produced a negative effect, highlighting the contextual nature of entrepreneurial behavior (Adam et al., 2024). Configurational research also indicates that particular combinations of EO dimensions can produce high SME performance (Suder, 2022). These findings suggest that entrepreneurial orientation can constitute a valuable organizational capability, particularly when entrepreneurial behavior is effectively translated into market opportunities and resource utilization.

For event-based MSMEs, this relationship is potentially important because participation in events may require rapid opportunity recognition, adaptation of offerings, willingness to experiment, and timely responses to temporary market opportunities. A stronger entrepreneurial orientation may therefore enable these enterprises to convert event-related opportunities into improved sales and other financial outcomes. H2: Entrepreneurial Orientation has a positive and significant effect on the financial performance of event-based MSMEs in Surakarta.

2.8 Government Support and Financial Performance

Government support can influence financial performance by alleviating resource constraints that frequently affect SMEs. Financial assistance can increase access to working capital and investment resources, while nonfinancial assistance can improve managerial capabilities, technological knowledge, market access, and business networks. When these forms of support increase the firm's capacity to operate efficiently and exploit market opportunities, financial performance may improve.

Empirical evidence provides support for this expectation. Financial and nonfinancial government support has been shown to positively influence SME financial performance (Anwar & Li, 2021), while government intervention during a major economic disruption reduced the proportion of SMEs experiencing negative earnings and improved their expected survival period (Belghitar et al., 2022). Broader evidence also indicates that government support policies can affect SME performance directly as well as indirectly through entrepreneurial orientation and other organizational mechanisms (Prasannath et al., 2024).

At the same time, the direct effect of government support remains empirically contingent. Government financial support did not directly improve financial performance in a study of Malaysian manufacturing SMEs; instead, its benefits emerged through cloud ERP implementation and competitive advantage (Jayeola et al., 2022). This inconsistency suggests that the effectiveness of government support depends partly on the firm's ability to convert external assistance into productive

capabilities. Examining the relationship in event-based MSMEs is therefore relevant because the usefulness of financial, training, networking, and other government assistance may depend on the specific operational demands and temporary market opportunities associated with event-based business activities.

H3: Government Support has a positive and significant effect on the financial performance of event-based MSMEs in Surakarta.

3. Method

3.1 Research Design

This study employed a quantitative survey design to examine the effects of ICT adoption, entrepreneurial orientation, and government support on the financial performance of event-based MSMEs in Surakarta City. Primary quantitative data were collected from MSME owners or operators using a structured questionnaire. The research model consisted of three independent variables ICT adoption (X1), entrepreneurial orientation (X2), and government support (X3) and one dependent variable, namely financial performance (Y). Multiple linear regression was subsequently used to examine the individual and simultaneous effects of the three predictors on financial performance.

3.2 Research Setting and Data Source

The study was conducted among event-based MSMEs operating in Surakarta City. The target population comprised MSMEs actively involved in event-related business activities, including participation in concerts, festivals, and routine tourism-related events held in the city. The population size could not be determined precisely because the number of MSMEs participating in such activities was not available. The study used primary data collected directly from respondents through a structured questionnaire. The questionnaire captured respondents' perceptions of ICT adoption, entrepreneurial orientation, government support, and financial performance.

3.3 Population, Sample, and Sampling Technique

Because the population size was unknown, the required sample size was determined using the Cochran formula with a 95% confidence level, a 10% sampling error, and an assumed population proportion of 0.50 ($p = 0.50$; $q = 0.50$). The resulting minimum sample size was 96.04 respondents and was rounded up to 100 respondents. Accordingly, the final sample consisted of 100 event-based MSMEs in Surakarta City.

Respondents were selected using purposive sampling based on predetermined eligibility criteria. The criteria were: (1) the MSME was actively involved in event-related activities in Surakarta City; (2) the business had operated for at least one year; and (3) the MSME had utilized ICT in conducting its business activities. These criteria were applied to ensure that respondents had relevant experience with the constructs examined in the study.

3.4 Research Instrument and Measurement

Data were collected using a structured questionnaire developed from indicators adopted from previous studies. The questionnaire comprised measures of financial performance, ICT adoption, entrepreneurial orientation, and government support.

Financial performance was measured using five indicators adopted from Masud et al. (2025): profitability, market share, sales, return on investment (ROI), and market opportunity. ICT adoption was measured using seven indicators based on the previous studied : basic communication, basic ICT use, strategic use, internal integration, advanced information technologies, external integration, and interaction from outside (Özşahin et al., 2022). Entrepreneurial orientation was measured using three dimensions based on the previous studied, namely risk-taking, innovativeness, and proactiveness (Kusa et al., 2024). Government support was measured using two dimensions based on the previous studied: non-financial support and financial support (Saputra et al., 2024).

The questionnaire consisted of 30 items distributed across the four constructs. Financial performance was measured using five items; ICT adoption using seven items; entrepreneurial orientation using 12 items, with four items for each dimension; and government support using six items, with three items for each dimension.

All constructs were measured using a five-point Likert scale ranging from 1 to 5. A score of 1 represented "strongly disagree," 2 represented "disagree," 3 represented "neutral," 4 represented "agree," and 5 represented "strongly agree."

3.5 Instrument Validity and Reliability

Before hypothesis testing, the questionnaire was evaluated for validity and

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reliability. Item validity was assessed using Pearson product-moment correlation through SPSS. An item was considered valid when its significance value was below 0.05.

Internal consistency reliability was assessed using Cronbach's alpha. A construct was considered reliable when its Cronbach's alpha value was at least 0.60. These procedures were applied to ensure that the questionnaire items adequately measured the constructs included in the research model.

3.6 Classical Assumption and Regression Diagnostics

Prior to estimating the multiple linear regression model, diagnostic tests were conducted to assess the suitability of the regression model. Normality was examined using the Kolmogorov–Smirnov test, with a significance value of at least 0.05 indicating no evidence of a violation of the normality assumption.

Multicollinearity was assessed using tolerance and variance inflation factor (VIF) values. Tolerance values greater than 0.10 and VIF values below 10 were used as criteria indicating the absence of problematic multicollinearity. Autocorrelation was examined using the Run Test, as specified in the research procedure. A significance value of at least 0.05 was interpreted as indicating no evidence of a non-random residual pattern, whereas a value below 0.05 indicated a potential residual dependence problem.

Heteroscedasticity was assessed using Spearman's rho correlation between the independent variables and the absolute residuals. A significance value of at least 0.05 indicated no evidence of heteroscedasticity.

3.7 Data Analysis and Hypothesis Testing

Descriptive statistics were used to summarize the characteristics of the respondents and the distribution of responses for the study variables. Respondent characteristics included type of business, gender, age, and educational attainment, as collected through the questionnaire. Descriptive results were summarized using frequency distributions and mean values.

Multiple linear regression was employed to examine the effects of ICT adoption, entrepreneurial orientation, and government support on financial performance. The regression model was specified as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

where Y represents financial performance, α is the regression constant, X_1 represents ICT adoption, X_2 represents entrepreneurial orientation, X_3 represents government support, β_1–β_3 represent the regression coefficients of the respective independent variables, and ε represents the error term.

Partial effects of the independent variables were evaluated using t-tests at a 5% significance level. A p-value below 0.05 was considered evidence of a statistically significant partial effect, whereas a p-value of 0.05 or higher indicated that the partial effect was not statistically significant.

The overall significance of the regression model was assessed using the F-test at the 5% significance level. The null hypothesis specified that $\beta_1 = \beta_2 = \beta_3 = 0$, while the alternative hypothesis specified that at least one regression coefficient differed from zero. A p-value below 0.05 indicated that the predictors were jointly statistically significant in explaining variation in financial performance.

The coefficient of determination was assessed using the adjusted R^2 value to determine the proportion of variance in financial performance explained by ICT adoption, entrepreneurial orientation, and government support within the regression model. Statistical analyses were conducted using SPSS.

4. Results and Discussion

4.1 Respondent Characteristics

The study involved 100 respondents who met the predetermined criteria for event-based MSMEs in Surakarta. As presented in Table 1, culinary businesses constituted the largest proportion of the sample (73.0%), followed by handicrafts (16.0%), fashion (5.0%), souvenirs (3.0%), and creative services (3.0%). Female respondents accounted for 78.0% of the sample, while male respondents accounted for 22.0%. In terms of age, respondents aged 27–36 years represented the largest group (48.0%), followed by those over 36 years (29.0%) and those aged 17–26 years (23.0%). Regarding educational attainment, most respondents had completed senior high school (74.0%), while 23.0% had completed D3/S1/S2/S3 education.

Table 1. Respondent Characteristics

Characteristic	Category	Frequency	Percentage (%)
Business type	Culinary	73	73.0
	Fashion	5	5.0
	Souvenir	3	3.0
	Creative	3	3.0

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	services		
	Handicrafts	16	16.0
Total		100	100.0
Gender	Male	22	22.0
	Female	78	78.0
Total		100	100.0
Age	17–26 years	23	23.0
	27–36 years	48	48.0
	>36 years	29	29.0
Total		100	100.0
Education	Elementary school	1	1.0
	Junior high school	2	2.0
	Senior high school	74	74.0
	D3/S1/S2/S3	23	23.0
Total		100	100.0

The respondent profile indicates that the sample was dominated by culinary MSMEs and respondents within the productive working-age group. This profile provides the empirical context for interpreting the relationships between ICT Adoption, Entrepreneurial Orientation, Government Support, and Financial Performance.

4.2 Descriptive Statistics

Table 2 presents the descriptive statistics of the four study variables. ICT Adoption obtained an overall mean of 3.97, categorized as good. Entrepreneurial Orientation recorded the highest overall mean at 4.35 and was categorized as very good. Government Support obtained a mean of 3.39, categorized as adequate, whereas Financial Performance obtained a mean of 4.02, categorized as good.

Table 2. Descriptive Statistics of Study Variables

Variable	Highest Mean	Indicator	Lowest Mean	Indicator	Overall Mean	Category
ICT Adoption	4.46	Security features for financial accounts and transaction data	2.83	Digital reporting data for decision-making	3.97	Good
Entrepreneurial Orientation	4.73	Following relevant business trends	3.34	Willingness to take high risks for greater profits	4.35	Very good
Government Support	4.05	Accessible business licensing services	2.58	Government-provided capital incentives	3.39	Adequate
Financial Performance	4.50	Increasing market share through more customers	3.50	Increasing sales over time	4.02	Good

The descriptive findings reveal differences in the strength of the measured variables. ICT Adoption was relatively strong in the use of security features, whereas digital reporting for business decision-making received the lowest score. Entrepreneurial Orientation demonstrated the strongest overall descriptive performance, particularly in following relevant business trends. Government Support recorded the lowest overall mean among the independent variables, with capital incentives receiving the lowest individual score. Financial Performance was generally good, with increasing market share receiving the highest score and increasing sales over time receiving the lowest score.

4.3 Measurement and Regression Diagnostic Results

The validity assessment confirmed that all 30 questionnaire items met the validity criterion. All ICT Adoption items obtained $p < .001$. For Entrepreneurial Orientation, items X2.1–X2.8 and X2.10–X2.12 obtained $p < .001$, whereas X2.9 obtained $p = .003$. All Government Support and Financial Performance items obtained $p < .001$. The reliability assessment also demonstrated acceptable internal consistency, with Cronbach's alpha values of .812 for ICT Adoption, .752 for Entrepreneurial Orientation, .672 for Government Support, and .724 for Financial Performance.

Table 3. Validity and Reliability Results

Variable	Number of Items	Validity Result	Cronbach's Alpha	Reliability
ICT Adoption	7	All items $p < .001$	.812	Reliable
Entrepreneurial Orientation	12	X2.1–X2.8, X2.10–X2.12: $p < .001$; X2.9: $p = .003$	.752	Reliable
Government Support	6	All items $p < .001$	.672	Reliable
Financial Performance	5	All items $p < .001$	.724	Reliable

The regression diagnostic tests indicated that the data met the requirements for multiple linear regression analysis. The Kolmogorov–Smirnov test produced a statistic of .077 with $p = .146$, indicating no statistically significant deviation from normality. The tolerance values ranged from .586 to .765, while VIF values ranged from 1.308 to 1.707, indicating no problematic multicollinearity. The Runs Test

yielded $Z = -1.407$ and $p = .159$, indicating no statistically significant evidence of a non-random residual pattern. The Spearman's rho test produced p-values of .856 for ICT Adoption, .764 for Entrepreneurial Orientation, and .058 for Government Support, indicating no statistically significant evidence of heteroscedasticity.

Table 4. Regression Diagnostic Tests

Test	Indicator	Result	Interpretation
Normality	Kolmogorov –Smirnov	.077; p = .146	Normal residual distribution
Multicollinearity	ICT Adoption	Tolerance = .616; VIF = 1.623	No multicollinearity
	Entrepreneurial Orientation	Tolerance = .586; VIF = 1.707	No multicollinearity
	Government Support	Tolerance = .765; VIF = 1.308	No multicollinearity
Residual randomness	Runs Test	Z = −1.407; p = .159	No significant non-random pattern
Heteroscedasticity	ICT Adoption	p = .856	No evidence of heteroscedasticity
	Entrepreneurial Orientation	p = .764	No evidence of heteroscedasticity
	Government Support	p = .058	No evidence of heteroscedasticity

4.4 Effect of ICT Adoption on Financial Performance

The multiple regression analysis showed that ICT Adoption had a positive and statistically significant effect on Financial Performance ($B = .118$, $SE = .057$, $\beta = .205$, $t = 2.060$, $p = .042$). Therefore, H1 was supported. The positive coefficient indicates that higher ICT Adoption was associated with higher Financial Performance among event-based MSMEs in Surakarta.

Table 5. Multiple Linear Regression Results

Predictor	B	SE	β	t	p
Constant	.644	2.758	—	.234	.816
ICT Adoption	.118	.057	.205	2.060	.042
Entrepreneurial Orientation	.243	.068	.368	3.594	.001
Government Support	.169	.075	.203	2.271	.025

The positive relationship between ICT Adoption and Financial Performance indicates that digital technology constitutes a relevant organizational resource for event-based MSMEs. The descriptive findings show that respondents reported relatively strong use of security features, internet access, mobile devices, and social media. However, the comparatively low score for digital reporting indicates that the use of ICT for data-driven business decision-making remains less developed than other forms of digital utilization.

The finding is strongly supported by empirical evidence from MSMEs in the Soloraya region. A study involving 137 SMEs found that digital transformation had a positive effect on financial performance, providing particularly relevant evidence because the research was conducted within the same broader regional context as the present study (Kusumastuti & Aligarh, 2024).

The result is also consistent with evidence from Indonesian women MSMEs showing that technology readiness is related to entrepreneurial financial performance, demonstrating the importance of technological capability in supporting financial outcomes (Kadiyono & Sulistiobudi, 2024).

Recent evidence from Indonesian MSMEs further indicates that accounting technology utilization has a significant direct effect on MSME financial performance, reinforcing the importance of digital technologies that support business information and financial management (Rakkang & Achsanuddin, 2025).

These findings strengthen the argument that ICT Adoption can contribute to financial performance by improving access to information, transaction efficiency, customer interaction, and business decision-making. From a resource-based perspective, ICT can function as a strategic organizational resource when MSMEs possess the capability to integrate digital technologies into their business activities. The present finding suggests that the contribution of ICT to financial performance extends beyond basic technology access and depends on how effectively digital tools are incorporated into operational and managerial processes.

4.5 Effect of Entrepreneurial Orientation on Financial Performance

Entrepreneurial Orientation had a positive and statistically significant effect on Financial Performance ($B = .243$, $SE = .068$, $\beta = .368$, $t = 3.594$, $p = .001$). H2 was therefore supported. Entrepreneurial Orientation also had the largest standardized coefficient among the three predictors ($\beta = .368$), indicating the strongest relative association with Financial

Performance in the estimated model.

The descriptive findings support this result. Entrepreneurial Orientation recorded an overall mean of 4.35, categorized as very good. The highest score was associated with following relevant business trends (4.73), while high scores were also recorded for seeking opportunities and understanding customer needs, trying new things to identify opportunities, and conducting business innovatively. These findings indicate that the sampled MSMEs generally demonstrated strong entrepreneurial characteristics.

The finding is consistent with empirical evidence from 1,161 MSMEs across West Java, Central Java, East Java, and South Sulawesi. The study found that innovativeness and risk-taking positively affected MSME business performance, demonstrating that core entrepreneurial orientation dimensions can contribute to improved organizational outcomes in the Indonesian MSME context (Adam et al., 2024).

The positive relationship is further supported by research on Indonesian MSMEs examining entrepreneurial orientation and financial performance, which found that entrepreneurial orientation had a significant direct effect on MSME financial performance (Rakkang & Achsanuddin, 2025).

Evidence from women MSMEs in Indonesia also incorporates entrepreneurial orientation into a model of entrepreneurial financial performance, reinforcing the relevance of entrepreneurial capabilities in explaining financial outcomes among Indonesian MSME actors (Kadiyono & Sulistiobudi, 2024).

The consistency of these findings indicates that entrepreneurial capability is particularly important for MSMEs operating in dynamic markets. Event-based businesses face changing consumer preferences, temporary market opportunities, and competitive pressures. Under such conditions, the ability to identify opportunities, develop innovative approaches, and respond proactively can contribute to improved financial outcomes.

From a resource-based perspective, Entrepreneurial Orientation can be viewed as an organizational capability that enables MSMEs to identify, develop, and exploit business opportunities. In event-based businesses, this capability is particularly relevant because financial outcomes may depend on the ability to transform temporary market opportunities associated with events into productive commercial activities.

4.6 Effect of Government Support on Financial Performance

Government Support had a positive and statistically significant effect on Financial Performance (B = .169, SE = .075, β = .203, t = 2.271, p = .025). Accordingly, H3 was supported. The positive coefficient indicates that greater Government Support was associated with better Financial Performance among the sampled event-based MSMEs.

The descriptive results indicate that Government Support was the weakest-performing independent variable, with an overall mean of 3.39. Business licensing services received the highest score (4.05), whereas government-provided capital incentives obtained the lowest score (2.58). Low-interest loan programs also received a relatively modest score (2.94). This pattern indicates that respondents perceived administrative support more positively than financial support mechanisms. Despite its moderate descriptive assessment, Government Support remained statistically significant in explaining Financial Performance. Government interventions can provide MSMEs with access to financial facilities, training, institutional assistance, and other resources that may be difficult for small businesses to obtain independently.

The finding is supported by recent evidence from Central Java. A study involving 220 MSMEs found that government support significantly affected financial performance, both directly and through a broader mechanism involving digital financial adoption and financial inclusion (Sholihah et al., 2025).

More recent evidence from retail MSMEs in Padang also found that government support had a positive and significant effect on financial performance. The study reported that government support contributed directly to financial performance, while digital payment adoption did not significantly mediate the relationship between government support and financial performance, suggesting that the effect of government support may operate substantially through a direct pathway (Hidayati et al., 2026).

The present finding should nevertheless be interpreted in light of mixed empirical evidence. Research involving SMEs in the Soloraya region found that government support did not significantly affect financial performance, although it positively affected

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sustainability. This difference may reflect variations in business characteristics, forms of government assistance, measurement approaches, and the specific mechanisms through which support reaches MSMEs (Kusumastuti & Aligarh, 2024).

The contrasting findings are important because they indicate that the effect of Government Support may be context-dependent rather than universally uniform. In the present study, the significant positive coefficient suggests that government assistance was sufficiently relevant to the financial performance of event-based MSMEs in Surakarta. However, the relatively low descriptive score for capital incentives indicates that access to financial support remains an area requiring improvement.

From a resource-based perspective, Government Support can facilitate access to external resources that complement the internal capabilities of MSMEs. The significant positive finding therefore indicates that government intervention remains relevant to the financial performance of event-based MSMEs, particularly when available support can be converted into productive business resources.

4.7 Overall Model and Hypothesis Testing

The estimated regression equation was:

$$Y = 0.644 + 0.118X_1 + 0.243X_2 + 0.169X_3$$

The overall regression model was statistically significant, $F(3, 96) = 22.383$, $p < .001$. The model produced an R^2 of .412 and an adjusted R^2 of .393. Thus, ICT Adoption, Entrepreneurial Orientation, and Government Support jointly explained 39.3% of the variance in Financial Performance after adjustment, while the remaining 60.7% was attributable to factors outside the estimated model.

Table 6. Model Summary and Overall Significance

Statistic	Value
R	.642
R^2	.412
Adjusted R^2	.393
Std. Error of Estimate	1.858
F(3, 96)	22.383
p	< .001

The significant F-test indicates that ICT Adoption, Entrepreneurial Orientation, and Government Support collectively provide statistically significant explanatory power for Financial Performance. However, the adjusted R^2 of .393 also indicates that other factors outside the estimated model account for a substantial proportion of the variation in Financial Performance.

Table 7. Hypothesis Testing Results

Hypothesis	Relationship	β	t	p	Decision
H1	ICT Adoption → Financial Performance	.205	2.060	.042	Supported
H2	Entrepreneurial Orientation → Financial Performance	.368	3.594	.001	Supported
H3	Government Support → Financial Performance	.203	2.271	.025	Supported

Note. H1, H2, and H3 are supported because the standardized regression coefficients are positive and their corresponding *p*-values are below the .05 significance level. Entrepreneurial Orientation has the strongest relative association with Financial Performance (β = .368), followed by ICT Adoption (β = .205) and Government Support (β = .203).

Overall, all three proposed hypotheses were supported. ICT Adoption, Entrepreneurial Orientation, and Government Support each demonstrated a positive and statistically significant relationship with Financial Performance. The findings are consistent with recent evidence showing that digital capabilities, entrepreneurial orientation, and government support are relevant determinants of MSME performance and financial outcomes in Indonesia (Kusumastuti & Aligarh, 2024; Adam et al., 2024; Sholihah et al., 2025).

Among the three predictors, Entrepreneurial Orientation exhibited the strongest standardized coefficient (β = .368). This indicates that, within the estimated model, entrepreneurial capability had the strongest relative association with Financial Performance. This result is consistent with evidence that innovativeness and risk-taking can contribute positively to MSME performance in Indonesia (Adam et al., 2024).

The combined significance of the three predictors supports the resource-based perspective that MSME performance can be shaped by the effective development and utilization of internal capabilities as well as access to complementary external resources. ICT Adoption and Entrepreneurial Orientation represent capabilities that can be developed internally, whereas Government Support represents an external resource that can complement those capabilities.

5. Conclusion

This study concludes that ICT adoption, entrepreneurial orientation, and government support each have a positive and statistically significant effect on the financial performance of event-based MSMEs in Surakarta City. ICT adoption contributes to financial performance, indicating that the use of digital technologies is relevant to strengthening financial outcomes, particularly through more effective use of digital business information and transactions. Entrepreneurial orientation also has a significant positive effect and demonstrates the strongest relative contribution among the three predictors, highlighting the importance of calculated risk-taking, innovativeness, and proactiveness in supporting business performance. Government support likewise has a significant positive effect, indicating that access to government-facilitated resources and programs remains relevant to the financial performance of event-based MSMEs. Collectively, these findings contribute to the MSME literature by demonstrating that internal capabilities and external institutional support can simultaneously explain financial performance within the specific context of event-based businesses. However, the findings should be interpreted within the study's limitations.

The research was conducted only among event-based MSMEs in Surakarta City, so the results may not be generalizable to event-based MSMEs in other regions with different event characteristics and market conditions. In addition, the use of self-reported questionnaire data creates the possibility of subjective response bias. The model also included only ICT adoption, entrepreneurial orientation, and government support, while other factors that may influence financial performance were not examined. For practitioners, event-based MSMEs are encouraged to optimize digital reporting for business decision-making, strengthen calculated risk-taking and risk management, and proactively access available government financing and support programs. Future research should extend the geographical and business scope, employ complementary data sources or longitudinal designs to reduce potential self-report bias, and incorporate additional explanatory variables such as customer orientation, financial literacy, business networking, and product innovation to provide a more comprehensive understanding of MSME financial performance.

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