

## THE INFLUENCE OF HALAL LITERACY, ENTREPRENEURIAL ORIENTATION, AND ADAPTABILITY ON MSME BUSINESS PERFORMANCE IN BANGKALAN

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### Abstract

Business competition forces entrepreneurs to have superior strategies to compete in order to survive in the competition. The products produced are also an important part that needs to be considered by MSME owners in the Bangkalan area. The research method used is quantitative with multiple linear regression analysis. Sampling using purposive sampling technique with a total sample of 96. This study aims to determine the steps of Bangkalan MSME owners in improving business performance in facing this increasingly fierce business competition through halal literacy variables, entrepreneurial orientation, adaptability, and business performance. The results in the study obtained using the t test showed that only halal literacy did not significantly affect business performance while for other variables it had a significant effect. In the F test the results obtained show that all research variables simultaneously have a significant effect on business performance. The partial r square test explains that halal literacy, entrepreneurial orientation and adaptability have a significant effect on business performance. While in the R square test simultaneously obtained results that 58% can be explained by halal literacy, entrepreneurial orientation, and adaptability, while the remaining 41.2% can be explained by other variables not examined by researchers.

**Keywords :** *Halal Literacy, Entrepreneurial Orientation, Adaptability, Business Performance*

### INTRODUCTION

Micro, small, and medium enterprises are key to reducing unemployment. This economic sector absorbs 116,673,416 workers or 97.02 percent of all businesses in Indonesia. Micro enterprises absorbed 89.17 percent and small enterprises 4.74 percent. Meanwhile, medium enterprises absorb 3.11 percent or 3.7 million workers. Therefore, MSMEs are the key to accelerating Indonesia's sharia economy that must be seriously considered, maintained and developed by us together. For this reason, strong synergy and collaboration are needed to accelerate the development of halal industrial MSMEs (Ventje, 2021).

The food and beverage industry has the largest market share in the world. In Muslim countries, this industry contributes 16.6% of the total global food and beverage industry. The size of this industry in general also reflects the large potential of halal food

and beverages. In Indonesia, the very high growth of halal food consumption is driven by various factors, such as the desire of Muslim consumers to consume halal and good (thayyib) food ingredients according to religious orders (Safaah et al., 2021). The halal food and beverage sector is currently a new opportunity to encourage the growth of the halal industry. The concept of halal products is considered as something that can guarantee the quality of raw materials, production hygiene, health as well as safety for consumers.

Some previous research on factors that affect business performance. The first factor is halal literacy, in Soeherman et al (2022) business performance capabilities such as halal literacy, brand management capabilities, and religious commitment are considered as motivating factors for implementing religion-centered product strategies and optimizing functional business performance. This means that the higher the halal literacy of MSME managers, the higher the performance of these MSMEs.

The second factor is Entrepreneurial Orientation. Research conducted (Hendra , 2014; Savitri et al, 2021) entrepreneurial orientation does not significantly affect business performance, which means that entrepreneurial orientation does not directly increase sales and profits. Meanwhile, in research (Abbas, 2018; Hadi Purnomo, 2019; Yuliana et al., 2018) entrepreneurial orientation affects company performance, which means that entrepreneurial orientation can increase revenue and profitability thereby improving business performance.

The third factor is adaptability. Research conducted Savitri et al (2021) SMEs that have high adaptability and innovation will be able to improve their business performance. Other research conducted by Nughroho (2015) business environment adaptability can increase competitive advantage and business performance. However, in research Hidayatullah (2019) adaptability as an intangible resource has a positive role in increasing entrepreneurial orientation and innovation directly, but does not have a positive role on business performance directly. Likewise, in Cung (2023.) that adaptability has no effect on marketing performance.

Based on some of these studies, it appears that the results of research examining entrepreneurial orientation and adaptability to business performance still provide different conclusions, therefore it is necessary to conduct further research to explain the causal relationship between entrepreneurial orientation and innovation to business performance. So researchers are interested in examining the business performance of MSMEs by examining the factors of halal literacy, entrepreneurial orientation, and adaptability. This research was developed from research conducted by Soeherman et al (2022) which examines religion-centered product strategies: halal literacy and brand management capabilities on business performance by adding other variables, namely entrepreneurial orientation Irwan Ch et al (2020) and adaptability Savitri et al (2021) .The research study was conducted on micro, small and medium enterprises (MSMEs) located in Kamal District, Bangkalan Regency.



## LITERATURE REVIEW

### Halal Literacy

Literacy is the ability for a Muslim to distinguish which goods or services are halal and haram according to Islamic law (Fatmawati et al., 2023). Literacy is also defined as the ability in language that a person has in communicating, namely reading, speaking, writing, listening but in different ways according to their purpose (Syafitri et al., 2022). The definition of halal literacy is the ability of public knowledge, awareness, and skills regarding the halalness of a product, in which there are 3 indicators, namely halal awareness, food ingredients, and halal certification. Based on this understanding, people need to understand that the halalness of a product does not only lie in the halal label, however, understanding the production process and the materials used based on Islamic law or not is important ((Setyowati et al., 2022.)

Halal literacy is the ability to distinguish between permitted (halal) and prohibited (haram) goods and services that comes from a better understanding of Islamic law (shariah). Muslim consumers have strict injunctions guiding their consumption behavior. However, individual Muslims may have different compliance with the commandments (Safaah et al., 2021.). The halalness of a product as a whole includes aspects of raw materials, means of production, which must be halal and tayyibb for consumers, especially Muslim consumers (Fatmawati et al., 2023).

The majority of the population of the Bangkalan region is Muslim, of course the demand for halal products is higher than in other regions. Muslims are ordered to consume good food or drinks that are halal. The role of MSME owners here is to provide products that are guaranteed halal.

H1 : Halal literacy has a significant effect on Business Performance.

### Entrepreneurial Orientation

Entrepreneurial Orientation is defined as the process, practice, and decision-making activities to develop and create innovative new products that differentiate it from other organizations in the market (Savitri et al., 2021). Entrepreneurial Orientation is an ability that business actors have and is the basis for finding business opportunities for success. Entrepreneurial orientation can be an important contributor to the success of the company. Entrepreneurial orientation is a resource and ability that presents a competitive advantage and superior performance for a company. Therefore, entrepreneurial orientation is considered to have a major role in improving business performance amid intense business competition. Thus, entrepreneurial orientation is the attitude of business actors who are proactive and innovative in running and managing their businesses (Irwan Ch et al., 2020). Thus, entrepreneurial orientation is needed by every MSME actor in order to make his business successful and not be eroded by changing times.

H2 : Entrepreneurial Orientation has a significant effect on Business Performance.

## **Adaptability**

Adaptability is the ability to build adaptive capacity, so that organizations are able to make adjustments to key aspects of the business, such as products or services offered, customer profiles, marketing, distribution, personnel, financial and physical facility requirements. Strategic management views the adaptability of the business environment as an important factor that has a strong influence on business performance (Nikmah, 2021). Adaptability is one of the organizational cultures, which focuses on customers, creating change and organizational learning. Organizations that have an adaptable culture tend to both actively and openly accept and translate opportunities and threats from the external environment and respond to external signals appropriately (Hidayatullah et al., 2019).

MSMEs that have a high level of adaptability will be able to survive and adapt well to changes in the external environment. This increase in adaptability affects the business performance of MSMEs. So that MSME players must have a high level of adaptability which will improve their business performance.

H3 : Adaptability has a significant effect on Business Performance.

## **Business Performance**

Performance is the result that can be achieved by a person or group of people in an organization, in accordance with their respective authorities and responsibilities in an effort to achieve the objectives of the organization concerned legally, not against the law and in accordance with morals and ethics (Awalludin, 2013). Company performance is the level of success of the company in achieving its goals through the use of its various resources. The good and bad performance of the company is strongly influenced by the company's ability to use its resources and adapt to changing innovation conditions (Wibowo et al, 2021).

SME business performance indicators in Wibowo et al (2021) are measurements of sales development, customer development, profit development and working capital development which are very important to them such as finance and time to do work that is not in accordance with company goals.

## **RESEARCH METHOD**

### **Type of Research**

This type of research is quantitative research. Quantitative research is used to test certain theories by examining the relationship between variables, causal relationships, and comparisons. Then processed using software such as SPSS and excel to facilitate researchers in processing data. The sampling technique in this study uses non-probability sampling techniques with a purposive sampling approach, where only respondents who have certain criteria determined by the researcher may fill out the questionnaire. The criteria in this study are:

1. Food or beverage MSMEs in Bangkalan Regency
2. MSME owners are Muslim



This study uses multiple regression analysis, because it has more than one independent variable. Determining the number of samples in this study using the Lemeshow formula, because the population size is unknown or unknown. The following is the Lemeshow formula:

$$n = \frac{z^2 p(1-p)}{d^2} = \frac{1.96^2 \times 0.5(1-0.5)}{0.1^2} = \frac{3.8416 \times 0.25}{0.01} = 96.04$$

Description:

n = Number of samples

z = Standard value = 1.96

p = Maximum estimate = 50% = 0.5

d = alpha (0.10) or 10% error

So the results obtained the number of samples in this study were 96 respondents.

### Data Analysis

The data analysis technique in this study uses multiple linear regression analysis based on primary data that will be obtained from data collection. Multiple linear regression analysis is used to determine how much influence the independent variable has on the dependent variable. Multiple linear regression analysis in this study was used to determine how much influence halal literacy, entrepreneurial orientation, and adaptability have on business performance. The step before conducting multiple linear regression tests is to test the validity and reliability levels, then carry out classical assumption tests and hypothesis testing.

### Respondent Demographics

**Tabel 1**

**Deskriptive Statistic of Respondent**

Karakteristik Responden	Jumlah	Presentase
<b>Jenis Kelamin</b>		
Laki-laki	42	44 %
Perempuan	54	56 %
<b>Jenis UMKM</b>		
Makanan	56	58 %
Minuman	25	26 %
Makanan & Minuman	15	16 %
<b>Domisili</b>		
Kamal	34	35 %
Telang	36	37 %
Bangkalan	16	17 %
Socah	19	11 %

Sumber: Data penelitian yang diolah

## Descriptive Statistics

**Tabel 2**  
**Descriptive Statistic**

No	Variable	Mean	Std. Deviation
1	Halal Literacy	23.50	2.795
2	Enterpreneurial Orientation	16.20	2.232
3	Adaptability	12.21	2.181
4	Business Performance	28.35	3.548

Sumber: Data penelitian yang diolah

Based on the Descriptive Test Results above, we can describe the distribution of data obtained by researchers:

1. Halal Literacy Variable (X1), from the data it can be described that the average value is 23.5, and the standard deviation of halal literacy is 2.795.
2. Entrepreneurial Orientation Variable (X2), from these data it can be described that the average value is 16.2, and for the standard deviation of entrepreneurial orientation is 2.232.
3. Adaptability variable (X3), from the data it can be described that the average value is 12.21, and for the standard deviation of adaptability is 2.181.
4. Business Performance Variable (Y), from the data it can be described that the average value is 28.35, and the standard deviation of halal literacy is 3.548.

## RESULT DAN DISCUSSION

### Uji Instrumen

#### 1. Validity Test

**Tabel 3**  
**Result Validity Test Halal Literacy**

No	Pertanyaan	Signifikansi	Keterangan
1	Saya memahami bahwa bangkai hewan diperbolehkan (halal) untul dimakan	0,000	Valid
2	Saya memahami bahwa darah hewan diperbolehkan (halal) untuk dimakan	0,000	Valid
3	Saya memahami bahwa daging babi tidak diperbolehkan (haram) untuk dimakan	0,000	Valid
4	Saya memahami bahwa hewan yang disembelih tanpa menyebut nama Allah diperbolehkan (halal) untuk dimakan	0,00	Valid

5	Saya memahami bahwa bangkai ikan diperbolehkan (halal) untuk dimakan	0,000	Valid
6	Saya memahami bahwa dalam keadaan darurat makanan haram dapat dikonsumsi untuk bertahan hidup	0,000	Valid
7	Saya memahami bahwa obat-obatan yang mengandung lemak babi diperbolehkan untuk dikonsumsi	0,000	Valid
8	Saya memahami bahwa alkohol tidak diperbolehkan (haram) untuk diminum	0,000	Valid
9	Saya memahami bahwa menjual minuman beralkohol diperbolehkan	0,000	Valid

Sumber: Data diolah peneliti

From the validity test above, the significance value of all halal literacy variable is  $< 0.05$ , which means that all items can be said to be valid.

**Tabel 4**

**Result Validity Test Enterpreneurial Orientation**

No	Pertanyaan	Signifikansi	Keterangan
1	Saya mencari ide-ide baru mengenai produk	0,000	Valid
2	Saya mengenalkan produk baru saya	0,000	Valid
3	Saya memiliki sikap yang kompetitif atau ingin unggul dengan para pesaing bisnis	0,000	Valid
4	Saya mau menerima resiko demi melakukan perubahan bisnis yang lebih baik	0,000	Valid
5	Saya selalu mencari cara untuk menghadapi risiko	0,000	Valid

Sumber: Data diolah peneliti

From the validity test above, the significance value of all entrepreneurial orientation variables is  $< 0.05$ , which means that all items can be said to be valid.

**Tabel 5**

**Result Validity Test Adaptability**

No	Pertanyaan	Signifikansi	Keterangan
1	Saya mampu mengidentifikasi atau mengenali peluang baru karena berubahnya lingkungan bisnis	0,000	Valid
2	Saya mampu menjalankan bisnis dengan luwes / fleksibel	0,000	Valid
3	Saya mencoba memahami keinginan dan kebutuhan pelanggan	0,000	Valid

4	Saya bersedia belajar dari pengalaman bisnis	0,000	Valid
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Sumber: Data diolah peneliti

From the validity test above, the significance value of all adaptability variables is < 0.05, which means that all items can be said to be valid.

**Tabel 6**  
**Result Validity Test Business Performance**

<i>No</i>	<i>Business Performance (Y)</i>	<i>Signifikansi</i>	<i>Keterangan</i>
	<i>Pertanyaan</i>		
1	Saya selalu berupaya untuk mengurangi tingkat kesalahan dalam segala aktivitas usaha	0,000	Valid
2	Saya selalu berusaha untuk meningkatkan pendapatan	0,000	Valid
3	Saya selalu melakukan pencatatan laporan laba bersih usaha	0,000	Valid
4	Perkembangan fasilitas meningkat tiap tahun	0,000	Valid
5	Kepuasan karyawan dapat meningkatkan produktivitas, dan kualitas pelayanan kepada konsumen	0,000	Valid
6	Saya sebagai pemilik usaha selalu mampu bertahan dalam kondisi apapun sehingga mampu mengembalikan modal yang telah diinvestasikan	0,000	Valid
7	Saya sebagai pemilik usaha selalu memberikan layanan yang cepat terhadap pelanggan	0,000	Valid
8	Saya selalu menanggapi komplain dari pelanggan dan menyelesaikan permasalahan dengan bijak	0,000	Valid
9	Saya sebagai pemilik usaha dapat mempertahankan hubungan yang baik dengan konsumen / pelanggan	0,000	Valid

Sumber: Data diolah peneliti

From the validity test above, the significance value of all business performance variables is < 0.05, which means that all items can be said to be valid.

## 2. Reliability Test

**Tabel 7**  
**Result Reliability Test**

<i>No</i>	<i>Variable</i>	<i>Cronbach's Alpha</i>	<i>Keterangan</i>
1	Halal Literacy	0.748	Reliabel
2	Enterpreneurial Orientation	0.718	Reliabel
3	Adaptability	0.785	Reliabel
4	Business Performance	0.840	Reliabel

Sumber: Data diolah peneliti

Based on the results of the reliability test, the Crochbach alpha value of each variable is obtained, it can be concluded from the table above that all variables are reliable because the Cronbach's alpha value is > 0.7.



## Uji Regresi Linear Berganda

**Tabel 8**  
**Coefficient**  
**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.467	.238		111.301	.000
	Literasi Halal	.007	.012	.046	.632	.529
	Orientasi Kewirausahaan	.071	.008	.637	8.830	.000
	Adaptability	.043	.010	.304	4.483	.000

a. Dependent Variable: Kinerja Bisnis

Sumber: result olahan output SPSS

The multiple linear regression equation is:

$$Y = a + b_1X_1 + b_2 X_2 + b_3 X_3 + e$$

$$Y = 26.467 + 0.007 + 0.071 + 0.043 + e$$

1. It is known that the value of a is 26.467, which means that if the coefficient of Halal Literacy (X1), Entrepreneurial Orientation (X2), and Adaptability (X3) is 0 or none, then the amount of business performance is 26.467.
2. The regression coefficient X1 (Halal Literacy), has a value of 0.007 which indicates that every increase of 1 unit of halal literacy variable will increase by 0.007 assuming other variables are constant.
3. The regression coefficient X2 (Entrepreneurial Orientation), has a value of 0.071 which indicates that each increase of 1 unit of entrepreneurial orientation variable will increase by 0.071 assuming other variables are constant.
4. The regression coefficient X3 (Adaptability), has a value of 0.043 which indicates that each increase of 1 unit of the adaptability variable will increase by 0.043 assuming other variables are constant.

### Uji Asumsi Klasik

#### 1. Normality Test

**Tabel 9**  
**One Sample Kolmogorov-Smirnov Test**

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		96
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	3.53802593
Most Extreme Differences	Absolute	.093
	Positive	.093
	Negative	-.062
Test Statistic		.093
Asymp. Sig. (2-tailed)		.041 <sup>c</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Sumber: result olahan output SPSS

From the results of the normality test using the Kolmogorov-Smirnov method, the significance result of the normality test is 0.41, where the result is greater than 0.05. So it can be concluded that the normality test in this study is normally distributed.

## 2. Multicollinearity Test

**Tabel 10**  
**Result Multicollinearity Test**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	28.155	4.174		6.745	.000		
	X1	-.057	.119	-.050	-.477	.635	.999	1.001
	X2	.083	.171	.052	.488	.627	.935	1.070
	X3	.015	.175	.009	.084	.933	.936	1.069

a. Dependent Variable: Y

Sumber: result olahan output SPSS

From the calculation results in the multicollinearity test results table, the independent variables show that the VIF value is <10. So it can be concluded that it is free from multicollinearity.

## 3. Heteroscedasticity Test

**Tabel 11**  
**Result Heteroscedasticity Test**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.858	.784		1.094	.277
	X1	.020	.022	.093	.899	.371
	X2	-.036	.032	-.120	-1.123	.264
	X3	.000	.033	.000	.004	.997

a. Dependent Variable: ABS\_RES

Sumber: result olahan output SPSS

From the results of the heteroscedasticity test using the Glacier test, the significance results of the independent variables  $> 0.05$ . So it can be concluded that there is no heteroscedasticity problem.

## Uji Hipotesis

### 1. Uji t

**Tabel 12**  
**Result Uji t**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	26.467	.238		111.301	.000
	Literasi Halal	.007	.012	.046	.632	.529
	Orientasi Kewirausahaan	.071	.008	.637	8.830	.000
	Adaptability	.043	.010	.304	4.483	.000

a. Dependent Variable: Kinerja Bisnis

Sumber: result olahan output SPSS

#### a) First Hypothesis Testing

It is known that the sig value is  $0.529 > 0.05$  and the t value is  $0.632 < t$  table 1.986. So there is no significant influence between halal literacy variables on business performance.

#### b) Second Hypothesis Testing

It is known that the sig value is  $0.000 < 0.05$  and the t value is  $8.830 > t$  table 1.986. Then there is a significant influence between the entrepreneurial orientation variable on business performance.

#### c) Third Hypothesis Testing

It is known that the sig value is  $0.000 < 0.05$  and the t value is  $4.483 > t$  table 1.986. Then there is a significant influence between the adaptability variable on business performance.

### 2. Uji F

**Tabel 13**  
**Result Uji F**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.542	3	1.847	46.252	.000 <sup>b</sup>
	Residual	3.674	92	.040		
	Total	9.216	95			

a. Dependent Variable: Kinerja Bisnis

b. Predictors: (Constant), Adaptability, Orientasi Kewirausahaan, Literasi Halal

Sumber: result olahan output SPSS

From these results, it can be concluded that the simultaneous test results (together) show that the significance value is 0.000 which is smaller than the significance level of 0.05. In addition, the calculated F value ( $46,252 > F$  table value (2.70)). Therefore, it can

be concluded that the variables of Halal Literacy, Entrepreneurial Orientation, and Adaptability together (simultaneously) affect Business Performance.

### 3. Uji Koefisien Determinasi

#### a. R Square Partial

**Tabel 14**  
**Result Uji Koefisien Determinasi Partial**

		X1	X2	X3	Y
X1	Pearson Correlation	1	.393**	.208*	.242*
	Sig. (2-tailed)		.000	.042	.017
	N	96	96	96	96
X2	Pearson Correlation	.393**	1	.188	.480**
	Sig. (2-tailed)	.000		.066	.000
	N	96	96	96	96
X3	Pearson Correlation	.208*	.188	1	.292**
	Sig. (2-tailed)	.042	.066		.004
	N	96	96	96	96
Y	Pearson Correlation	.242*	.480**	.292**	1
	Sig. (2-tailed)	.017	.000	.004	
	N	96	96	96	96

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Sumber: result olahan output SPSS

Based on the data above, we will draw the following conclusions:

1. Based on the sig value of the table above, the sig value of halal literacy (X1) is 0.017 < 0.05, which means that there is a significant correlation between halal literacy (X1) and business performance (Y). Furthermore, the sig value of entrepreneurial orientation (X2) is 0.000 < 0.05, which means that there is a significant correlation between entrepreneurial orientation (X2) and business performance (X3). And for the sig value of adaptability (X3) is 0.004 < 0.05, which means there is a significant correlation between adaptability (X3) and business performance (Y).
2. It is known that the calculated r value of halal literacy (X1) is 0.242 > r table (0.1671), so there is a relationship between halal literacy (X1) and business performance. It is known that the r count of entrepreneurial orientation (X2) is 0.480 > r table (0.1671), so there is a relationship between entrepreneurial orientation (X2) and business performance (Y). It is known that the r count of adaptability (X3) is 0.292 > r table, so there is a relationship between adaptability (X3) and business performance (Y).

#### b. R Square Simultan

**Tabel 15**  
**Result Uji R Square Simultan**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.775 <sup>a</sup>	.601	.588	.200

a. Predictors: (Constant), Adaptability, Orientasi Kewirausahaan, Literasi Halal

Sumber: result olahan output SPSS

From these results, the Adjusted R Square value is 0.588. This shows that the variables of Halal Literacy, Entrepreneurial Orientation, and Adaptability have the ability

to influence Business Performance by 58.8%. Meanwhile, 41.2% is influenced by other factors not included in the model.

#### **4. Interpretation of Results**

##### **a. The Effect of Halal Literacy on MSME Business Performance in Bangkalan**

Based on the results of hypothesis testing, it explains that halal literacy has a significance value  $(0.529) > 0.05$  and the t value  $(0.632) < t$  table  $(1.986)$ . It can be concluded that halal literacy has no significant effect on the business performance of MSMEs in Bangkalan. This means that the halal literacy of MSME owners in Bangkalan does not significantly affect the performance of their business. This can also be due to the fact that the average population of Bangkalan is Muslim, so that their halal literacy is good so that it can make the halal literacy variable not have a significant effect on business performance. However, if the halal literacy variable is added to other variables and then tested simultaneously, the results have a significant effect on business performance. This means that if MSME owners have good halal literacy but are not balanced with entrepreneurial orientation, and good adaptability, then a good level of halal literacy does not have a positive role or plays a lesser role in improving business performance.

The results of this study are different from the results of research conducted by Soeherman et al (2022) which explains that halal literacy has a significant effect on business performance. Soeherman et al (2022) also explains that business performance capabilities such as halal literacy, brand management capabilities, and religious commitment are considered as motivating factors for implementing religion-centered product strategies and optimizing business performance. Differences in the results of this study can occur due to various things, such as the data taken, the methods used, and the analysis techniques.

##### **b. The Effect of Entrepreneurial Orientation on Business Performance of MSMEs in Bangkalan**

Based on hypothesis testing, it explains that entrepreneurial orientation has a significance value  $(0.00) < 0.05$ , and the t value  $(8.830) > t$  table  $(1.986)$ . So it can be concluded that entrepreneurial orientation has a significant effect on the business performance of MSMEs in Bangkalan. This means that if MSME owners have a high value of entrepreneurial orientation, it will have an effect on improving their business performance.

This is in line with research conducted by Irwan Ch et al (2020) which reveals that if the entrepreneurial orientation is higher, the business performance of SMEs in the garment manufacturing sector will also be higher. Entrepreneurial orientation is the key to success to improve / improve business performance, because entrepreneurially oriented business managers will have a bold and clear vision, mission to face the risks of business management, so as to create better business performance and generally be more effective in improving performance. Hadi Purnomo et al (2019) in his research also

revealed that in a dynamic environment like today, entrepreneurial orientation is very clear to be very important for the sustainability of a business.

**c. The Effect of Adaptability on Business Performance of MSMEs in Bangkalan**

Based on the hypothesis test, it explains that adaptability has a significance value  $(0.00) < 0.05$ , and the t value  $(4.483) > t$  table  $(1.986)$ . So it can be concluded that adaptability has a significant effect on the business performance of MSMEs in Bangkalan. This means that if MSME owners have a high adaptability value, it will be able to improve business performance. There needs to be high adaptability for every MSME owner because with high adaptability, MSME owners can survive and survive in this era of increasingly fierce business competition in various ways, for example by innovating new products that are trending among young people and others.

In line with research conducted by Savitri et al (2021) which says that adaptability can improve business performance through innovation. Many SMEs have a high level of adaptability but their business performance is still low. SMEs can create various changes along with changes in their external environment and always carry out organizational learning activities. If these efforts can lead to the innovation of a product or process, then the creation of changes from organizational learning will play a positive role in business performance.

**d. The Effect of Halal Literacy, Entrepreneurial Orientation, and Adaptability on MSME Business Performance in Bangkalan**

Based on the F test (simultaneous), the test results show that the significance value is  $0.000 < 0.05$ . In addition, the calculated F value  $(46,252) > F$  table value  $(2.70)$ . Therefore, it can be concluded that the variables of Halal Literacy, Entrepreneurial Orientation, and Adaptability together (simultaneously) affect Business Performance.

**CONCLUSION**

**Conclusion**

The results of the above analysis, the conclusions of this study are:

1. Halal literacy has no significant effect on business performance. This means that if MSME owners have a high value of halal literacy, it is not enough to influence or improve their business performance. It must be added with other factors, because when halal literacy is tested simultaneously with other factors it turns out that halal literacy has an effect, so the halal literacy factor alone is not enough to be able to influence business performance, in other words, other factors are needed to strengthen it.
2. Entrepreneurial orientation has a significant effect on business performance. It can be said that if MSME owners have good entrepreneurial orientation values or factors, this will increase their business performance. Therefore, MSME owners are expected to have a good entrepreneurial orientation value so that their business performance increases and makes the business more effective.
3. Adaptability has a significant effect on business performance. This means that if MSME owners have a good adaptability value, it will certainly improve business



performance. With adaptability, business owners can analyze opportunities and threats that occur in their business. In addition, adaptability can also provide ideas for MSME owners to innovate or novelty their products.

This research has limitations, namely the number of respondents 96 people who are still far from describing the actual state of Bangkalan. And this research only uses 3 independent variables so that it can provide opportunities for further research.

#### **Advice**

The suggestion of this study is that there is nothing wrong if MSME owners increase halal literacy because in previous studies halal literacy has an effect on improving business performance. Because with the increase in halal literacy, MSME owners may make them interested in halal certification. And when it is halal certified, of course, it will make a business have a wider reach, because usually halal-certified MSMEs are invited by the government to participate in major events that are held not only in Indonesia but even abroad, such as bazaars and etc.

further research can add other independent variables such as innovation and etc. further research is expected to increase the research sample so that the data obtained is more comprehensive and can describe all MSMEs in the bangkalan area.

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