

*Research Article*

# Business Ethics and Erm Influence on SME Company Performance Moderated by Business Strategy

**Arnan Doman<sup>1</sup>, Riris Rotua Sitorus<sup>2</sup>**  
<sup>1,2</sup>*Universitas Esa Unggul, Jakarta, Indonesia*  
E-mail: [arnanbmri@gmail.com](mailto:arnanbmri@gmail.com)

Academic Editor: Nguyen Ngoc Anh

Copyright © 2023 Aman Doman & Riris Rotua Sitorus. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

**Abstract.** Small and Medium Enterprises (SMEs) are one of the sectors not affected by several financial crises. However, Covid 19 pandemic has affected business performance due to restrictions on business activities. This Study aims to see Business Ethics, Enterprise Risk Management (ERM) influence company performance with moderation by SME Business Strategy in Indonesia. The research was conducted on Performing Loan borrowers at Bank Mandiri who came from seven provinces in Indonesia. According to Slovin Formula, the minimum sample size required is 362 companies from a population of 3,777. They have at least three years of business experience and annual sales of more than 5 billion rupiahs to a maximum of 50 billion rupiahs. The Structural Equation Model (SEM) method is used in quantitative research, and SmartPLS 3.0 and SPSS 26 software are used in data processing and analysis. Study results indicate that Business Ethics and Enterprise Risk Management positively and significantly influence company performance. In contrast, Business Strategy does not have a moderate relationship between Business Ethics and Enterprise Risk Management Company Performance. Based on the findings, in facing the economic crisis, SMEs must continue to apply Business Ethics, Business Risk Management, and other variables that affect their business performance appropriately.

**Keywords:** *Small Medium Enterprise; Business Ethics; Business Strategy; Enterprise Risk Management; Company Performance.*

## A. INTRODUCTION

The Small and Medium Enterprises (SMEs) sector is one of the business segments supporting economic development. These SMEs are a business segment unaffected by the monetary crisis and can absorb labor (Wardhanie et al., 2018). Additionally, SMEs are an economic development engine in various parts of the world (Senzu and Ndebugri, 2018). However, the sector has several risks that are vulnerable to the continuation and resilience of its business growth. Small business owners face constraints due to a lack of technological capabilities, human resources, focus on business, and impartial government policies, especially in developing countries (Southiseng and Walsh, 2010).

The Covid-19 pandemic has dramatically affected all business sectors due to activity restrictions, according to Clampit et al. (2021), chronicling due to the pandemic from the first four months of 2020, which caused global stock markets to lose USD 6 trillion in just one week in February. The data study used is SME borrowers at Bank Mandiri from 2017 to 2020, represented by seven provinces (20% of the entire SME loan portfolio at Bank Mandiri), namely West Sumatra, Jambi, South Sumatra, Lampung, Bengkulu, Bangka Belitung, and DKI Jakarta. The consideration is that Bank Mandiri is an aggressive company in the growth of the SME segment, especially in urban areas. The seven provinces represent areas affected by the Indonesian government's regional restrictions due to the covid 19 pandemic. The selection of SMEs as research subjects considering this sector has focused on the type of business and provides better financial reports than the Micro sector. Based on the Annual Report and

Sustainability Report data, the pandemic caused a decrease in outstanding SME loans in 7 provinces by 11.55% in 2020 compared to 2019. However, Non-Performing Loans have decreased due to a government program that provides a Covid restructuring stimulus to debtors affected by Covid-19. Researching the Performance of SME segment companies during the Covid-19 pandemic has come to our attention.

The realization of organizational results compared to the desired output is the Company's Performance (Richard et al., 2009) by addressing three specific aspects of company performance: a) Financial Results, b) Product performance, and c) Return to Shareholders. Prieto & Revilla (2009) measured business performance using two variables, non-financial Performance and Financial Performance. Additionally, research on company performance has been conducted (Gimbert et al., 2010; Taouab & Issor, 2019). Corporate risk management is the subject of research (Tonello, 2011; Brustbauer, 2016; Hanggraeni et al., 2019). Hermina & Marbun (2020), in research on SMEs during the Covid 19 pandemic, stated that external factors influenced SME businesses through corporate strategies originating from the Macro and Microenvironment. Unethical behavior in the business will affect the Company's reputation due to consumer boycotts and claims for payment of fines (Leonido et al., 2013; Fernández & Pinuer, 2016). It is necessary to address the vulnerability risk factors that affect the Performance of SMEs, which will affect their sustainability and resilience (Hanggraeni et al., 2019). Business ethics and company performance have been the subject of previous research (Leonido et al., 2013). Risk management and Performance are relationship-consistent (March & Shapira, 1987; Tonello, 2011; Callahan & Soileau, 2017).

Study Fernández & Pinuer (2016), Lee et al. (2010), and Hanggraeni et al. (2019) examines related to Business Ethics, Business Strategy, and Company Risk Management, where each variable positively influences the Company's Performance. However, not all these studies pay much attention to Business Strategy as a moderating variable. For this reason, the authors are interested in providing empirical evidence regarding the impact of Business Ethics and Enterprise Risk Management on Company Performance and Business Strategy to moderate the effect of Business Ethics and Enterprise Risk Management on Company Performance.

## B. LITERATURE REVIEW

Turyakira (2018) mentions that business ethics is the Study of morality and business conduct standards. Ethics in a business organization involves "ordinary decency," which covers integrity, honesty, and fairness. According to Fernández & Pinuer (2016), business ethics influence perceptions positively or negatively, and any company's ethical actions directly affect competitors, suppliers, and customers. Based on previous research, the following hypotheses are proposed: **H<sub>1</sub>**: Business Ethics has a positive and significant influence on Company Performance

Soltanizadeh et al. (2016) found a significant influence between organizational performance and corporate risk management. The research was conducted via email to Bursa Malaysia's main board houses public companies. According to Callahan & Soileau (2017), business failure in identifying and controlling risk will have a significant impact. Their findings demonstrate ERM's importance in improving companies' operational performance of companies. In addition, they think the Company will not incur losses if risk identification and management have been carried out. Hanggraeni et al. (2019), based on research conducted, show that Corporate risk management, which includes marketing and financial risks, has been found to have a significant impact on the performance of SMEs. The following hypothesis is derived from prior research: **H<sub>2</sub>**: Enterprise Risk Management has a positive and significant influence on Company Performance

Business ethics is one of the essential components during the initial development of corporate strategy (Stanković et al., 2021). It must be included in the business strategy, and there is agreement among researchers that companies that want to exist in the market need to integrate ethics into all aspects of their strategy, including social and environmental issues into the strategy. Ethics and moral obligations of management are components in the planning process for the initial development of the Company's Strategy in building the trust of all company stakeholders. This trust makes it a commitment to ensure the creative, strategic, and cooperative directed efforts critical to success in a competitive global economy. A study by Ali et al. (2012) conducted on the Iranian Karafarin Bank found empirical evidence of a positive relationship between strategy implementation and organizational culture. The results show that the implementation process with varying levels of influence significantly influences each organizational culture. According to research by Nkuda (2021), evidence supports the claim that strategy has a positive and significant impact on business ethics in all dimensions and according to size. The following hypothesis is based on prior literature: **H<sub>3</sub>**: Business Strategy moderates the effect of Business Ethics on Company Performance

Soltanzadeh et al. (2016) mention that several business strategies positively influence company risk management. Meanwhile, according to research by Rehman and Anwar (2019) company for SMEs in Islamabad and Rawalpindi, Pakistan, there is a strong connection between Corporate Risk Management and Business Strategy and Company Performance. The results of this study also show that Enterprise Risk Management partially moderates the relationship between Business Strategy and Company Performance in the SME sector. A study by Oltra & Floor (2010) found that, depending on the Company's strategy, business strategy has a moderating effect on the relationship between operating strategy variables and performance. Based on the previous literature, the following Hypothesis is proposed, as follows: **H<sub>4</sub>**: Business Strategy moderates the influence of Enterprise Risk Management on Company Performance.

### C. METHOD

This research uses a questionnaire distributed online through the Google Form application. This Study examines 3,777 small businesses and medium enterprises (SMEs) with loans from Bank Mandiri. These SMEs must have annual sales of more than 5 billion rupiahs up to a maximum of 50 billion rupiahs (Peraturan Pemerintah RI, 2021), have been in business for more than three years, and not be considered problem borrowers for Bank Mandiri. The minimum sample studied was 362 using the Slovin Formula with a 5% margin of error. Non-probability sampling used as a sample selection method in this study is to use purposive sampling. The specifics of the Research Responder Profile are shown in Table 1.

**Table 1. Profile of Participants**

Characteristics	Frequency	Percentage (%)
<b>Gender:</b>		
Male	267	73.8
Female	95	26.2
<b>Age (years):</b>		
Below 31	28	7.7
31 - 40	91	25.1
41 - 50	127	35.1
51 - 60	93	25.7
Above 60	23	6.4

<b>Education:</b>	1	0.3
Junior High School	65	18.0
Senior High School	32	8,8
Undergraduate	231	63.8
Bachelor	33	9.1
Graduate/Post Graduate		
<b>Business Experience (years):</b>		
Less than 10	90	24.9
10 - 30	219	60.5
More than 30	53	14.6
<b>Annual Sales (IDR):</b>		
Less than 5.000.000.000	73	20.2
5.000.000.000-10.000.000.000	62	17.1
10.000.000.000-20.000.000.000	90	24.9
More than 20.000.000.000	137	37.8

The Structural Equation Model (SEM) method is used in quantitative research, and then SmartPLS 3.0 and SPSS 26 software are used in data processing and analysis. The measurement model follows the basis of previous research as a reflective model. Data collection uses a Likert scale ranging from 1 (strongly disagree) to 4 (strongly agree). According to Fernández & Pinuer (2016), eight questions measure the Business Ethics variable. Business Strategy Variables are measured using ten questions adopted from (Lee et al., 2010). Enterprise Risk Management Variable adopted by (Hanggraeni et al., 2019) consists of 7 questions. Company Performance Variables are measured using the adopted from (Hanggraeni et al., 2019) with six questions.

Researchers use SPSS to test the validity and reliability of factor analysis. The validity test used the Measure of Sampling Adequacy (MSA) and Kaiser-Meyer-Olkin (KMO) values. Factor analysis is appropriate because the KMO and MSA values exceed 0.5. Test reliability was measured using Cronbach's Alpha. Cronbach's Alpha value close to 1 informs the better the reliability test is made (Hair et al., 2010). Based on the results of factor analysis calculations using SPSS, the validity and reliability tests showed that the data used for research was valid and reliable.

Based on recommendations, Hair Jr. et al. (2017) construct validity and reliability tests were carried out on the reflective measurement model using SmartPLS. Where the loading factor value generated by SmartPLS 3.0 is lower than 0.70, according to Hair Jr. et al. (2017), CR values  $\geq 0.70$  and AVE  $\geq 0.50$  can be considered fully qualified. The R2 value for each equation is determined through structural test analysis. The value of R2 shows the ability of the independent variable to explain the dependent variable. At the same time, the results of the Structural Model test in the form of Path Coefficients are to show whether our variable Hypothesis has a positive or negative effect on the dependent variable.

#### D. RESULT AND DISCUSSION

The results of measuring the validity of the research construct were accepted and declared valid because the loading factor for each variable's results values above 0.70, in detail, as shown in Table 2:

**Table 2. Loading Factor**

Variable	Items	Loading Factor	Outer Loading
1	Our Company is very ethical	E1	0.887

Business Ethics (ETB)	2	Our employees do not take actions that are contrary to ethics	E2	0.884
	3	Employees make decisions based on company values	E3	0.878
	4	Senior officials in the Company perform actions for the benefit of the Company and not for personal gain	E4	0.876
	5	Employees act for the benefit of the Company and not for personal gain	E5	0.864
	6	The Company has policies to support corporate ethical values	E6	0.862
	7	The Company has a promotion policy (discounts, gifts, and others) while taking into account the Company's ethical values	E7	0.816
	8	The company ethics that we have a positive influence on the Company	E8	0.819
	<hr/>			
Business Strategy (STB)	<i>Cost Reduction Strategy</i>			
	1	The Company aims to reduce expenses and increase efficiency	S1	0.785
	2	The Company implements strict cost control	S2	0.815
	3	An efficient method of operation is a priority for the Company.	S3	0.861
	4	The Company simplifies and standardizes operating processes	S4	0.864
	<i>Innovation Strategy</i>			
	5	The Company aims at innovation and responsiveness	S5	0.885
	6	Product design and development, as well as marketing skills, are important to the Company	S6	0.864
	7	The Company provides a quick response to the customer's wishes	S7	0.887
	8	The Company is always looking for new business opportunities	S8	0.842
<i>Quality Enhancement Strategy</i>				
9	Our Company uses a work improvement team or a quality control circle to emphasize product quality.	S9	0.870	
10	Our Company emphasizes the increase in sustainable products to maintain a long-term competitive advantage	S10	0.874	
<hr/>				
Enterprise Risk Management (MRP)	<i>Financial Risk</i>			
	1	Our Company's sales have increased in the last two years	R1	0.805
	2	Our Company sometimes suffers losses	R2	0.753
	3	The Company has a minimal loan/debt amount	R3	0.781
	4	Our customers sometimes do not pay their debts	R4	0.728
<i>Marketing Risk</i>				
5	Our Company's sales have increased in the past year	R5	0.833	

	6	Our Company does not only rely on a few customers	R6	0.820
	7	Companies sometimes fail in product promotion	R7	0.763
	<i>Performance Market share</i>			
Company Performance (KIP)	1	The previous year's sales were better than those of competitors	K1	0.846
	2	Current sales growth is better than that of competitors	K2	0.905
	3	The Company's market share has grown better than competitors	K3	0.907
	<i>Performance Profitability</i>			
	4	Our profits in the previous year were better than those of our competitors	K4	0.895
	5	The Company can achieve Break Even Points better than competing companies.	K5	0.895
	6	Our Company's current net profit is better than competing companies	K6	0.879

Composite Reliability and Average Variance Extracted in this study met the overall requirements. Following Hair Jr. et al. (2017), the accepted values are  $CR \geq 0.70$  and  $AVE \geq 0.50$ . Calculation results for the variables Business Ethics ( $CR=0.958$ ;  $AVE=0.740$ ), Enterprise Risk Management ( $CR = 0.918$ ;  $AVE = 0.615$ ), Business Strategy ( $CR = 0.965$ ;  $AVE = 0.731$ ), and Company Performance ( $CR = 0.957$ ;  $AVE = 0.789$ ). The results of construct validity and reliability tests can be seen in Table 3.

**Table 3. Construct Reliability and Validity**

Variable	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Business Ethics	0.950	0.951	0.958	0.740
Business Strategy	0.959	0.960	0.965	0.731
Enterprise Risk Management	0.895	0.897	0.918	0.615
Company Performance	0.946	0.947	0.957	0.789

The Discriminant Validity Test's findings are said to be valid. Because each latent variable from the AVE root is greater than the correlation of other latent variables (Fornell-Larcker Criterion), and indicators have a more significant correlation to each latent variable than other latent variables (Cross Loading) (Henseler, Ringle, and Sinkovics, 2009). The results of the Discriminant Validity test are shown in Table 4 and Table 5

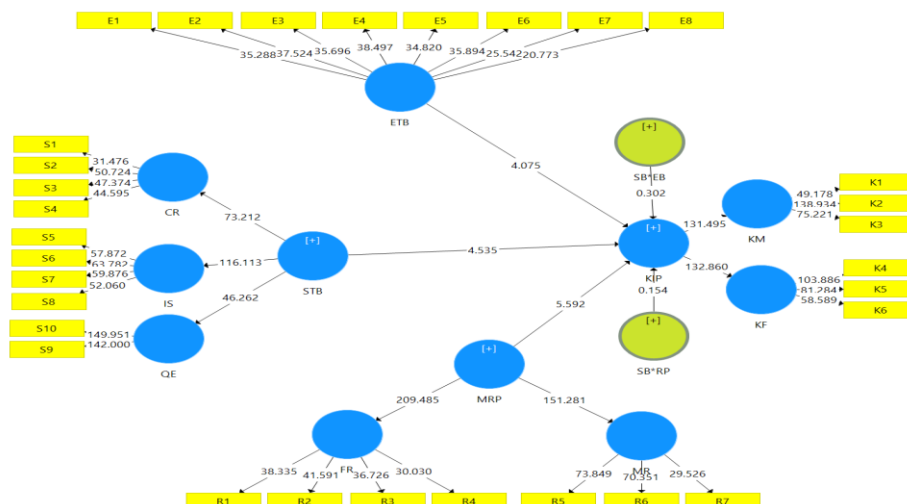
**Table 4. Fornell-Larcker Criterion**

Variable	Fornell-Larcker Criterion			
	Business Ethics	Business Strategy	Enterprise Risk Management	Company Performance
Business Ethics	0.860			
Business Strategy	0.192	0.888		
Enterprise Risk Management	0.418	0.410	0.784	
Company Performance	0.243	0.409	0.120	0.855

**Table 5. Cross Loading**

Variable	Loading Faktor	ETB	KIP	MRP	STB
Business Ethics (ETB)	E1	0,877	0,348	0,225	0,142
	E2	0.884	0.354	0.178	0.142
	E3	0.878	0.357	0.267	0.155
	E4	0.876	0.351	0.216	0.153
	E5	0.864	0.340	0.209	0.192
	E6	0.862	0.391	0.168	0.186
	E7	0.816	0.396	0.217	0.208
	E8	0.819	0.325	0.194	0.134
Business Strategy (STB)	S1	0.191	0.316	0.122	0.785
	S2	0.176	0.364	0.146	0.815
	S3	0.114	0.342	0.113	0.861
	S4	0.156	0.352	0.158	0.864
	S5	0.198	0.379	0.118	0.885
	S6	0.186	0.346	0.087	0.864
	S7	0.161	0.349	0.062	0.887
	S8	0.232	0.353	0.098	0.842
	S9	0.113	0.348	0.064	0,870
	S10	0.125	0.352	0.071	0.874
Enterprise Risk Management (MRP)	R1	0.250	0.332	0.805	0.097
	R2	0.156	0.299	0.753	0.023
	R3	0.171	0.345	0.781	0.105
	R4	0.117	0.286	0.728	0.078
	R5	0.239	0.348	0.833	0.136
	R6	0.228	0.298	0.820	0.146
	R7	0,159	0.338	0.763	0.067
Company Performance (KIP)	K1	0.356	0.846	0.394	0,350
	K2	0.378	0.906	0,310	0.404
	K3	0.371	0.907	0.341	0.338
	K4	0.372	0.895	0.392	0.375
	K5	0.393	0.895	0.364	0.397
	K6	0.356	0.879	0.282	0.316

The  $R^2$  value in each equation indicates that the independent variable can explain the dependent variable through structural test analysis. The test results obtained from the analysis show that the variables Business Ethics (ETB), Corporate Risk Management (MRP), and the moderation role of Business Strategy (SB\*EB & SB\*RP) jointly affect Company Performance (KIP) with an  $R^2$  value of 0.37. The  $R$  square value of this equation is moderate (chin 1998 in Ghazali & Latan, 2015). As a result, 37 percent of the variance in Company Performance (KIP) can be explained by the variables of Business Ethics (ETB), Corporate Risk Management (MRP), and the moderation role of Business Strategy (SB\*EB & SB\*RP). The remaining variance can be explained by other variables not included in this Study. The Fit model follows the Fit Index with the SMRM quality model criterion value of  $0.062 < 0.08$  (Hu and Bentler, 1998).



**Figure 2. Path Diagram**

The Quality Model test results indicate an exact match which can be seen from the R Square and SRMR values and the Structural Model test results in Path Coefficients. According to the T-Value Path Diagram in Figure 2 in the Path Diagram above, the research model hypothesis testing is obtained as follows:

**Table 6. Path Coefficients**

Hypothesis	Statement	Original Sample	T-Statistics	P Values	Finding
H1	Business Ethics has a positive and significant influence on Company Performance	0.290	4.075	0.000	Accepted
H2	Enterprise Risk management has a positive and significant influence on Company Performance	0.303	5.592	0.000	Accepted
H3	Business Strategy moderates the effect of Business Ethics on Company Performance	0.016	0.302	0.763	Not Accepted
H4	Business Strategy moderates the influence of Enterprise Risk Management on Company Performance	0.012	0.154	0.878	Not Accepted

The above Hypothesis has two hypotheses with a T-Statistics greater than 1.96, indicating that the data support the established research hypothesis (Hair Jr. et al., 2017).

Research and Hypothesis testing findings state that Business Ethics positively and significantly affects company performance. Implies that the better the Company implements Business Ethics in running its business, the more revenue or Performance the Company has. The results of this study are by the research Fernández & Pinuer (2016), which states that good business ethics for SME companies will undoubtedly support the achievement of company goals related to company performance.

The second Hypothesis found that ERM significantly and positively affects Company Performance. A company that implements risk management will improve its business performance. ERM reduces the likelihood and magnitude of loss by better-integrating risk assessment and balancing threats and opportunities from outside sources (Tonello, 2011). Companies implementing Risk Management will predict and mitigate the risks of losses that will arise and minimize losses if these risks occur. It can be further explained that if SMEs fail to implement Risk Management, it will increase costs to anticipate the risk of losses. This finding is in line with the study of Hanggraeni et al. (2019) gives the result that Enterprise Risk Management has a significant impact on the Performance of SMEs

The next hypothesis obtains results that show positive but insignificant effects, which shows that the Company's Strategy cannot moderate the influence of Business Ethics on Company Performance, so the Hypothesis cannot be accepted. Implies that no significant relationship exists between Business Ethics and Company Performance on the implemented Business Strategy. This founding is under research by Oltra & Floor (2010), that decision-making on ethically appropriate corporate strategy must be seen according to existing conditions. Decisions must also look at various kinds of information/knowledge that can be relied upon for high-quality ethical and economic decision-making. Business strategy decisions by many SME companies in the post-pandemic period are more focused on business continuity. However, it must still pay attention to existing business ethics; moreover, the government and corporations have implemented Good Corporate Governance in business interactions. If the institution applies a business ethics violation, it will cause all parties to be negatively affected, affecting the Company's income.

The fourth hypothesis found that the results were positive and insignificant, which showed that the Company's Strategy could not moderate the impact of Corporate Risk Management on the Company's results, so the proposed Hypothesis could not be received. The SME companies studied business strategy does not significantly influence the risk management applied to achieve company performance targets. Each Company implements risk management according to the existing corporate strategy. In line with research of Soltanizadeh et al. (2016) and Oltra & Floor (2010), the type of company strategy affects the relationship between risk management and company performance. SME companies apply risk management to achieve different Performances in each Company so that business strategies are adapted to existing conditions, the economic environment, management style, technology, and others. Sometimes the identified risk will be adjusted after the impact of the loss occurs. The Business Strategy that has been determined is still being implemented, even though risks may arise.

## **E. CONCLUSION**

The majority of hypotheses tested in this study have been validated, where Business Ethics and ERM directly influence Company Performance. However, Business Strategy does not strengthen the relationship between Business Ethics and Company Performance, as well as ERM and Company Performance. The more appropriate application of Business Ethics and ERM in the Company's Business Strategy will encourage improving Company Performance.

There are still several limitations in this study that need to be corrected. First, this research was conducted on SME companies that became debtors at Bank Mandiri in several provinces in Indonesia, which did not necessarily describe the condition of SME companies in general. So that SMEs can be the focus of future research in other parts of Indonesia to gain broader insights into the influence of Business Ethics, Risk Management, and Corporate Strategy on SME Performance. Second, this study only looks at companies that have survived pandemic conditions by looking at their ability to pay loan obligations without considering their ability to survive if the conditions of activity restrictions are strictly implemented again. Therefore, Subsequent research can increase the literature by adding to company performance if the government again restricts business activities due to a pandemic. Third, this research was conducted on the study of the variables. Furthermore, researchers recommend further research by adding other variables. Fourth, research was conducted involving limited SME companies at PT. Bank Mandiri (Persero). So that future research can focus more on SME companies in specific industrial sectors. Fifth, they have not anticipated increased essential goods and fuel prices due to the current war between Russia and Ukraine.

This research provides several managerial implications. First, the application of Business Ethics, Business Strategy, and Enterprise Risk Management is a series of activities that must

be considered by company management in making decisions. Second, an appropriate Business Strategy integrated with Business Ethics and Enterprise Risk Management will positively influence Company Performance. Third, SME companies, in anticipating the economic crisis, must continue to carry out various strategies so that the Company can survive by continuing to improve capabilities in implementing Corporate Risk Management. Fourth, the Study can help small and medium-sized businesses perform better during the pandemic and in an economy that affects sustainability while still putting the right business strategy and upholding the Company's business ethics.

## REFERENCES

1. Ali, S., Ahmadi, A., & Salamzadeh, Y. (2012). Relationship between Organizational Culture and Strategy Implementation : Typologies and Dimensions. *Global Business & Management Research : An International Journal*, 4(3), 286–299.
2. Brustbauer, J. (2016). Enterprise risk management in SMEs: Towards a structural model. *International Small Business Journal: Researching Entrepreneurship*, 34(1), 70–85. <https://doi.org/10.1177/0266242614542853>
3. Callahan, C., & Soileau, J. (2017). Does Enterprise Risk Management Enhance Operating Performance? *Advances in Accounting*, 37, 122–139. <https://doi.org/10.1016/j.adiac.2017.01.001>
4. Clampit, J., Hasija, D., Dugan, M., & Gamble, J. (2021). The Effect of Risk, R&D Intensity, Liquidity, and Inventory on Firm Performance during COVID-19: Evidence from US Manufacturing Industry. *Journal of Risk and Financial Management*, 14(10), 499. <https://doi.org/10.3390/jrfm14100499>
5. Fernández, L. M. V., & Pinuer, F. J. V. (2016). Influence of Customer Value Orientation, Brand Value, and Business Ethics Level on Organizational Performance. *Revista Brasileira de Gestao de Negocios*, 18(59), 5–23. <https://doi.org/10.7819/rbgn.v18i59.1701>
6. Ghozali, I., & Latan, H. (2015). Partial Least Squares Konsep, Teknik dan Aplikasi Menggunakan Program SmartPLS 3.0 untuk Penelitian Empiris. *Semarang: Badan Penerbit UNDIP*.
7. Gimbert, X., Bisbe, J., & Mendoza, X. (2010). The Role of Performance Measurement Systems in Strategy Formulation Processes. *Long Range Planning*, 43(4), 477–497. <https://doi.org/10.1016/j.lrp.2010.01.001>
8. Hair, J., Anderson, R., Babin, B., & Black, W. (2010). *Multivariate Data Analysis.pdf* (p. 758).
9. Hair Jr, J. F., Sarstedt, M., Ringle, C. M., & Gudergan, S. P. (2017). *Advanced Issues in Partial Least Squares Structural Equation Modeling*. saGe publications.
10. Hanggraeni, D., Ślusarczyk, B., Sulung, L. A. K., & Subroto, A. (2019). The Impact of Internal, External and Enterprise Risk Management on the Performance of Micro, Small and Medium Enterprises. *Sustainability (Switzerland)*, 11(7). <https://doi.org/10.3390/su10022172>
11. Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The Use of Partial Least Squares Path Modeling in International Marketing. In *New Challenges to International Marketing*. Emerald Group Publishing Limited.
12. Hermina, N., & Marbun, A. D. (2020). *Corporate Strategy Based on Business Environment Macro and Micro to Achieve Business Performance SME ( Small and Medium Enterprises) Business in West Java, Idonesia During The COVID-19 Pandemic*. 17(10), 3718–3731.
13. Hu, L., & Bentler, P. M. (1998). Fit Indices in Covariance Structure Modeling: Sensitivity to Underparameterized Model Misspecification. *Psychological Methods*, 3(4), 424. <https://doi.org/https://doi.org/10.1037/1082-989X.3.4.424>

14. *Influência da orientação ao valor do cliente, do valor da marca e do nível de ética empresarial no desempenho organizacional.* (n.d.).
15. Lee, F. H., Lee, T. Z., & Wu, W. Y. (2010). The Relationship between Human Resource Management Practices, Business Strategy and Firm Performance: Evidence from Steel Industry in Taiwan. *International Journal of Human Resource Management*, 21(9), 1351–1372. <https://doi.org/10.1080/09585192.2010.488428>
16. Leonidou, L. C. D., Kvasova, O. D., Leonidou, C. N. D., & Chari, S. D. (2013). Business Unethicality as an Impediment to Consumer Trust : The Moderating Role of Demographic and Cultural Characteristics. *Journal of Business Ethics*.
17. March, J. G., & Shapira, Z. (1987). Managerial Perspectives on Risk and Risk Taking. *Management Science*, 33(August 2015).
18. Nkuda, M. O. (2021). Strategic Management Practices and Business Ethics of Mobile Satellite Communication Companies in Nigeria. *International Journal of Innovative Finance and Economics Research*, 9(4), 134–152.
19. Oltra, M. J., & Floor, M. L. (2010). The Moderating Effect of Business Strategy on the Relationship between Operations Strategy and Firms' Results. *International Journal of Operations & Production Management*, 30(1), 1–5.
20. Peraturan Pemerintah RI. (2021). *Peraturan Pemerintah Republik Indonesia Nomor 07 Tahun 2021 tentang Kemudahan, Pelindungan, dan Pemberdayaan Koperasi dan Usaha Mikro, Kecil, dan Menengah.* 086507, 25–26.
21. Prieto, I. M., & Revilla, E. (2009). Learning Capability and Business Performance : A Non-Financial and Financial Assessment. *Emerald Insight*, 13, 166–185. <https://doi.org/10.1108/09696470610645494>
22. Rehman, A. U., & Anwar, M. (2019). Mediating Role of Enterprise Risk Management Practices between Business Strategy and SME Performance. *Small Enterprise Research*, 26(2), 207–227. <https://doi.org/10.1080/13215906.2019.1624385>
23. Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring Organizational Performance : Towards Methodological Best Practice †. *Journal of Management*, 35(3), 718–804. <https://doi.org/10.1177/0149206308330560>
24. Román, S., & Ruiz, S. (2005). Relationship Outcomes of Perceived Ethical Sales Behavior: The Customer's Perspective. *Journal of Business Research*, 58(4), 439–445. <https://doi.org/10.1016/j.jbusres.2003.07.002>
25. Senzu, E. T., & Ndebugri, H. (2018). Examining business Performance of Micro, Small and Medium Scale Enterprise through Accounting Records Keeping; Case Study in Ghana. *Researchgate.Net*, 84022.
26. Soltanizadeh, S., Zaleha, S., Rasid, A., & Mottaghi, N. (2016). Business Strategy, Enterprise Risk Management and Organizational Performance. *Emerald Insight*, 38(2). <https://doi.org/10.1108/MRR-08-2013-0185>
27. Southiseng, N., & Walsh, J. (2010). Competition and Management Issues of SME Entrepreneurs in Laos : Evidence from Empirical Studies in Vientiane Municipality , Savannakhet and Luang Prabang. *Asian Journal of Business Management*, 2(3), 57–72.
28. Stanković, M., Mrdak, G., Stojanović, S., & Stanisavljević, B. (2021). Integrating Business Ethics and Business Strategy. *Knowledge – International Journal*, 45, 177–183.
29. Taouab, O., & Issor, Z. (2019). Firm Performance: Definition and Measurement Models. *European Scientific Journal ESJ*, 15(1). <https://doi.org/10.19044/esj.2019.v15n1p93>
30. Tonello, M. (2011). Emerging Governance Practices in Enterprise Risk Management. In *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.963221>
31. Turyakira, P. K. (2018). Ethical Practices of Small and Medium-Sized Enterprises in developing countries: Literature Analysis. *South African Journal of Economic and*

- Management Sciences*, 21(1), 1–8. <https://doi.org/10.4102/sajems.v21i1.1756>
32. Wardhanie, A. P., Kartikasari, P., & Wulandari, S. H. E. (2018). Pertumbuhan Bisnis Melalui Metode O2O pada Usaha Mikro, Kecil dan Menengah (UMKM) di Indonesia. *Jurnal Ilmiah Bisnis dan Ekonomi Asia*, 12(2), 76–83. <https://doi.org/10.32812/jibeka.v12i2.10>