ABSTRACT

This dissertation empirically examines the influence of business characteristics and entrepreneurial characteristics on the business growth of MSMEs, by incorporating *Financial Technology Innovation Based on Behavior for SMEs* as a mediating variable. The concept of *Financial Technology Innovation Based on Behavior for SMEs* represents a novel construct developed from the synthesis of Financial Technology Theory, Resource-Based View (RBV), and Theory of Planned Behavior (TPB), emphasizing the importance of behavior-based financial technology innovation in enhancing MSME business performance and growth.

This study adopts a quantitative research design using Structural Equation Modeling (SEM) with WarpPLS, as the analytical approach. A total of 595 MSMEs in North Sumatra were purposively selected as respondents, with data collected through structured questionnaires distributed directly to relevant business owners participating. The study examined 13 hypotheses to analyze both direct and indirect relationships among business characteristics (firm size and firm age), entrepreneurial characteristics (education and experience), Financial Technology Innovation Based on Behavior for SMEs, and business growth, within the proposed model.

The results indicate that firm age, education, and experience have significant positive effects on MSME business growth, while firm size does not show a significant direct effect. In addition, Financial Technology Innovation Based on Behavior for SMEs has a significant positive effect on business growth. Furthermore, it significantly mediates the relationships between firm size, firm age, and experience on business growth. However, it does not mediate the relationship between education and business growth. These findings highlight that financial technology innovation based on user behavior serves as a critical mechanism in translating internal business and entrepreneurial characteristics into sustainable MSME growth.

Overall, this dissertation contributes to the integration of RBV, TPB, Human Capital Theory, and Organizational Theory within the context of financial technology adoption. It also introduces a new conceptual framework that can be utilized by MSME actors, policymakers, and financial institutions to strengthen digital financial transformation and support sustainable MSME development in Indonesia.

Keyword: Business Characteristics, Entrepreneurial Characteristics, Financial Technology Innovation Based on Behavior, MSME, Business Growth, Organization Theory, Human Capital Theory, Theory of Planned Behavior, Financial Technology.