



ADVANCED INTERNATIONAL JOURNAL
OF BUSINESS, ENTREPRENEURSHIP
AND SMES
(AIJBES)

www.gaexcellence.com/aijbbs



EFFICIENCY OF MSME INVESTMENT THROUGH INTEGRATION OF RESOURCE ALLOCATION AND ENVIRONMENTAL SCANNING USING A BUSINESS STRATEGY ANALYSIS APPROACH

Mega Barokatul Fajri^{1*}, Mohd Zulkifli Muhammad², Nurhaiza Nordin³

¹ Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Malaysia

 a24e2855f@siswa.umk.edu.my

 <https://orcid.org/0009-0004-5087-9575>

² Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Malaysia

 zulkifli.m@umk.edu.my

 <https://orcid.org/0000-0001-9700-454X>

³ Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Malaysia

 haiza@umk.edu.my

 <https://orcid.org/0000-0003-1021-3862>

*Corresponding Author

Article Info:

Article history:

Received date: 25.01.2026

Revised date: 12.02.2026

Accepted date: 25.03.2026

Published date: 31.03.2026

To cite this document:

Fajri, M. B., Muhammad, M. Z., & Nordin, N. (2026). Efficiency Of MSME Investment Through Integration of Resource Allocation and Environmental Scanning Using a Business Strategy Analysis Approach. *Advanced International Journal of Business Entrepreneurship and SMEs*, 8 (27), 682-705.

Abstract:

In today's uncertain economic conditions, achieving investment efficiency is a significant challenge for MSMEs, especially those with limited resources and high uncertainty in the business environment. This research aims to explore and analyze how resource allocation and environmental scanning are integrated in MSMEs in the food and beverage sector in Lamongan Regency, Indonesia, to achieve investment efficiency. The design of this study uses exploratory qualitative research with purposive sampling and snowball sampling techniques as sampling techniques. The results of this study show that investment efficiency is greatly influenced by the decisions of actors in setting resource allocation priorities and environmental conditions as reflected in the implementation of BMC, PESTEL Analysis, Porter's Five Forces, and Value Chain analysis. MSMEs that actively monitor market trends, consumer preferences, and cost fluctuations can indirectly allocate their resources, such as capital, labor, time, and managerial capacity, strategically to minimize investment risk and improve business performance. Conversely, MSMEs whose business activities depend on intuition without conducting significant environmental scanning can create investment inefficiencies. This study confirms that integrating MSME resource allocation with environmental scanning can improve investment efficiency and maintain business environment flexibility.

DOI:10.35631/AJBES.827043 **Keyword:**

Business Environment, Environmental Scanning, Investment Efficiency, MSMEs, Resource Allocation



© The authors (2026). This is an Open Access article distributed under the terms of the Creative Commons Attribution (CC BY NC) (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited. For commercial re-use, please contact ajibes@gaexcellence.com.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are the main pioneers of Indonesia's economic development. They play a strategic role to driving economic improvement by increasing the gross domestic product (GDP). When their growth is so fast, the Indonesian's unemployment rate directly decreases because most of the labor has been absorbed. According to official data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, it is projected that by 2025, MSMEs have contributed 60% to GDP growth and 97% of the total labor (Limanseto, 2025). Currently, there are 30.19 million MSMEs in Indonesia. The biggest number of MSMEs are located in West Java with 5.4 million, East Java with 4.58 million, and Central Java with 4.45 million (Kementerian UMKM Republik Indonesia, 2025). This strategic role becomes crucial when MSMEs are exposed to economic uncertainty due to global changes that affect fluctuations in raw material prices, consumer preferences, and the acceleration of business activities. In this case, MSMEs not only have the role of being a pillar of the economy but also play the role of adaptive actors who are able to protect the stability of economic activity at both the national and regional levels. Referring to the results of research conducted by Beck & Demirguc-Kunt, (2006), shows that MSMEs are highly flexible and quick to adapt compared to large companies in responding to changes in the business environment, particularly in terms of adjusting production volumes, diversifying and innovating products, and managing resources much more efficiently. This is what makes MSMEs a pillar in improving regional economic performance and quality, which indirectly serves as a guardian of economic stability for the community.

On the other hand, although MSMEs play an important role in regional economic sustainability, in the current uncertain economic conditions, this role cannot be carried out significantly due to investment efficiency issues and low-quality business management. This is because many MSMEs still have capital shortages, limited resources, low financial literacy and inclusion, minimal investment planning, a limited ability to identify opportunities and threats in the business environment, and a lack of experience in managing managerial capacity. These problems can create opportunities for a decline in investment efficiency, as seen in high operational costs, inappropriate use of resources, and investment returns that are not optimal. (Biddle, *et.al.*, 2009); (Chen, *et.al.*, 2010). When MSMEs encounter the above problems, all activities undertaken by actors in investment decisions, such as purchasing production assets and increasing production volumes, become very risky. Inaccurate allocation of available capital can affect business sustainability, so it can be said that investment efficiency is one of

the determining factors in maintaining business stability and competitiveness against competitors (Fazzari, Steven M., *et.,al.*, 1988)); (Chen, *et.,al.*, 2010).

Investment inefficiency can occur in MSMEs not due to a shortage of market opportunities in society, but rather due to the limitations of business managers and a lack of experience and knowledge in strategically allocating available resources. Most MSMEs run their businesses based on conviction and intuition, similar to investing without conducting preliminary analysis. This results in investment decisions that are not in line with business needs. This problem shows that the main issue faced by many MSMEs is not a lack of capital, but rather how to allocate and use the capital they have appropriately, effectively, and efficiently for the running of their business.

The above issues are also being felt by several MSMEs in Lamongan Regency, East Java, especially those engaged in the food and beverage sector. This sector is very dynamic and growing rapidly due to relatively stable consumer demand, easy access to local raw materials, changes in consumer preferences and lifestyles, and the fact that it is a labor-intensive sector. In 2025, the number of MSMEs in Lamongan Regency reached 111,310 units. (Febrianto V, 2025) with the food and beverage sector amounting for 3.877 units (Dinas Perindustrian dan Perdagangan Kabupaten Lamongan, 2025), With the increasing number of producers engaged in this sector, this has created fierce competition among producers, requiring them to innovate in their businesses and manage their resources efficiently in order to maintain business stability. Based on interviews with several respondents, MSMEs in this sector play an important role in increasing value for the strengthening of local products and are a major source of income for the people of Lamongan. In addition, based on the results of previous research, it was found that the food and beverage sector is essentially vulnerable to economic fluctuations and instability, especially during times of crisis such as the Covid-19 pandemic. This makes the sector most affected by these risks because the products produced are closely related to the basic needs of the community. (Tambunan, 2019); (Ayyagari, *et.,al.*, 2014).

However, based on the results of the interviews, it appears that MSME players encounter many problems and challenges, such as small business scale, dependence on their own capital, poor financial record keeping, production surpluses and shortages, minimal optimization in the use of production tools, inefficient use of capital structure and costs, and investment decisions based on intuition and short-term considerations. The interview results show that the overall investment efficiency of MSMEs in the food and beverage sector in Lamongan has not been fully achieved. The investment decisions made by actors are only based on changes in market demand and competitive pressures, not on the needs of MSMEs as outlined in strategic planning.

In many cases obtained by researchers from respondents, it was found that many MSME players in purchasing assets or planning for business expansion did not consider the needs and suitability between funds, internal capacity, and the dynamic conditions of the external business environment. In addition, another problem found is that many of them do not systematically analyze the feasibility of investments by looking at external conditions in the business, such as changes in consumer tastes and increases in production costs, which result in suboptimal resource allocation and investment inefficiency. This point is reinforced by the results of research conducted by Richardson, (2006), that governance management, in this case, the inappropriate management of resource allocation in MSMEs or companies, can indirectly create investment inefficiencies. The above conditions indirectly reinforce the urgency of

understanding how MSMEs make efficient and targeted investment decisions, as well as the factors that can affect investment efficiency in MSMEs.

Investment efficiency is a condition where investment activities carried out by companies or MSMEs are in line with expectations. According to Indah, *et.,al.*, (2014), investment efficiency is the optimal level of investment for a company, where the investment provides a beneficial return for the company. Investment efficiency itself is an important indicator in assessing the quality of investment decisions, especially for MSMEs whose activities are very limited in terms of resources. An investment is considered efficient when a company can prioritize capital for projects that can provide added value in line with growth opportunities (Biddle, *et.,al.*, 2009) and avoid over investment or under investment decisions. (Richardson, 2006). For an MSMEs, investment efficiency is not only driven by capital constraints but also influenced by internal management conditions and the appropriate allocation of resources by MSMEs operators. The quality of investment efficiency heavily depends on how MSMEs manage financial resources and allocate assets in operational activities to support long term business objectives (Chen, *et.,al.*, 2010).

Based on various studies conducted by previous researchers, the low efficiency of investment in MSMEs is due to weak internal decision making, especially in terms of determining the priority use of resources (Juan García-Teruel & Martínez-Solano, 2007)The efficiency of capital allocation in MSMEs appears to be lower than that of large companies. This is due to a lack of internal capacity to identify profitable long term investment opportunities. (Usman, *et., al.*, 2025). In addition, other studies also confirm that the decision making process in investment for MSMEs is carried out intensively without conducting adequate internal evaluations (Gveroski, Miroslav., 2017). When the allocation of resources is not based on strategic analysis and valid information from both the internal and external business environments, it can have a negative impact on business stability. Therefore, there are several factors that can affect investment efficiency in terms of internal management, one of which is the resource allocation factor.

Resource allocation is a strategic step in managing, combining, and utilizing company resources to create business activities that have advantages and high competitiveness. According to Barney, (1991), resource allocation becomes more effective when the resources owned can be allocated to business activities that have high value, are difficult to imitate, and are not easily replaced. They are one of the most important factors for MSMEs to create the investment efficiency. Referring to the resource-based view approach, it shows that to create a unique advantage and consistent performance, so important to have the ability to manage and exploit the available resources, such as knowledge, competencies, and the long-term strategic goals (Grant, 1996). However, based on the researcher's observations, many MSMEs in the food and beverage sector do not yet have the ability to determine the main priorities and proportions in resource allocation according to their needs. The limited managerial capabilities of SME actors result in the allocation of labor, production assets, and funds for operational activities that are not in line with the initial targets and objectives of running the business. This aspect causes the investment activities carried out by MSMEs are unable to provide.

On the other hand, there are other factors that can affect investment efficiency, namely environmental scanning. Environmental scanning is an integrated process of collecting and analyzing data or information about external environmental conditions as material for review and strategic decision-making in running a business. Environmental scanning itself functions

as a tool for reducing uncertainty in strategic decision-making. (Hambrick, 1982); (Daft et al., 1988). Based on the above definition, it can be stated that environmental scanning is a step that must be taken by MSMEs in analyzing the external business environment so that actors can know and understand the conditions of the environment, both in terms of changes in consumer aspects, competitors, raw material changes, and regulatory aspects that can affect the running of a business. However, in reality, many MSMEs in Lamongan still have limitations in obtaining information due to their lack of ability to analyze the environment, so that in following up on available information, especially information on changes in market conditions, they tend to be late. Weak environmental scanning by MSMEs can make investment decisions less adaptive and pose a high risk to the running of a business. According to Eisenhardt & Martin, (2000), it is very important for MSMEs to reconfigure their resources in order to cope with rapid environmental changes. This can be seen from the flexibility of MSMEs in adjusting resource allocation and investment decisions, which can indirectly increase investment efficiency amid rapidly changing market dynamics.

The problem of investment efficiency in MSMEs in Lamongan in the food and beverage sector becomes even more complicated when resource allocation and environmental scanning factors are not properly integrated. Many MSMEs only focus on managing internal resources without paying attention to changes in the external environment, and vice versa. Such a partial approach can result in inefficient and unsustainable investment decisions. Therefore, an approach that integrates both internal and external factors is needed as a basis for MSME investment decisions.

In integrating the two factors above, a relevant conceptual framework is needed. One aspect that can be used as a link is the use of business strategy analysis. The strategic analysis used to integrate the two factors includes, first, business model canvas analysis. This analysis is used to explain how external environmental conditions influence decisions on the appropriate allocation of internal resources so that the advantages of a business can be identified (Osterwalder, A., Pigneur, Y., & Tucci, 2005); (Osterwalder, A., Pigneur, 2012); Second, PESTEL analysis. This analysis is used to determine whether resource allocation can be carried out contextually and adaptively to changes in external environmental conditions. (Yuksel Ihsan, 2012); Third, Porter's five forces analysis. The five models of this analysis can be used as an environmental scanning tool to assess competitor performance, the threat of new entrants, the bargaining power of suppliers and buyers, and the threats that players will face from the existence of substitute products (Porter., 1985); (Porter, 1979); Finally, value chain strategy analysis is used to identify aspects of production operational process requirements so that MSMEs can identify and determine the resources that must be allocated to create a competitive advantage (Porter, Michael., 1985); (Fajri, *et.,al.*, 2025)

By using business strategy analysis, business actors can determine the competitive level of their business, identify their business advantages, and identify the strengths, weaknesses, opportunities, and threats of their business. In practice, the implementation of business strategy analysis is rarely carried out, which can affect business continuity. This is because without the implementation of business analysis and an understanding of the analysis, investment decisions tend to be more reactive to change.

Based on the above phenomenon, many studies have been conducted on investment efficiency, resource allocation, and environmental scanning, but most researchers have focused on only one variable. In this study, the researcher aims to integrate resource allocation and

environmental scanning, supported by business strategy analysis, in interpreting investment efficiency in the Food and Beverage Sector of MSMEs in Lamongan. Research with this model is very limited, thus highlighting a significant research gap both conceptually and empirically. Referring to the existing problems, the researcher will outline several research questions that will be addressed during this study, including: (1) how Food and Beverage MSMEs in Lamongan Regency define the concept of investment efficiency in the context of business environment uncertainty; (2) How do MSME actors determine the priority allocation of available resources (capital, labor, time, and production capacity) in investment decision-making? (3) How do MSMEs review business environment conditions in support of investment decisions? (4) How is the integration between resource allocation and environmental scanning manifested in business strategy analysis? (5) How can this integration contribute significantly to achieving investment efficiency and business flexibility for Food and Beverage MSMEs in Lamongan?

Literature Review

MSME Investment Efficiency

Investment efficiency is a condition of an entity, whether a company or an MSME, in terms of allocating available capital to a project that can provide maximum added value. In general, from a financial perspective, investment efficiency can be measured by looking at the positive net present value (NPV) of the project. This concept is in line with the grand theory of capital budgeting, which emphasizes capital investment in projects that are truly feasible to fund economically and financially (Salehi et al., 2022). According to Biddle, et.,al., (2009), It explains that investment efficiency can occur when issuers only invest in projects with a positive NPV, thereby providing added value to stakeholders in the issuer.

Basically, there are two points that are usually discussed in the concept of investment efficiency, namely the concept of underinvestment, which is a condition where an issuer cannot take advantage of investment opportunities, so it cannot provide optimal profits as expected. The second concept is overinvestment, which is a concept where an issuer invests in overcapacity and does not meet its targets, and the issuer also invests in projects that are detrimental. However, these two concepts will only be used when researchers want to analyze investment efficiency in companies from a financial perspective.

Basically, the concept of investment efficiency in MSMEs has different characteristics when compared to large companies. In general, MSMEs operate with limited capital, limited information, and relatively simple management. Therefore, analyzing investment efficiency in MSMEs cannot only be measured by financial aspects, but also by the extent to which business capabilities can minimize risks and generate profits in line with targets, as well as generate sustainable business in the long term from limited resources.

Other studies show that investment decision making for MSMEs is greatly influenced by uncertain business conditions. A dynamic environment, such as changes in consumer styles and preferences, price fluctuations, and intense competition, can lead to fatal investment allocation risks (Ting, 2024). In such conditions, MSMEs that do not have a systematic decision-making SOP mechanism may rely on intuition, which can lead to investment inefficiency.

Resource Allocation View

Resource allocation view (RBV) is a strategic step in managing, combining, and utilizing company resources so as to create business activities that have advantages and high competitiveness. This RBV theory also ensures that the performance and advantages of an issuer can be seen from the issuer's performance in managing resources that are high in value, rare, difficult to imitate, and not easily replaced (Barney, 1991). For MSMEs, resources such as a skilled and competent workforce, owner time, and owner competence in managerial management are the most important factors for MSME sustainability, and these resources are limited.

Other studies show that MSMEs that are able to strategically prioritize resource allocation tend to have higher investment efficiency levels even though they face operational limitations (Arend & Lévesque, 2009). Based on the above concept, resource allocation is not only an operational decision but also a strategic mechanism for managing investment quality and risk.

For an MSMEs, the implementation of RBV has a significant difference. In MSMEs, intangible resources such as managerial competence, business management experience, the social network of SME owners, knowledge of market conditions, and decision-making abilities are potential and strategic assets when compared to physical assets. This opinion is reinforced by research conducted by Sirmon, *et.,al.*, (2007) which shows that managerial capabilities and human resources management in MSMEs have a significant effect on the effectiveness of resource allocation and business stability.

Resource allocation in MSMEs is related to incremental investment strategy. This is due to the limited capital of MSMEs, which means that investment activities are carried out gradually and based on learning, so that every MSME will use the results of previous investments as evaluation material. This concept clarifies that knowledge and experience in organizing, particularly in terms of managing a business, as well as the ability to manage all internal needs, become a sustainable competitive advantage for a business (Tece, 2014).

Environmental Scanning

Environmental scanning is an integrated process of collecting and analyzing data or information about external environmental conditions as material for review and strategic decision-making in running a business. Environmental scanning itself functions as a tool for reducing uncertainty in strategic decision-making (Hambrick, 1982); (Daft, *et.,al.*, 1988).

For MSMEs, environmental scanning is an important aspect, due to their limited internal resources, which make them more vulnerable to the highly dynamic business environment. Rapid changes can affect the feasibility and risk of investment in MSMEs. Therefore, it is very important for MSMEs to intensively review and analyze external environmental conditions so that they can be used as instruments for efficient and sustainable investment decision-making. Basically, there are several approaches that MSMEs can use in conducting environmental scanning. MSMEs are required to understand and perform PESTEL analysis, which covers political, economic, social, technological, environmental, and legal factors. This analysis is used so that MSMEs can see macroeconomic conditions. Meanwhile, the competitive model through Porter's five forces can also help in identifying threats and opportunities that can be taken by actors in facing their competitors. Combining these two approaches indirectly

provides convenience for MSMEs in terms of the brief conditions of the external business environment.

The concept of environmental scanning is an early stage or process in strategy development. Through this activity, business actors can understand how the dynamics of the business environment can affect their business, both internally and externally, such as political, social, environmental, and legal factors. The information obtained from this process can be used to help business actors identify opportunities and threats that may affect business continuity and can also be used in formulating business strategies that are more adaptive and responsive to environmental changes.

Business Strategy Analysis

The approach in the concept of strategic management emphasizes the importance of MSMEs when conducting business evaluations to align several strategies, namely internal and external business strategies (Porter, 1998). There are several business analysis methods that can be used, including the Business Model Canvas (BMC), Value Chain Strategy, PESTEL, and Porter's Five Forces. These methods can help MSMEs understand their business strategy position and allocate resources more effectively. The following are definitions of each business analysis method.

Business Model Canvas (BMC)

BMC is a model developed by Osterwalder, A., Pigneur, (2012). This model can be used to identify, describe, assess, and illustrate the business model framework in an industry. There are nine blocks in creating this model framework, including Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, and Cost Structure.

Business Model Canvas is a practical implementation of the business strategy concept used to formulate and integrate comprehensive business strategies. Through this model, business owners can understand how to use strategies to create competitive advantages in their businesses through resource management, customer relations, and effective cost structure management. In addition, this model can also be used to design and develop business models that are more adaptive to market changes and improve efficiency in strategic decision-making.

PESTEL Analysis

The PESTEL model is a strategic tool used by businesspeople to analyze the external environment of a business. To use this model, business people must consider six dimensions, namely political, economic, social, technological, environmental, and legal dimensions (Porter, 1998). In addition to being useful for analyzing the external conditions of a business, this model can also be used to identify potential opportunities and threats from external parties that business actors will face. By using and implementing this model, business people can indirectly take steps to mitigate early on any changes in the dynamic business environment.

Five Forces Porter's

This analysis is part of a business strategy model developed by (Porter, 1980); (Porter, 1979). This model is used to identify and analyze the strengths of a business in terms of inter-industry competition. In this model, there are five instruments that can be used to see the extent of the strength of the business compared to its competitors, including the threat of new entrants, supplier bargaining power, buyer bargaining power, the threat of substitute products, and the intensity of competition among competitors.

Value Chain Strategy

Value chain strategy is a business model that can be used to describe how the production process from upstream to the final product or service reaches consumers. According to Porter, Michael., (1985), this model, it is the process from the creation of a product or service to its maintenance. This model has two types of activities. The first is primary activities, which are the most important activities in generating value for consumers, such as logistics, operations, distribution, marketing and sales, and service. The second is supporting activities, which are only needed to support and improve the performance of the primary activities. These activities include product R&D, technology and system development, human resource management, and general administration (Fajri, *et.,al.*, 2025); (Porter, Michael., 1985).

This strategy model can be used by MSMEs to identify activities that can provide added value and activities that improve operational efficiency. For entrepreneurs, this strategy is very important because it can be used as an indicator to understand how each business activity process can improve quality, reduce production costs, and strengthen customer relationships.

Integration of Analysis in Business Strategy

Referring to the four business analysis models above, these models are used to determine the extent of investment efficiency carried out by MSMEs. The four models describe a very strong analytical framework for developing a comprehensive business strategy. By integrating these models, MSMEs can not only plan their operational activities but also project how changes in the external environment and competition among producers can affect their strategy and the creation of long-term sustainable value.

Integration between Resource Allocation and Environmental Scanning

The combination of the two processes of resource allocation and environmental scanning is part of a process management strategy that balances internal resources with external environmental conditions. This integration has an effect on resource allocation decisions, which become more responsive to dynamic changes. A massive review of external environmental conditions can minimize environmental uncertainty and ensure that resource allocation is not only based on internal assumptions but also reinforced by valid data and information.

The forms of integrity carried out in both processes include: (1) reviewing the environment by intensively looking at micro and macro factors in identifying opportunities and threats that will be faced; (2) interpreting the information obtained; (3) evaluating the impact on the capabilities and internal conditions of MSMEs; (4) compiling and prioritizing resource allocation; (5)

Evaluation, this step is the result of the allocation of resources that are evaluated and used as material for review in the next period.

Integrating Business Strategies to Improve MSME Performance

The integration of the BMC model, environmental scanning, value chain strategy, and resource allocation is a strategic and comprehensive approach to business management. The BMC model can be used to form a framework for designing a business model. Environmental scanning becomes one of the bases for decision making through scanning of external environmental dynamics. The value chain can be used as an indicator that explains how the designed business strategy can be implemented through operational activities so as to create added value for customers and increase business competitiveness. Meanwhile, resource allocation can be used as an indicator in determining whether the resources owned by business actors can be optimally utilized in supporting the formulated strategy.

The integration of environmental scanning, model development through BMC, and business activity analysis through value chain strategy directly helps entrepreneurs in designing more comprehensive business strategies. Furthermore, the effectiveness of these three activities can be indirectly influenced by the ability of entrepreneurs to manage internal resources through a resource-based theory approach.

On the other hand, this integration provides benefits for MSMEs in improving their capabilities in formulating more adaptive business strategies, increasing efficiency in resource management, and strengthening competitiveness in facing an increasingly dynamic business environment.

Previous Research

Previous research plays a very important role in explaining the development of scientific literacy and serves as a basis for identifying gaps in research. The following are some previous scientific literatures that support the preparation of this research.

First, related research “Resource allocation pattern to green technology innovation efficiency: Synergy between environmental resource orchestration and firms’ digital capabilities (Zhao, *et.,al.*, 2025)”. This study focuses more on the combination of resource allocation and external environmental opportunities in improving the quality of investment decisions. **Second**, related research “Resource efficiency investments and firm performance: Evidence from European MSMEs (Özbuğday, *et.,al.*, 2020)”. This study emphasizes the relationship between investment efficiency and the creation of added value in business activities. In creating this added value, resources must be allocated appropriately. **Third**, related research “Competing Effectively: Environmental Scanning, Competitive Strategy, and Organizational Performance in Small Manufacturing Firms (Beal, 2000)”. Environmental scanning plays an important role in minimizing uncertainty in the business environment. **Last**, related research “Environmental Scanning on Competitive Advantage in Small Medium Enterprises: The Role of Innovation (Putra & Rivai, 2025)”. This study focuses on environmental scanning as an external analysis tool that can improve business excellence and performance and integrate it with internal resource management.

Referring to previous studies, it can be concluded that the state of the art of this research is that the majority of studies conducted by previous researchers were quantitative, while the research to be conducted by researchers focuses on qualitative research. The majority of previous studies still discuss investment efficiency, resource allocation, and environmental scanning partially. Finally, there has been no study that analyzes the integration of investment efficiency, resource allocation, and environmental scanning together, supported by an integrated business strategy analysis.

Conceptual Framework

The conceptual framework in this study is based on the integration of four complementary business strategy perspectives in implementing successful MSME strategies to create investment efficiency. First, environmental scanning can be used to help business actors identify opportunities and threats arising from the external environment. The information obtained can then be used as a basis for developing an adaptive business model through the BMC approach.

Furthermore, a business model that has been carefully developed can be implemented through various operational activities that can be analyzed using the value chain strategy perspective. This strategy can be used to identify business activities that can provide added value to consumers. In addition, the effectiveness indicators of business activities can be determined by the extent to which business actors are able to manage internal resources so that investment efficiency can be created in the business process. Attached is the conceptual framework of this study.

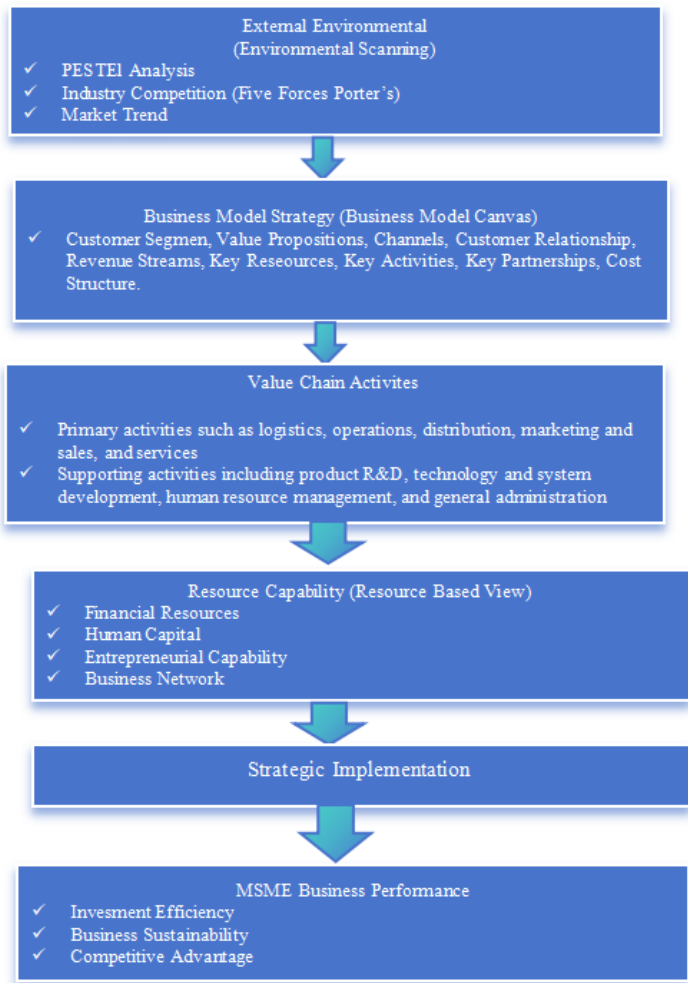


Figure 1. Conceptual Framework

Methodology Research

This research using an exploratory qualitative study. According to Cooper, Donald R., Pamela S, (2017), qualitative methods, it is a technique that interprets, describes, and translates so that it relates to the meaning rather than the frequency of phenomena that occur frequently or infrequently in nature. Exploratory qualitative research is a type of research used to analyze research topics that are relatively new and have not been widely studied. This type of research is conducted to clarify the real phenomena that will be solved by the researcher (Cooper, Donald R., Pamela S, 2017). This approach is used to comprehensively explain how MSMEs in the food and beverage sector can integrate resource allocation with business environmental scanning in achieving investment efficiency supported by the integration of business analysis models.

This study used purposive sampling and then developed it with the snowball method. Purposive sampling is a sampling method determined according to the criteria required by researchers in conducting research (Cooper, Donald R., Pamela S, 2017). The sampling used in this research consists of MSMEs in the food and beverage sector with the following criteria, MSMEs that have been operating at least 2 years; have made investment decisions, either in the purchase of

equipment or product innovation development; and finally, MSMEs that carry out resource planning and management. In order to expand the sample and information obtained, the researcher also developed a sampling method using the snowball sampling method. This method is a sampling technique that starts with a small sample size, which then increases in size (Sugiyono, 2016); (Cooper, Donald R., Pamela S, 2017). This sampling is not only focused on MSME owners in the research process, but also researchers need data and information from other subjects such as internal stakeholders and relevant external parties such as MSME assistants. The object of this study is MSME actors in the food and beverage sector in Lamongan. This object was chosen because this sector is one of the dominant and dynamic sectors in facing changes in the business environment. The number of samples used in this study was 15 respondents from MSME participants in the food and beverage sector.

The steps taken by researchers in data collection were interviews, observation, and documentation. Interviews are a systematic process of obtaining information in the form of verbal questions about a subject from an informant in a one-way conversation (Cooper, Donald R., Pamela S, 2017). This study also used the observation method in the data collection process. This method was used to supplement any information gaps during the interviews with informants. This method requires in depth observation and recording of the object or subject targeted in a study. According to Sugiyono, (2016), observation is a complex technique consisting of various processes because the observation is not limited to people but also other objects. In addition, researchers also use the documentation method to obtain data and information in the form of records such as financial records, business production reports, and etc.

The next step is the data analysis process, according to Mukhtar, (2013), there are three steps in analyzing interview results, including data reduction, data presentation, conclusions, and data verification. In this study, the researcher used NVivo as a useful tool for reducing and analyzing data. After reducing the data, the researcher also used a business strategy analysis tool to represent resource allocation management and environmental scanning to create investment efficiency, including the BMC model, which was used to interpret the actual practices carried out by MSME players so that they could identify the added value of their businesses. The next model is PESTEL analysis, which is used to analyze external factors that can affect business performance. The third model used is Porter's five forces analysis, which is used to analyze competitive pressures on businesses. Finally, value chain strategy analysis is used to identify sources of efficiency and inefficiency in the production process. This strategic framework is used with the aim of strengthening and sharpening the research findings without altering the original nature of qualitative research (Porter, Michael., 1985); (Osterwalder, A., Pigneur, 2012)

The next step after conducting a business strategy analysis is for the researcher to analyze business efficiency by integrating resource allocation and environmental scanning. After that, the researcher will present the findings to the research subjects so that MSME players can evaluate their business performance to date.

Result And Discussion

Results of Environmental Scanning Analysis in MSME Strategy

The ability of MSME players to understand changes in the business environment is an important aspect in determining the success and sustainability of business strategies. By using this approach, business players can identify various opportunities and threats arising from the external environment that may impact business performance.

The results of this study show that some MSME players scan the dynamics of their surroundings through the use of social media and direct interaction with consumers. These activities are an important source of information for business actors in understanding changes in consumer interests and market demand trends.

Furthermore, the information obtained by business actors regarding external environmental conditions can be used as a basis for strategic decision making, such as product or market segment expansion, the creation of innovative new products, and price adjustments. Thus, it can be concluded that the ability of actors to conduct environmental scanning can make it easier for MSMEs to improve prevention or mitigation of the effects of changes in the dynamic business environment.

Results of MSME Business Strategy Integration Analysis

Integration of Business Model Canvas (BMC) in Business Strategy

The results of this analysis show that BMC plays an important role as a basic framework that visualizes the internal and external conditions of MSMEs into an appropriate business model. In the Food and Beverage Sector MSMEs, BMC helps actors understand how the value offered to customers can be realized efficiently through resource management and key activities.

The results of this study show that the **value proposition** of MSMEs in general focuses on taste quality, affordable prices, and suitability to consumer tastes. These values can be the distinguishing features of MSMEs amid intense competition among MSMEs and can be used as a form of differentiation based on market proximity. Businesses must maintain taste quality through consistent production processes and the use of raw materials, and prices must be set in line with the purchasing power of local consumers. Alignment with consumer tastes enables MSMEs to respond quickly to changes in consumer tastes and interests without incurring large investments. This assessment forms the basis for determining **key activities** such as daily production, product quality control, and direct distribution to consumers. Production activities are carried out flexibly by adjusting the production process to the volume of demand so that MSMEs can anticipate overcapacity in production, which results in waste and budget overruns. Product quality control is carried out informally with high intensity and continuity, especially through the direct involvement of business owners during the production process as quality control in selecting and producing quality products. Direct distribution to consumers is used as a measure to reduce costs and maintain product quality while strengthening relationships with customers.

Key resources for this object include business capital, labor, and raw materials. Business capital is allocated properly and carefully, considering that MSMEs have limited access to formal financing. The labor force comes from the surrounding community and has competencies gained through work experience. The raw materials used are also of high quality and within the budget allocated by the actors, so that they can provide added value to MSMEs through product quality without significantly increasing production costs. **The key partners** of MSME partners generally consist of raw material suppliers and distributors. These cooperative relationships are long term and based on trust between partners, which makes it easier for MSMEs to obtain raw materials at favorable prices and access supplies. These partnerships have an impact on investment efficiency by minimizing the uncertainty of raw material supplies and the risk of raw material price increases. In terms of customer segments, MSMEs target local consumers. **The customer segments** targeted by businesses include children, housewives, workers, and consumers who prioritize price and taste over brand. The selection of these segments focuses on narrow but clear segments, enabling MSMEs to allocate their resources efficiently and avoid misdirected investment activities.

The channels used by MSMEs are still dominated by direct channels such as offline sales, but in today's digital era, some MSMEs have begun to expand their channels through social media and e-commerce as digital marketing and communication channels. The use of these channels seems simple but is very effective for consumers. This is because utilizing these technology-based channels can reduce production costs, thereby creating investment efficiency. **Customer relationship** in MSMEs is built through personal communication and social closeness. MSME players intensively maintain consumer loyalty through consistent product quality, friendly service, and flexibility in ordering. This communication is an important asset for MSMEs in maintaining consumer loyalty without creating dependence on high-cost promotions.

Revenue streams generally is the income earned by MSME players comes from product sales with cash and digital payment. Some MSMEs have begun to create product innovations to differentiate their products and increase their income. Finally, there is the cost structure. In MSMEs, the majority of the cost structure is dominated by raw material costs, labor costs, and product distribution costs. **The cost structure** is dominated by raw materials, labor, and product distribution costs and this cost structure is strictly managed to ensure that the costs incurred are directly involved in the creation of a product that has added value. Investment efficiency can be achieved through production scale control, selection of the right suppliers, and flexible use of labor. The researchers found that the cost structure of MSMEs is cost conscious, meaning that the cost structure has been determined in accordance with strategic targets and objectives to achieve investment efficiency amid limited resources.

Based on the nine elements described above, it can be concluded that the integration of the BMC model shows that MSMEs in the Food and Beverage Sector have visualized a simple, adaptive, and efficiency-oriented business model. This model can help MSMEs to align the strengths of their players with resource allocation and the highly dynamic business environment, thereby achieving investment efficiency and business sustainability.

Integration of PESTEL Analysis in Business External Environment Review

The results of this analysis show that economic and social dimensions are the main drivers in the decision-making process for MSME. The shifting consumption patterns significantly affect resource allocation management and investment decision. The regulation and political

dimensions, such as mandatory taxation for MSMEs, mandatory business licenses, and halal certification, are aspect that can affect the costs and risk investment that must be carried. The technological dimension plays an important role in encouraging MSMEs to utilize platforms or e-commerce as a medium for promoting and distributing their products.

The integration of PESTEL analysis with BMC can make it easier for MSMEs to prevent risks arising from the impact of external business factors on business model elements. For example, an increase in raw material prices (part of the economic dimension) may force MSMEs to create cost efficiencies in the production process and adjust selling prices without sacrificing the advantages of their existing products.

Integration of Porter's Five Forces in Analyzing Competitive Pressure among MSMEs

This analysis shows that the **intensity of competition** among MSMEs in the Food and Beverage Sector is very high, as evidenced by the large number of homogeneous business actors in a single market and the high ease of entry into the same industry. The threat of new entrants here is quite significant because the initial capital owned by MSMEs is relatively small, while competition among business actors is very tight, especially in terms of price and product quality.

Supplier bargaining power is a very important factor because the majority of MSMEs are highly dependent on raw materials whose prices are very volatile. On the other hand, MSMEs have a very limited number of suppliers. **Buyer bargaining power** is relatively high because consumers have many choices of products with similar characteristics. **The threat of substitute** products is also very significant due to the high number of competitors and the homogeneous nature of the products produced, which means that they can easily be replaced by products of the same quality.

Integrating this analysis with PESTEL and BMC analysis can help MSMEs formulate realistic competitive strategies such as product differentiation in terms of taste, shape, and packaging, improved customer service, and production cost efficiency. These strategies can enable MSMEs to maintain profit margins even when they are in a highly competitive position.

Value Chain Strategy Integration in Optimizing Internal Activities

The results of the analysis of this strategy show that the efficiency of investment in MSMEs is determined by how MSME players can identify the most important and valuable activities in absorbing operational costs.

Based on the results of the interviews, the main activities in this analysis are very important in determining the efficiency of MSME investments. **Inbound logistics**, the findings from this point are that MSMEs tend to rely on local suppliers with a daily or weekly purchasing system. This strategy is used to maintain the quality of their own raw materials and reduce storage costs. **Operation**, in the production process, this process is carried out flexibly by adjusting to market demand, and quality control is handled directly by MSME owners so that product quality control is maintained properly. **Outbound logistics**, so far, product distribution has been carried out directly to consumers and through local retailers. Short distribution channels help MSMEs reduce costs and maintain product quality, especially for food products with

limited shelf life. **Marketing and sales**, these marketing activities not only use offline marketing, but some MSMEs also utilize social media and e-commerce as promotional media. Although some already use social media, its implementation is still considered very limited. This is due to the lack of technological literacy among MSME players. **Service**, In this dimension, MSMEs prioritize excellent customer service. Additionally, MSMEs provide after sales services such as accepting customer feedback and suggestions, offering flexible ordering options, and maintaining consistent product quality.

On the other hand, there are also supporting activities in this analysis, including **firm infrastructure**, which is still simple and centralized to MSME owners. Managerial functions such as finance and decision-making are centralized in one individual. **Human resource management** is informal and focuses on work experience, with training conducted through on the job learning. **Technology development**, the use of technology is still simple, with the use of technology focused on simple production equipment and the use of social media. And **Procurement**, this dimension focuses on selecting suppliers who can provide raw materials with consistent quality and affordable prices.

Based on the analysis results, it was found that if MSMEs can integrate information about external conditions, in this case through PESTEL and Porter's Five Forces analysis, into the value chain analysis, it can indirectly increase production effectiveness and reduce costs.

Resource Capability and Competitive Advantage

The success of business strategy implementation in MSMEs is greatly influenced by the extent to which business actors manage their resources, both in terms of human resources and finance (Barney, 1991). Referring to the resource-based view theory, it explains that resources that are rare, difficult to imitate, and not easily replaced can be a source of competitive advantage for the business itself.

The results of this study show that if business actors can create strong relationships with customers and suppliers, they can indirectly create business sustainability. This is reinforced by Kotler, Philip., (2016), who states that good relationships with stakeholders can strengthen the position of a business and increase customer loyalty. In addition, the ability of MSME players to utilize their resources effectively can help them create sustainable competitive advantages (Grant, 2016). Therefore, strategic management of internal resources is a very important aspect in improving the competitiveness and sustainability of MSMEs.

Results of Defining the Concept of Investment Efficiency under Uncertain Conditions in the Business Environment

The results of this study show that the majority of MSMEs in the Food and Beverage Sector in Lamongan define investment efficiency as a survival strategy for business actors in running their businesses and a strategy to minimize the risk of loss amid uncertain economic and business conditions. Pragmatically, they understand that investment efficiency is how every capital expenditure can have a clear and measurable impact on business continuity in both the short and medium term.

In this unstable economic climate, MSMEs tend to avoid large scale and speculative investment activities. Instead, they prefer gradual investment activities such as developing product innovations in line with consumer demand and external conditions, purchasing production equipment incrementally, and making optimal use of existing tools. This result is reinforced by the notion that investment efficiency in MSMEs focuses more on risk control and optimization of limited resources rather than aggressive expansion (Juan García-Teruel & Martínez-Solano, 2007). On the other hand, this result also reinforces the resource-based view theory, which states that business excellence and efficiency can be achieved through the effective utilization of resources rather than the size of resources (Barney, 1991). Based on the results of observations, the majority of MSMEs in Lamongan define investment efficiency as a balance in determining financial allocation by making decisions to take measured market opportunities.

Results of Priority Setting for Resource Allocation in Investment Decisions

Based on the interview results, the researchers found that the priority of resource allocation is highly dependent on capital constraints and the nature of business ownership, whether it is a family business or owner managed. Financial capital is one of the most closely monitored resources, while labor, time, and managerial capacity tend to be focused on a single individual, namely the business owner. MSMEs prioritize resource allocation for activities that generate cash flow, such as production and distribution, over long-term investment activities such as brand strengthening and development, social media and e-commerce development, and long-term business strategy planning.

The results of this study are reinforced by previous research findings that MSMEs face a high degree of trade off between short term efficiency and long term business sustainability due to limited resources (De Massis et al., 2018); (Wiklund & Shepherd, 2005). In this discussion, the variable of investment efficiency is used when MSMEs can adjust the allocation of capital, labor, and time to the strategic objectives of a business.

Results of Reviewing Business Environment Conditions in Supporting Investment Decisions

This study shows significant results in the process of reviewing the business environment among MSMEs in Lamongan. Some of them intensively review market conditions and trends, whether there are changes in consumer consumption styles, analyze movements in raw material prices, and review competitors' activities through direct observation of consumers and suppliers, and even use social media to obtain valid review results. These activities form an important basis for investment decision making. Conversely, there are still some MSMEs that have not systematically reviewed external environmental conditions and still rely on past beliefs and experiences. This model can lead to investment decisions that are less than optimal, such as overcapacity. This research is reinforced by a theory that states that environmental scanning is a very important element in improving the quality of strategic decision making (Aguilar, 1967).

Results of Resource Allocation and Environmental Scanning Integration in Business Strategy Analysis

Based on the results of interviews and observations conducted by researchers, it can be seen that the integration of resource allocation and environmental scanning can be seen from the

preparation, analysis, and implementation of a simple, appropriate, and targeted business strategy analysis. MSMEs that quickly adapt by using business strategy analysis as initial capital will quickly understand their advantages, target consumer segments, and cost structures allocated using the BMC model. In addition, from the perspective of the PESTEL and Porter's Five Forces models, MSMEs can be shown how to assess the effects of regulations, price competition, and supplier power in influencing the production process so that the results can be used as indicators in making investment decisions. The last model is the value chain strategy, which is used so that MSMEs can understand how to identify production and distribution activities by increasing cost efficiency. The integration of these four business analysis models shows that business strategies in MSMEs are contextual rather than documentary in nature. The above opinion is reinforced by research conducted by (Mintzberg & Waters, 1985). which states that business strategies in MSMEs tend to be emergent, formed from continuous interactions between internal resources and the external environment.

Contribution of Strategy Integration to Investment Efficiency and Business Flexibility

This study emphasizes that the integration of resource allocation and environmental scanning is very important in achieving investment efficiency and business flexibility, especially in MSMEs. MSMEs that can balance the use of these two aspects will indirectly demonstrate their ability to adapt to changing business conditions.

Investment efficiency will be achieved if MSMEs can avoid unproductive investment activities that do not increase the value of the business being run. Meanwhile, business flexibility can be seen from the ability of MSMEs to adjust the scale of production, effective distribution models to use, and pricing strategies. This opinion is reinforced by research findings that state that flexibility is an important aspect in improving sustainability and performance in small businesses in an uncertain business environment (Sanchez, 1995); (Volberda, 1996).

Therefore, the results of this study emphasize that investment efficiency in MSMEs cannot be separated from the context of strategy, where investment decisions are the result of dynamic interactions between internal resources and information from external environmental conditions.

Conclusion

Based on the above discussion, it can be concluded that investment efficiency in the Food and Beverage MSME Sector in Lamongan, East Java, is greatly influenced by the ability of business actors to systematically integrate resource allocation with environmental scanning. Investment efficiency does not only depend on the amount of capital owned but focuses more on the accuracy of strategic decision making in allocating limited resources by observing and adjusting to the dynamics of the business environment faced.

The results of the study show that MSMEs proactively review market trends and conditions, consumer preferences, cost structures, and the conditions of their competitors. The implementation of the four business analyses (BMC, PESTEL, Porter's Five Forces, and Value Chain Strategy) can significantly facilitate MSME players in identifying and analyzing activities that can add value to their business and determine mitigation measures early on to reduce investment risks. Conversely, if MSMEs still rely on previous beliefs and experiences in running their businesses and are not supported by proper environmental scanning, this can

lead to investment inefficiencies due to inaccuracies in setting resource allocation priorities. Overall, this study emphasizes that the integration of resource allocation with environmental scanning is a key pillar in improving investment efficiency and maintaining business flexibility for MSMEs in facing business environment uncertainties.

Research Implications

Theoretical Implications

- This study emphasizes the resource view theory by showing that investment efficiency in MSMEs does not only focus on the amount of resources owned but also depends on the ability of business actors to allocate them strategically in accordance with business environment conditions.
- This study expands the concept of investment efficiency by integrating the concept of resource allocation with environmental scanning in the context of MSMEs.
- Using a business strategy analysis framework (BMC, PESTEL, Porter's Five Forces, and Value Chain Strategy) has proven to be relevant as a conceptual method in explaining the process of efficient investment decision making in MSMEs

Practical Implications

- MSME entrepreneurs are not advised to depend on their beliefs and previous experiences when making investment decisions. Instead, they must conduct environmental scanning to obtain accurate information about business conditions.
- The application of the above business strategy analysis indirectly makes it easier for MSMEs to identify activities that generate added value and reduce activities that can harm the business

Managerial Implications

- MSME owners and managers urgently need to improve their managerial capacity in data-driven decision-making, particularly in the areas of investment and resource management.
- MSME managers need to prioritize investment in core activities and activities that can provide added value in the form of value creation and competitive advantage for their business

Policy Implications

- Local governments and MSME support agencies need to create MSME development programs focused on improving business literacy and environmental analysis.
- MSME training programs should focus more on strengthening investment planning skills, business environment assessment, and business risk management

Research Limitations

This study has limitations that need to be considered by future researchers when interpreting the results, including:

1. This study uses a qualitative approach with a relatively limited number of informants, so the findings cannot be generalized broadly to the entire MSME sector.
2. This study focuses on the practical understanding of business strategies carried out by MSME actors in the Food and Beverage Sector based on the informants' perspectives, so there may still be other aspects of strategic management practices that can affect investment efficiency that have not been fully revealed.
3. This study emphasizes the conceptual aspects of business strategy integration without directly measuring business performance quantitatively.

Acknowledgements: I will say thank you to my supervisor and co supervisor who have helped me from the consultation about the article tittle until i have finishing and submit this article. Furthemore, I also like to say thank you to the head of Departement for Cooperatives and MSMEs of Lamongan Regency, who has give me to cunduct research on MSMEs specifically in the food and beverage Sector. And the last I would like to say thanks to the respondents, namely the MSMEs owners in he food and beverage Sector, who allowed me to carry out interviews and observations on their business, untill I can complete this research

Funding Statement: No Funding

Conflict of Interest Statement: All authors of this manuscript have declared no conflict of interest regarding the publication of this paper. In this study, all authors have contributed to the writing process of this work and approved the final manuscript for submission to the Advanced International Journal of Business, Entrepreneurship and SMEs (AIJBES).

Ethics Statement: This study did not involve any human participants, animals, or sensitive data requiring ethical approval. The authors confirm that the research was conducted in accordance with accepted academic integrity and ethical publishing standards

Author Contribution Statement: All authors contributed significantly to the development of this manuscript. [**Mega Barokatul Fajri, as Author 1**] was responsible for the conceptualization, handled data collection, and overall supervision of the study. [**Mohd Zulkifli Bin Muhammad, as Author 2**] methodology, analysis, and interpretation of results. [**Nurhaiza Binti Nordin, as Author 3**] contributed to the literature review, drafting, and critical revision of the manuscript. All authors read and approved the final version of the manuscript prior to submission.

References

- Aguilar, F. J. (1967). *Scanning the Business Environment*. Macmillan.
- Arend, R. J., & Lévesque, M. (2009). Is the Resource-Based View a Practical Organizational Theory? *Organization Science*, 21(4), 913–930. <https://doi.org/10.1287/orsc.1090.0484>
- Ayyagari, M., Demirguc-Kunt, A., & Maksimovic, V. (2014). Who creates jobs in developing countries? *Small Business Economics*, 43(1), 75–99. <https://doi.org/10.1007/s11187-014-9549-5>
- Barney, Jay. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Beal, R. . (2000). Competing Effectively: Environmental Scanning, Competitive Strategy, and Organizational Performance in Small Manufacturing Firms. *Journal of Small Business Management*.
- Beck, T., & Demirguc-Kunt, A. (2006). Small and medium-size enterprises: Access to finance as a growth constraint. *Journal of Banking & Finance*, 30(11), 2931–2943. <https://doi.org/https://doi.org/10.1016/j.jbankfin.2006.05.009>
- Biddle, G. C., Hilary, G., & Verdi, R. S. (2009). How does financial reporting quality relate to investment efficiency? *Journal of Accounting and Economics*, 48(2), 112–131. <https://doi.org/https://doi.org/10.1016/j.jacceco.2009.09.001>
- Chen, F., Hope, O., & Wang, X. (2010). *Financial Reporting Quality and Investment Efficiency of Private Firms in Emerging Markets*.
- Cooper, Donald R., Pamela S, S. (2017). *Business Research Methods*. McGraw-Hill.
- Daft, R. L., Sormunen, J., & Parks, D. (1988). Chief executive scanning, environmental characteristics, and company performance: An empirical study. *Strategic Management Journal*, 9(2), 123–139. <https://doi.org/https://doi.org/10.1002/smj.4250090204>
- De Massis, A., Audretsch, D., Uhlaner, L., & Kammerlander, N. (2018). Innovation with Limited Resources: Management Lessons from the German Mittelstand. *Journal of Product Innovation Management*, 35(1), 125–146. <https://doi.org/https://doi.org/10.1111/jpim.12373>
- Dinas Perindustrian dan Perdagangan Kabupaten Lamongan. (2025). *Data Seluruh Industri di Kabupaten Lamongan*. SISTEM INFORMASI INDUSTRI LAMONGAN. <https://siila.lamongankab.go.id/detail>
- Fajri, M. B., Rosiawan, R. W., & Bait, J. F. (2025). *Village Economics Acceleration : Evaluation of Business Strategy Schemes in The Retail Business*. 7(2), 239–253. <https://doi.org/10.54268/baskara.v7i2.24231>
- Fazzari, Steven M., et., al. (1988). Financing Corporate Constraints Investment. *Brookings Papers on Economic Activity*. https://www.brookings.edu/wp-content/uploads/1988/01/1988a_bpea_fazzari_hubbard_petersen_blinder_poterba.pdf
- Febrianto V. (2025). *Pemkap Lamongan Fasilitas UMKM Naik Kelas Tembus Ritel Modern*. Antara Jatim. <https://jatim.antaranews.com/berita/962781/pemkab-lamongan-fasilitas-umkm-naik-kelas-tembus-ritel-modern>
- Grant, R. M. (2016). *Contemporary Strategy Analysis*. Willey.
- Gveroski, Miroslav., A. R. J. (2017). *Determinants of Investment Decisions in SMES*. 03(01).
- Hambrick, D. C. (1982). Environmental scanning and organizational strategy. *Strategic Management Journal*, 3(2), 159–174. <https://doi.org/https://doi.org/10.1002/smj.4250030207>
- Indah, L., Sari, N., Suaryana, I. G. N. A., Ekonomi, F., & Udayana, U. (2014). EFISIENSI INVESTASI PERUSAHAAN PERTAMBANGAN tingkat pertumbuhan yang lambat (

- slow growth), serta memiliki assets in place dan. *E-Jurnal Akuntansi Universitas Udayana*, 3, 524–537.
- Juan García-Teruel, P., & Martínez-Solano, P. (2007). Effects of working capital management on SME profitability. *International Journal of Managerial Finance*, 3(2), 164–177. <https://doi.org/10.1108/17439130710738718>
- Kementerian UMKM Republik Indonesia. (2025). *UMKM Jadi Motor Penggerak Pertumbuhan Ekonomi Lokal*. <https://umkm.go.id/news/wakjm8mp18n9wcyas961encd>
- Kotler, Philip., K. L. K. (2016). *Manajemen Pemasaran* (12th ed.). PT Indeks.
- Limanseto, H. (2025). Pemerintah Dorong UMKM Naik Kelas , Tingkatkan Kontribusi terhadap Ekspor Indonesia. *Kementerian Koordinator Bidang Perekonomian Indonesia*.
- Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate and emergent. *Strategic Management Journal*, 6(3), 257–272. <https://doi.org/https://doi.org/10.1002/smj.4250060306>
- Mukhtar. (2013). *Metode Praktis Penelitian Deskriptif Kualitatif*. GP Press Group.
- Osterwalder, A., Pigneur, Y., & Tucci, C. L. (2005). *Clarifying Business Models: Origins, Present, and Future of The Concept*.
- Osterwalder, A., Pigneur, Y. (2012). *Business Model Generation*. PT Elex Media Komputindo.
- Özbuğday, F. C., Findık, D., Metin Özcan, K., & Başçı, S. (2020). Resource efficiency investments and firm performance: Evidence from European SMES. *Journal of Cleaner Production*, 252, 119824. <https://doi.org/https://doi.org/10.1016/j.jclepro.2019.119824>
- Porter, Michael., E. (1985). *Competitive Advantage-Creating and Sustaining Superior Performance*. Free Press.
- Porter, M. E. (1979). How competitive forces shape strategy. *Harvard Business Review*, 137–156.
- Porter, M. E. (1980). *Competitive Strategy*. The Free Press.
- Porter, M. E. (1998). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Free Press.
- Putra, R. E., & Rivai, H. A. (2025). Environmental Scanning on Competitive Advantage in Small Medium Enterprises : The Role of Innovation. *Jurnal Manajemen Universitas Bung Hatta*, 18–35.
- Richardson, S. (2006). Overinvestment of free cash flow. *Review of Accounting Studies*, 11(2), 159–189. <https://doi.org/10.1007/s11142-006-9012-1>
- Salehi, M., Zimon, G., & Arianpoor, A. (2022). The Impact of Investment Efficiency on Firm Value and Moderating Role of Institutional Ownership and Board Independence. *Journal of Risk and Financial Management*.
- Sanchez, R. (1995). Strategic flexibility in product competition. *Strategic Management Journal*, 16(S1), 135–159. <https://doi.org/https://doi.org/10.1002/smj.4250160921>
- Sirmon, D. G., Hitt, M. A., & Ireland, R. D. (2007). Managing Firm Resources in Dynamic Environments to Create Value: Looking Inside the Black Box. *Academy of Management Review*, 32(1), 273–292. <https://doi.org/10.5465/amr.2007.23466005>
- Sugiyono. (2016). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.
- Tambunan, T. (2019). *Recent evidence of the development of micro , small and medium enterprises in Indonesia*. 4.
- Teece, D. J. (2014). The Foundations of Enterprise Performance: Dynamic and Ordinary Capabilities in an (Economic) Theory of Firms. *Academy of Management Perspectives*, 28(4), 328–352. <https://doi.org/10.5465/amp.2013.0116>

- Ting, Y. (2024). Environmental Uncertainty , Analyst Forecasts and Investments Efficiency. *Financial Engineering and Risk Management*, 7, 134–139. <https://doi.org/10.23977/ferm.2024.070120>
- Usman, A., Mudasir, A., Femmy, I., & Izzah, S. N. (2025). A Systematic Review of the Literature on Decision Making in Capital Budgeting. *Amkop Management Accounting Review (AMAR)*, 5(2), 1017–1026. <https://doi.org/10.37531/amar.v5i2.3237>
- Volberda, H. W. (1996). Toward The Flexible Form.pdf. *Organization Science*, 7(4), 359–374.
- Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: a configurational approach. *Journal of Business Venturing*, 20(1), 71–91. <https://doi.org/https://doi.org/10.1016/j.jbusvent.2004.01.001>
- Yuksel Ihsan. (2012). Developing a Multi-Criteria Decision Making Model for PESTEL Analysis. *International Journal of Business and Management*, 7(24), 52–66. <https://doi.org/10.5539/ijbm.v7n24p52>
- Zhao, R., Xu, J., Zhao, Y., & Feng, Y. (2025). Resource allocation pattern to green technology innovation efficiency : Synergy between environmental resource orchestration and firms ' digital capabilities. *Journal of Innovation & Knowledge*, 10(4), 100760. <https://doi.org/10.1016/j.jik.2025.100760>