



## ROLE OF ENTREPRENEURIAL ORIENTATION AND MARKET ORIENTATION TO MSMEs PERFORMANCE

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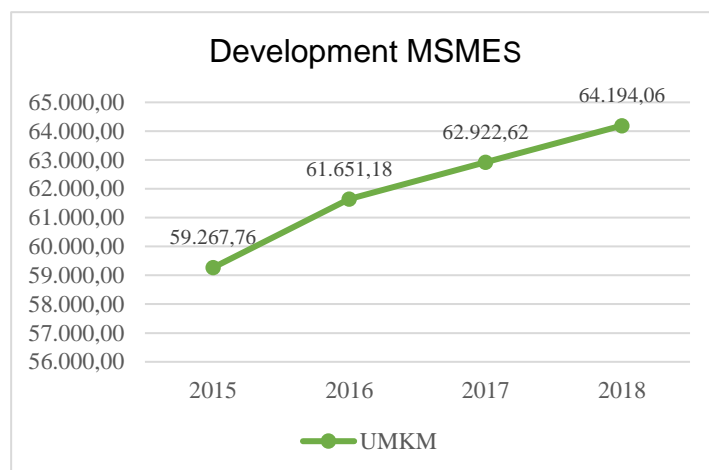
**Abstract:** The number of sales each year always decreases to the background in this study. The research aims to determine the influence of entrepreneurial orientation and market orientation on MSMEs performance. Methods used using a sampling method purposive distribute questionnaires for 32 respondents in the Wisata Kuliner Toserba Selamat Sukabumi. Analytical techniques use multiple linear regression analysis and hypothesis testing using partial tests and simultaneous testing. Result Determination ( $R_{\text{Square}}$ ) 0.457 which means the effect of entrepreneurial orientation and market orientation for MSMEs performance 45.7% remaining amount of 54.3% is influenced by other variables. Based on the results of entrepreneurship orientation to the performance of UMKM reached  $T_{\text{count}} 1,293 > T_{\text{table}} 1.69$ , and the market orientation for UMKM performance shows the value of  $T_{\text{count}} 2,304 > T_{\text{table}} 1.69$  means to have influence and significance. The result of the F-test has been done, the value of  $F_{\text{count}} 12,227 > F_{\text{table}} 3.33$  means the orientation of entrepreneurship and market orientation positively and significantly towards MSMEs performance. means to have influence and significance.

**Keywords:** Entrepreneurial Orientation; Market Orientation; MSMEs Performance

### INTRODUCTION

The economic development in Indonesia is not separated from the existence of MSMEs. The majority of the territory in Indonesia is the structure of its economy in the area of MSMEs that embraces the economic system of the company and the business. Micro, Small, and Medium Enterprises (MSMEs) have demands to have the capability dynamics and strategies that are expected to be able to read and identify opportunities and have the capability to see opportunities for business progress (Amrulloh, 2017). The performance of SMEs can be measured through financial performance, customer loyalty, customer satisfaction, customer retention, and performance (Mahmood & Hanafi, 2013).

This type of business has been proved to be resistant to all interference, including being able to withstand the economic crisis that struck Indonesia in the year 1998, Businesses in this category have a very repentant role in improving the economy of society and country. In the development of the number of businesses according to the scale of business in the year 2015-2018 in Indonesia increased as in the graph of this work:

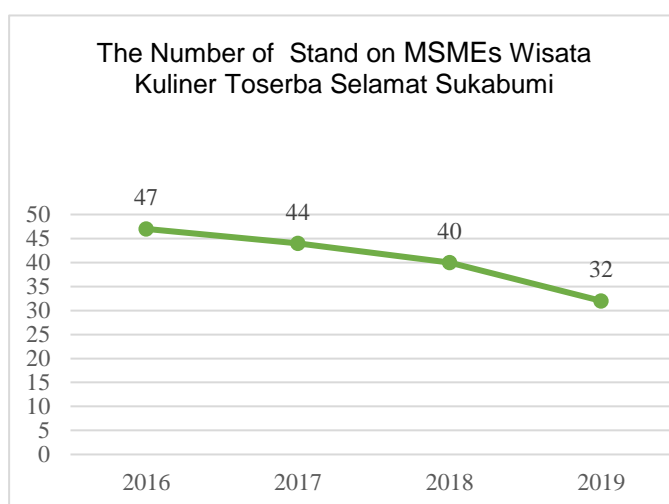


**Figure 1. Growth of the Number of Actors in MSMEs According to Business Scale in 2015-2018**

Source: Indonesian ministry of cooperatives and MSMEs (2020)

MSMEs Culinary is a business that is developing especially in Sukabumi city. Popping with a wide variety of food, starting from traditional culinary to modern culinary that characterizes and attraction for culinary places itself, such as Foodcort Sudirman, Yogya Food Life, Mochi Lampion, Up Normal Sukabumi, Rumah Makan Bunut, RM Mamih purple, Foodcourt Tiara Toserba, culinary tour Toserba Selamat Sukabumi and many more culinary tours. With the culinary tourism, and culinary trends as the lifestyle of the community is proof that the business is growing rapidly so that the existence of MSMEs must be kept to continue to contribute to the nation's economy.

The problem that occurs in Wisata Kuliner Toserba Selamat Sukabumi the complained that experiencing unstable performance due to the growing competition of culinary business, of course, this is a threat to the business of Wisata Kuliner Toserba Selamat Sukabumi and many business actors who closed the stand and make a decline of booths from each year as follow :



**Figure 2. The Number of Stands**

Source: Wisata kuliner toserba selamat sukabumi (2020)



The chart above shows that the fall of the stand from the year 2016 to 2019 decline in the number of booths caused by the decline of visitors and sales revenue that continues to decline, but the business people there can not mention nominally because this is a sensitive and can not be published.

According to Shafariah, Edison, & Mattajang (2016) which examines entrepreneurial orientations with growth MSMEs, the results of the analysis conclude that entrepreneurial orientation has a relationship with growth MSMEs. The same research results were also obtained by Sumiati (2015), which showed that entrepreneurial orientation had a positive and significant effect on MSMEs, but market orientation had no significant effect on MSME growth or performance. According to Amrulloh (2017), entrepreneurial orientation is a reflection of the inherent nature of entrepreneurs or the character and characteristics that exist in entrepreneurs and are strong-willed to realize their ideas or thoughts.

Idar & Mahmood (2011), Entrepreneurial orientation is a significant contributor to the company's success. The concept of entrepreneurial orientation was developed as a multidimensional construct including the dimensions of innovation, risk-taking, and proactive attitude. Lumpkin and Dess revealed in Histiari et al. (2017), that entrepreneurship orientation means that how an entrepreneur runs his business by guiding entrepreneurship orientation refers to a process, practice, and decision-making activities that lead to newcomers. Entrepreneurship Orientation is a review to determine the direction, place, and attitude as it is placed in the right and right or underlying mind, attention, or tendency (Sulaeman, 2018).

A different finding was shown by Suryaningsih (2019) who found that entrepreneurial orientation did not affect performance. Market orientation also has a very important and useful role in improving business performance (Mokhtar, Yusoff, & Ahmad, 2014). The same result was also carried out by Alizadeh, Alipour, & Hasanzadeh (2013) that market orientation affects and improves the performance of MSMEs. Market orientation means the existence of a process starting from generating and providing market information to create valuable value for customers (Silviasih & Iskandar, 2016). However, different results were found with the results of research conducted by Herlambang & Mawardi (2017) which showed that market orientation did not affect the performance of MSMEs. According to Narver and Alster in Jasmani (2018) argues that the market orientation is the most effective organizational culture in creating important behaviors for the creation of superior values for buyers and performance in a business. According to Kohli and Jaworski in Utaminingsih (2016), the market orientation is as a market intelligence gathering to meet the needs of current and future customers, dissemination of market intelligence to various divisions and functions within the company, and how the company responds.

According to Bititci Yuuhaa et al. (2018), the performance of MSMEs is the efficiency or effectiveness of an action. Efficiency is the number of resources used in action to provide input or output results whereas effectiveness is the extent to which the outcome of action meets our expectations, requirements, specifications. Performance is a series of various management activities that give an overview of the extent of activities that have been accomplished in carrying out their duties and responsibilities in the accountability of both progress, success, and shortcomings (Siagian, Kurniawan, & Hikmah, 2019).

Based on the background above, the researchers are interested to research further research by lifting the title "Role of entrepreneurship orientation and market orientation to MSMEs performance (Study on Wisata Kuliner Toserba Selamat Sukabumi).

## METHODS

This research was conducted on the Wisata Kuliner Toserba Selamat Sukabumi the method used in this research is the quantitative method with a descriptive and associative approach. The sampling techniques in this study used purposive sampling with non-probability sampling and dissemination of questionnaires to 32 respondents. The data analysis technique used is a multiple linear regression analysis technique. To test hypotheses with partial hypothesis testing and simultaneous hypothesis testing.

## RESULTS AND DISCUSSION

In this study, researchers used multiple linear regression analysis. Multiple linear regression aims to determine the effect value between the independent variable and the dependent variable (Sugiyono, 2017).

In this study independence was the entrepreneurial orientation (X1) and market orientation (X2) and the dependent variable is the performance of MSMEs (Y). Multiple regression test results can be seen as follows:

**Table 1. Determinant Correlation Test Results**

Model Summary <sup>b</sup>		
Model	R	R Square
1	.676 <sup>a</sup>	.457

a. Predictors: (Constant), Entrepreneurship Orientation, Market Orientation

b. Dependent Variable: Performance MSMEs

Source: Data that has been processed by the author (2020)

Based on the results of the table data results above the magnitude value (R) which is 0.676 from the output derived coefficient of determination (R Square) of 0.457 that contains the notion that the effect of free variable entrepreneurial orientation (X1) and market orientation (X2) to the variable bonded MSMEs performance (Y) is 45.7%. Multiple linear regression analysis is used to predict how far the change in the value of a variable is if the value of other variables is raised. Regression test results using IBM SPSS 24 software are as follow :

**Table 2. Partial Hypothesis Test Result (T-Test)**

Coefficients <sup>a</sup>		Unstandardized Coefficients		Standardize	t	Sig.
Model		B	Std. Error	d Coefficients Beta		
1	(Constant)	6.759	1.855		3.643	.001
	Entrepreneurship Orientation	.261	.202	.260	1.293	.206
	Market Orientation	.536	.233	.463	2.304	.029

a. Dependent Variable: MSMEs Performance

Source: Data that has been processed by the author (2020)



From the table above, we can provide information about the output of multiple linear regression tests with the following equation:

$$Y = 6.756 (0,261) + (0,536)$$

A = the value of constants of the unstandardized coefficient is 6.756 meaning that if there is no supply of entrepreneurship and market supplying or can be called by independent variables in this research zero then the value of the company is 6.756 units.

b1 = value of regression coefficient for supplying entrepreneurship is 0,261 it means that supplying entrepreneurship is experiencing an addition in the unit, the subscription variable that SMEs performance will have decreased by 0,261 units. This shows that it has a positive value for MSMEs performance.

b2 = value of regression coefficient for supplying market is 0,536 means that the market supplying is experiencing an addition in the unit, the subscription variable that MSMEs performance will have decreased by 0,536 units. This shows that it has a positive value for MSMEs performance.

Based on the results of the equation above can be noted that there is a positive influence between entrepreneurship orientation ( $X_1$ ) and market orientation ( $X_2$ ) on the performance of UMKM Wisata Kuliner Toserba Selamat Sukabumi will increase when the entrepreneurial orientation and market orientation are improved. The regression coefficient for entrepreneurship orientation ( $X_1$ ) amounted to 0.260 is smaller than the regression coefficient for the market orientation ( $X_2$ ) of 0.463. And entrepreneurship orientation to the performance of UMKM reached  $T_{count} 1,293 > T_{table} 1.69$ , and the market orientation for UMKM performance shows the value of  $T_{count} 2,304 > T_{table} 1.69$  means to have influence and significance.

**Table 3. Simultaneous Hypothesis Test Result (F-Test)**

Model		ANOVA <sup>a</sup>			F	Sig.
		Sum of Squares	df	Mean Square		
1	Regression	79.603	2	39.801	12.227	.000 <sup>b</sup>
	Residual	94.397	29	3.255		
	Total	174.000	31			

a. Dependent Variable: MSMEs Performance

b. Predictors: (Constant), Market Orientation, Entrepreneurship Orientation

Source: Data that has been processed by the author (2020)

Based on the table above, get the result of the calculated variable  $X_1$  (entrepreneurial orientation)  $X_2$  (market orientation), and Y (MSMEs performance) is 12.227. Next, the value of  $F_{count} 12,227 > F_{table} 3.33$  means the orientation of entrepreneurship and market orientation positively and significantly towards MSMEs performance means to have influence and significance.

### CONCLUSION

Based on the simultaneous hypothesis test results shows that the entrepreneurial orientation and market orientation have a positive and significant influence on MSMEs performance in Wisata Kuliner Toserba Selamat Sukabumi, in addition to partial testing also shows that entrepreneurship orientation and market orientation affect the performance of MSMEs separately. It can be concluded that after hypothesized testing and other matters affecting MSMEs' performance on the Wisata Kuliner Toserba Selamat Sukabumi is influenced by other factors not examined in this study.



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