

THE INFLUENCE OF MARKET ORIENTATION, ENTREPRENEURSHIP ORIENTATION, BUSINESS STRATEGY, AND INNOVATION ON THE PERFORMANCE

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ABSTRACT

This examination aims to investigate the influence of market orientation, entrepreneurial orientation, commercial enterprise method, and innovation on the commercial enterprise performance of SMEs within the production sector in North Jakarta. The pattern selection approach in this study used a non-probability sampling technique with a convenience sampling technique. The sample on this look at is a convection business in North Jakarta with a complete of 100 respondents. data have analyzed the usage of the SEM technique with the SmartPLS utility. The consequences of this have a look at located that there may be a fine and significant effect of marketplace orientation on business performance, entrepreneurial orientation has an effective and good-sized impact on commercial enterprise overall performance, commercial enterprise method has an advantageous and vast effect on commercial enterprise performance, innovation has an insignificant high-quality effect on business performance.

Keywords: Market orientation, Entrepreneurial orientation, Business Strategy, Innovation, Business performance

1. INTRODUCTION

Running a business inevitably creates resistance is nothing new, both for large-scale and small-scale businesses. Increasing business growth today makes competition so strong. Current conditions force entrepreneurs to use various ways to improve business performance. Many ways can be done so that the business is not unable to compete so that it can survive and even develop amid increasingly crowded market competition. In addition to the activities carried out by SMEs, the small-scale business sector is directed to maintain its existence and develop its business. SMEs in the country of Indonesia are a very influential business sector. In addition to the amount that is far more than the business on a large scale, SMEs are known as the main tool that can save the national economy because they are known to survive difficult circumstances, and the current business environment is one of the most reliable ones ever experienced. Kotler (2009: 134) states that a business can be successful if it succeeds in paying attention to, retaining, and growing customers. To improve company performance, a company strategy is needed that supports the achievement of goals through market orientation, entrepreneurial orientation, and innovation.

New essential challenges are always growing and pressing SMEs to re-examine their external environment to improve performance and maintain competitive advantage (Almajali et al., 2016). One of the SMEs that has been able to survive today is the convection business, where the convection industry is a textile company that produces women's, men's, and children's clothing, sportswear, underwear, and political party clothing. To enhance the performance of the convection struggle, every SME needs an art of management, where the SME strategy has a big impact on the structure, activities, investment, relationships using the market, and its

performance. This strategy can help SMEs find solutions to a problem, build new qualities, and improve business performance by facilitating ways that allow SMEs to gather exclusive resources, and know opportunities to provide. This study aims to determine the effect of market orientation, entrepreneurial orientation, business strategy, and innovation on business performance.

2. RESERACH METHOD

Barney (1991) revealed that the theory of resource-based view is a source of competitive advantage in a sustainable manner which has become the subject of much management research. Broadly speaking, the resource-based view shows that the source of a company's sustainable competitive advantage is a resource that has value, is scarce, cannot be equated, and cannot be transferred. The application of RBV in achieving SME performance, then the company's performance can be divided into two types, namely operational performance and financial performance.

According to Matsuno (2022), market orientation is a process or activity related to meeting consumer satisfaction on an ongoing basis by measuring consumer needs and interests. Companies or businesses that practice market orientation can improve their performance.

Entrepreneurial orientation contributes to overall performance and is defined as a compound degree (compound, a mixture of several additives) which incorporates the dimensions of boom and also consists of monetary performance (Wiklund: 1999) so that the braveness to take dangers, an innovative and proactive mindset will make small corporations able to beat its competitors.

Applying a good entrepreneurial orientation will support business success if the business owner is also able to develop the right business strategy (Mustikowati & Tysari, 2014). A business strategy is needed as an effort to be able to adapt to all changes in the business. Porter (2004) developed three generic strategies that can be applied to win the competition in the market and have a sustainable competitive advantage. These three strategies include strategies on product differentiation (cost leadership), strategies on product differentiation (product differentiation), and strategies that focus on market segments (focus strategy).

Innovation is a strategic tool for groups in dealing with changes in the inner and outside surroundings. Innovation is described as the application of thoughts concerning new gadgets, merchandise, structures, techniques, applications, or services (Damanpour, 1991; Saunila and Ukko, 2012).

Real evidence shows that market orientation has a direct effect on SME business performance (Kelson, 2012; Wilson et al, 2014). The results are the same as research by Sondra & Widjaja (2020) which states that market orientation has a positive and significant effect on the performance of SME convection businesses domiciled in West Jakarta.

H₁: Alleged that market orientation has a positive and significant effect on the performance of small and medium-sized convection businesses in North Jakarta.

Zahra and Covin (1995) and Wiklund (1999) show that there's a nice influence of entrepreneurial orientation on overall performance and increase over numerous periods. in step with Caroline & Ldyia (2020), their studies entitled the impact of market orientation on the performance of the

West Jakarta textile convection with entrepreneurial orientation as a mediating variable state that entrepreneurial orientation has a widespread impact on commercial enterprise overall performance.

H₂: Predictably, entrepreneurial orientation has a high-quality and sizable effect on the performance of small and medium-sized convection businesses in North Jakarta.

Business strategy has a significant influence on business performance (Mahmud and Anomsari 2011). Good business performance, of course, will be a distinct advantage for a business to develop its business. Suci (2011) in his research on small and medium embroidery industries in East Java found that business strategy affects business performance

H₃: Alleged that business strategy has a positive and significant effect on the performance of small and medium-sized convection businesses in North Jakarta.

Lin et al. (2008:761-762) His research shows that innovation has a positive effect on business performance in small and medium-sized enterprises (SMEs) in the info-electronic industry in Taiwan.

H₄: Allegedly while innovation has a positive and significant effect on the performance of small and medium-sized convection businesses in North Jakarta.

The form of research used in this research is quantitative research with a causal courting research layout. in keeping with Sugiyono (2016) causal courting is a causal study that indicates the direction of the connection among the based and unbiased variables and measures the strength of the connection of each variable which then appears the have an impact on each variable. The sample choice technique in this examination became comfort sampling with a non-opportunity sampling method. The population in this observation are business actors within the convection zone in North Jakarta. This examination took a pattern of a hundred respondents. facts processing on this have a look at uses smartPLS four.0 software. on this have a look at the operationalization of variables and the usage of numerous signs which includes, marketplace orientation consisting of listening to purchaser opinions.

Entrepreneurial orientation consists of searching for to goal new groups or markets and developing new products so that they will complement the price for brand-spanking new or present customers locating non-product methods to create cost for customers thru distribution channels, income pressure, and advertising locating ways to create price for clients customers through partnerships with different dealers, beat competitors to go into new markets, introduce new services or products before competition increase price for customers, via non-product manner together with distribution earlier than competition do, approaches to avoid failure, make powerful modifications, the threat of lost opportunity is as essential because the hazard of failure, dare to take risks and fail. enterprise approach includes value leadership, differentiation, and cognizance.

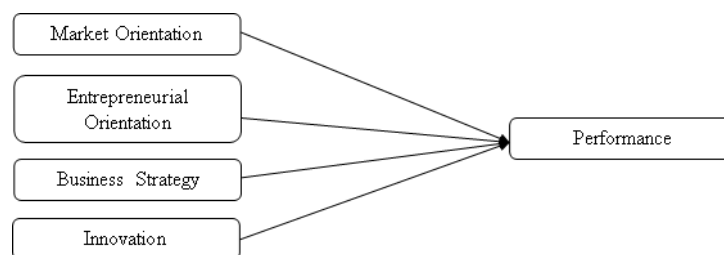


Figure 1. Framework

3. RESULTS AND DISSCUSIONS

The AVE test shown in Table 1 shows that each variable in this study has a value of more than 0.50 (> 0.50).

Table 1. Results of analysis of Average Variance Extracted (AVE)

Indicator	AVE
I	0.683
KU	0.687
OK	0.672
OP	0.716
SB	0.694

The results of the outer loading test show that there are several variable indicators whose outer loading values are below 0.70, so these indicators must be eliminated. Some of the indicators that are eliminated are OP4 and KU1. After several of these indicators were eliminated, all remaining indicators showed an outer loading value above 0.70 so the indicators in this study passed the convergent validity test.

Table 2 Results of analysis of Outer Loading

Indicator	<i>Outer Loading</i>
I1	0.831
I2	0.802
I3	0.872
I4	0.838
I5	0.786
KU2	0.862
KU3	0.848
KU4	0.832
KU5	0.821
KU6	0.787
KU7	0.821
OK1	0.782
OK2	0.846
OK3	0.874
OK4	0.829
OK5	0.763
OP1	0.87
OP2	0.911
OP3	0.833
OP5	0.763
SB1	0.784
SB2	0.841
SB3	0.837
SB4	0.868
SB5	0.834

The results of the cross-loading analysis show that all cross-loading correlation values for each indicator with their variables are higher than the cross-loading values.

Table 3 Result of analysis of Cross Loading

Indicator	I	KU	OK	OP	SB
I1	0.831	0.635	0.702	0.557	0.744
I2	0.802	0.606	0.548	0.553	0.618
I3	0.872	0.686	0.703	0.621	0.718
I4	0.838	0.68	0.626	0.57	0.777
I5	0.786	0.724	0.718	0.64	0.719
KU2	0.727	0.862	0.748	0.694	0.78
KU3	0.697	0.848	0.735	0.709	0.778
KU4	0.65	0.832	0.655	0.626	0.637
KU5	0.612	0.821	0.644	0.6	0.625
KU6	0.64	0.787	0.728	0.716	0.673
KU7	0.692	0.821	0.652	0.593	0.713
OK1	0.645	0.619	0.782	0.625	0.641
OK2	0.677	0.667	0.846	0.668	0.683
OK3	0.714	0.747	0.874	0.727	0.714
OK4	0.681	0.732	0.829	0.715	0.753
OK5	0.564	0.665	0.763	0.632	0.611
OP1	0.634	0.673	0.737	0.87	0.71
OP2	0.619	0.729	0.772	0.911	0.674
OP3	0.571	0.679	0.657	0.833	0.632
OP5	0.598	0.603	0.612	0.763	0.606
SB1	0.672	0.62	0.66	0.585	0.784
SB2	0.82	0.679	0.725	0.645	0.841
SB3	0.703	0.714	0.665	0.64	0.837
SB4	0.711	0.77	0.756	0.676	0.868
SB5	0.717	0.744	0.661	0.674	0.834

The results of the analysis in Table 4 show that the composite reliability value produced by each variable in this study is above 0.70, so this research has passed the reliability test.

Table 4. Results of analysis of Composite Reliability

Variable	Composite Reliability
Innovation	0.885
Business performance	0.911
Entrepreneurial orientation	0.881
Market orientation	0.873
Business strategy	0.894

Based on the results of the analysis of the coefficient of willpower, the R2 cost for the enterprise performance variable is 0.798, which means it has a price of 79.8%. this means that the established variable of enterprise overall performance is influenced by way of the chosen unbiased variables, particularly marketplace orientation, entrepreneurial orientation, commercial enterprise approach, and innovation using 79.8%. The final 20.2% is most in all likelihood inspired via other independent variables that are not selected to persuade the structured variable in this study. primarily based on the fee obtained, it may be concluded that the independent variables selected, specifically marketplace orientation, entrepreneurial orientation, innovation, and business approach have a small degree of impact due to the fact the resulting R2 fee is more than 0.70.

Table 5. Result of analysis of Coefficient determination

Variable	Coefficient of determination	Criteria
Business performance	0.798	Big

Based on the results of the predictive relevance analysis, the Q2 value is 0.791. a Q2 value that is greater than 0 ($Q2 > 0$) means that the resulting observation value is good. Based on the resulting Q2 value, it can be concluded that the construct relationship of the variables studied in this study is considered relevant to measuring the well-formed research model.

Table 6. Result of analysis of Predictive Relevance

Variable	Predictive Relevance (Q2)
Business performance	0.791

Based on the results of the effect size analysis, shows that the market orientation variable has a relatively high relationship to business performance because its F2 value is in the high category, namely 0.060. Then the entrepreneurial orientation variable also has a relatively high relationship to business performance because the resulting F2 value is 0.075. Furthermore, the business strategy variable also has a relatively high relationship to business performance because the resulting F2 value is 0.093. Finally, the innovation variable also has a classified relationship to business performance because the resulting F2 value is in a small category, namely 0.033.

Table 7. Result of analysis Effect Size

Variable	Effect size (F^2)
Market orientation → business performance	0.060
Entrepreneurial orientation → business performance	0.075
Business strategy → business performance	0.093
Innovation → business performance	0.033

The study's hypothesis may be supported by the p-value and t-statistics. If the t-statistics value is greater than 1.96 and the p-value does not exceed 0.05 then the hypothesis is not rejected. Conversely, the hypothesis will be rejected if the p-value is greater than 0.05 and the t-statistic value is less than 1.96.

Table 8. Result of analysis of Hypothesis

Variable	Path Coefficient	T Statistic ($\Delta O/STDEV$)	P Value
Market orientation → business performance	0.203	1.983	0.047
Entrepreneurial orientation → business performance	0.268	2.218	0.027
Strategy business → business performance	0.321	2.725	0.006
Innovation → business performance	0.172	1.386	0.166

Based on the research results, market orientation has a positive and significant effect on business performance or Ha1 is statistically accepted. This is evidenced by the original sample of 0.203 and the t-statistic of 1.983 and the p-value of testing the hypothesis which includes market orientation is 0.047, lower than 0.05. The results of the research are by previous research (Kelson, 2012; Wilson et al, 2014) indicating that market orientation has a direct effect on the performance of SME businesses. Market-oriented companies will have better performance in understanding their customers and competitors (Lings & Greenley, 2009).

Based on the research results, entrepreneurial orientation has a positive and significant effect on business performance or Ha2 is statistically accepted. This is evidenced by the original sample of

0.268 and the t-statistic of 2.218 and the p-value of testing the hypothesis which includes market orientation is 0.027, lower than 0.05. The research results by previous research by Zahra and Covin (1995) and Wiklund (1999) show that there is a positive influence of entrepreneurial orientation on performance and increases over several periods.

Based on the research results, business strategy has a positive and significant effect on business performance or H_{a4} is statistically accepted. This is evidenced by the original sample of 0.321 and the t-statistic of 2.725 and the p-value of testing the hypothesis which includes market orientation is 0.006, lower than 0.05. The research results are from previous research by Suci (2011) in his research on small and medium embroidery industries in East Java found that business strategy affects business performance.

Based on the research results, innovation has a positive effect on business performance, but this effect is not significant, so innovation is rejected. This insignificant effect occurs because the resulting p-value is 0.166, while the condition for the relationship between variables to be significant is that the resulting p-value cannot be greater than 0.05. The results of this study are contrary to research by Gunday, et al. (2011: 29) who said that the manufacturing industry in Turkey shows that the dimensions of innovation (product, process, marketing, and organization) affect performance.

4. CONCLUSIONS AND SUGGESTIONS

Based totally on the consequences of the research defined within the preceding bankruptcy, the researchers have the subsequent conclusions: marketplace orientation has a high quality and huge impact on enterprise performance which is statistically familiar. Entrepreneurial orientation has a fantastic and big influence on commercial enterprise performance statistically regularly. commercial enterprise method has a wonderful and big impact on business performance statistically well-known. Innovation has a fine impact on commercial enterprise performance however the effect isn't extensive so innovation is rejected. it is viable that the innovation variable became rejected because all of the topics on this take a look at got here from convection SMEs in North Jakarta so not all of these topics were oriented in processing their commercial enterprise.

Based on the results of the research conducted in this study, there are suggestions for several parties that may be useful that can be given for future research with similar variables, namely as follows: (a) For further research, it is recommended to use other variables outside those that have been used in this study, such as marketing mix, risk-taking, proactive so that the research literature related to business performance can be further developed. Apart from that, adding subjects outside North Jakarta so that the results of the research produced are wider and more developed. It is suggested to use other variables besides those that have been used in this study such as marketing mix, risk-taking, and proactivity so that the research literature related to business performance can be further developed. Apart from that, adding subjects outside North Jakarta so that the results of the research produced are wider and more developed. It is suggested to use other variables besides those that have been used in this study such as marketing mix, risk-taking, and proactivity so that the research literature related to business performance can be further developed. Apart from that, adding subjects outside North Jakarta so that the results of the research produced are wider and more developed.

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