ENTREPRENEURIAL ORIENTATION AND ENTREPRENEURSHIP TRAINING: A STRATEGY IN INCREASING MARKET ORIENTATION OF CULTURE AND BUSINESS PERFORMANCE OF SMES BATIK JAMBI

Ade Octavia

Department Management of the Faculty Economics and Business University of Jambi, Indonesia

octaulafeunija@yahoo.com

Abstract

The weakness of SMES is on the aspects of business management and market. The main goal of this research is to analyze the effect of entrepreneurial orientation and entrepreneurship training on performance of small and medium enterprise business Batik Jambi with a market orientation as an intervening variable. Primary and secondary data collection was conducted through surveys, studies of the literature and observations. The instruments used are questionnaire. Sample research are the SMEs Batik Jambi in Jambi province, Indonesia. The sampling collecting using convenience sampling. By using path analysis tool, the results showed there was a significant positive influence on entrepreneurial orientation and entrepreneurship training on performance of the business. The results showed there was also a significant influence entrepreneurial orientation and entrepreneurship training towards market orientation.

Keywords: entrepreneurial orientation, market orientation, entrepreneurship training, business performance

Introduction

Basically the SMEC has enormous business potential, the products it produces unique and relatively affordable by consumers. The implementation of the ASEAN Economy Community (AEC) by 2015 it will be a challenge at the same time opportunities for perpetrators of SMALL MEDIUM ENTERPRISES to improve the performance of its business. It is necessary for strengthening competitiveness and determining the right strategy in order to be able to Excel and win the competition (Syukriah and Hamdani, 2013). Batik industry is one of the types of small and medium industries which focus on creating a product is the result of cultural development of the nation and has its own characteristics. Based on a proposal from the Government, UNESCO Batik Indonesia into the Representative List because it meets the criteria, among others, rich with symbolism and philosophy of life of the people of Indonesia; contribute to the rights of intangible cultural heritage in the present and in the future. Since UNESCO gave the recognition of batik as Indonesia's cultural heritage, batik craft businesses growing and show increased production levels. This fact is also shown by the handicraft industry Batik Jambi, Jambi batik Business where scale medium (20-30 batik) and household scale (2-5 batik artisans) grew mushrooming. Currently in Jambi province there are over 1,500 batik craftsmen with over 100 batik. About 80 percent of which are located in the city of Jambi.

There are several factors that may affect directly or indirectly against the performance of the business. Entrepreneurial orientation (entrepreneurial orientation) is an important factor in influencing business performance in addition to other factors. There is a positive relationship between entrepreneurial orientation towards business performance (Ginta, 2014). Together with the management capabilities and business strategies, entrepreneurial orientation can improve business performance is believed to be SMALL MEDIUM ENTERPRISES (Ibrahim, 2013). Basically the key to support the efforts of fostering entrepreneurship in small and medium-sized employers are from innovative, proactive and risk taking ability (Kreiser and Davis, 2010). Many of the results of research which found that there was significant influence between market orientation and business performance (Asgar et.al, 2013; Moghaddam et. Al, 2013). There are influences between entrepreneurial orientation towards market Orientation and organizational performance (Felgueira and Rondrigues, 2012). Market orientation is a culture to gather consumer values and processes continuously to create the most value for customers. Market orientation as the alignment against the consumer orientation, orientation competition, coordination function and the orientation of the profits (Kohli and Jaworski, 1993). The increasing level of competition in the market then employers should think of a way to give the product a better value compared with its competitors. Generally small and medium entrepreneurs were still focusing on the
aspects of production and sales, applying the concept of the market-oriented focus to customers very necessary to produce a high business performance.

Develop cultural market orientation should be continuously performed by every individual in the company. One of the efforts made by the Government to form a market-oriented entrepreneurial culture is to provide management and technical assistance to SMALL MEDIUM ENTERPRISES in the form of entrepreneurship (entrepreneurship training). Alasadi et al (2015) stated that the entrepreneurial training can improve the UMKM business performance. Entrepreneurial training has a positive relationship towards the competence and performance of the business (Eikebrokk and Olsen, 2009). According to Tambunan (2009) Although capital flows pretty much to the SMEC, however if not followed by construction especially in utilizing such assistance, then the SMEC will likely not succeed. Through its entrepreneurial training will help improve the capability of the entrepreneurial management. According to Putta (2014) entrepreneurial training has the ability and expertise in the areas of management (management skill) compared to self-employment that does not follow the training. The purpose of the research was to analyze (1) influence of entrepreneurial orientation and entrepreneurship training towards market orientation, (2) significant influence market orientation towards business performance.

Literature review

a. Entrepreneurial Orientation.

Business performance is a benchmark of the success of an undertaking (Westerberg and Wincent, 2008). The performance is a reflection of the level of achievement of the implementation of an activity or program or policy in realizing the objectives, goals, mission, and vision of the Organization contained in the strategic planning of an organization. Performance can be known only if the individual or group of individuals have had success criteria that have been set. This success criteria in the form of objectives or specific targets to be achieved. Without any goal or target, the performance of a person or organization may not be known because there is no deny ukurnya. According to Mc Dowl, Haris and Zhang (2009) there are several factors that make up the performance of the business trust, dependency, information about the quality of the product and the ability to improve quality continuously.

Entrepreneurial orientation and its relationship with business performance has become a topic of study that draws on decades. Several studies found higher levels of entrepreneurial orientations then the higher business performance will be achieved (Kreiser and Davis, 2010; Mahmood and Hanafi, 2013). Entrepreneurial orientation is activity that uses innovation product, take risks and proactively seeks to innovate with the objective of outperforming competitors. Entrepreneurial orientation (entrepreneurial orientation) is different with entrepreneurship. Entrepreneurship is defined as a new entry that can be done by entering a new market or remain with a product or service which has been or is there a new one or launch a new company. While the entrepreneurial orientation is defined as a depiction of how the new entry is carried out by the company. Entrepreneurial orientation described by the process, practice and decision-making activities that encourage new entry. So entrepreneurial orientation can be regarded as a product of the entrepreneurial orientation. Process, practice and decision making activities (orientation of the entrepreneur) produces new entry (entrepreneurship) (Vij and Bedi, 2012).

According to Lumpkin and Dess (1996) in Islam et. Al (2011), entrepreneurial Orientation is measured through five dimensions i.e. autonomy, innovation, daring to take risks, to act proactively, and aggressive in competing. Autonomy is the Act of an individual or a team that carries ideas or new vision and strive to achieve it. Innovation is defined as the tendency of companies to enable and support new ideas, experiment, and the creative process that may be in the form of new products, new services, or process technologies. Dare to take risks was the courage of the businessmen to take the risk of any decisions taken. Acting proactively is the courage of the perpetrators of the attempt to take action to confront the problem in the future, needs, or changes that may occur. Aggressive in competing is the courage of the businessmen to open up new markets and try to much success. The fifth dimension is becoming a single entity within entrepreneur and later became a guide of action for entrepreneurs. Research Fairroz, Takenuchi and Yukiko (2010) found that the same factors that is innovative, responsive, proactive and courage taking risks is the dimensions of the entrepreneurial orientation.

Shehu and Mahmood (2014) stated the entrepreneurial orientation factors and business environment is a factor that affects business performance. According to Mahmood and Hanafi (2013) through the entrepreneurial orientation, the leadership will be able to take the company achieve better performance. These results are also consistent with the research of Ramo and Busatic (2015). Entrepreneurial orientation positive effect on performance of the business (Hermann, et al, 2010; Tang Tang and,2010; Ginta, 2014; Mahmood and Hanafi, 2013; Rodney et al., 2008; Fairoz,2010). The higher the higher the entrepreneurial orientation the orientation of the market which will ultimately improve the performance of organizations (Felguirea and Rondigues, 2012).
Even the business characteristics and gender is a factor that also affects business performance (Alowaihan, 2004). Researchers are focusing on the orientation of the entrepreneur agree that attitudes to entrepreneurship should tend towards innovative, proactive and dare to take risks. Entrepreneurial orientation into mediation variables between business strategy and business performance (Ibrahim, et. al, 2013).

H1a: there is significant influence entrepreneurial orientation on performance the business.

H1B: there is significant influence entrepreneurial orientation towards the market orientation.

b. Marketing Orientation.

According to Cravens (1997) the orientation of the market (marketing orientation) is to collect consumer values and processes continuously to create the highest value for buyers. Cadogan and Dimantopoulos (1995) defines the orientation of the market as the orientation towards the customer, the alignment orientation of a competitor, the coordination function and the orientation of the profit. Kotler and Clarke (1996) defines the orientation of the markets is to develop managerial processes and maintains between the objectives of the Organization, expertise and resources as well as changes in market opportunities. Referring to Kohli and Jaworski (1990) the market orientation is an organization wide generation of market intelligence or customer information on current and future customer needs, dissemination of information, that acros the departments and organizations wide responsiveness to it.

There is some perspective on the orientation of the market i.e. (1) the perspective of the strategic approach, (2) a decision-making perspective, (3) customer orientation, perspective (4) perspectives of market intelligence, (5) cultural perspective (Pua Eng Teck, 2012). Some research results have proved the existence of a strong relationship between market orientation with performance (Matsuno et al., 2002), while other research results do not support the existence of a positive relationship between market orientation with organizational performance (Han et al., 1998; Jaworski and Kohli, 1990). But in general the results of the study to test causal relationships between market orientation with the performance of the organization gives the conclusion that the market orientation has an impact on organizational performance (Bhuian, 1997; Deshpande et al., 1993; Jaworski and Kohli, 1990; Matsuno et.al, 2002). Entrepreneurial orientation and the orientation of the market has a positive relationship towards the performance of the Organization (Felguerea Rondigres, 2012; and Octavia, 2006).

Verhees and Matthew (2004) found there is a relationship between market orientation, innovation and business performance. This research is also in line with Moghaddam (2013). While Haris et al (2014) found to generate high business performance. small and medium enterprises should focus to the internal environment and has the human resources that have high experience. Build high-quality companies that are also the characteristics of the market-oriented company. Its application through a process and demands the cooperation of various parties that exist in the organization. According to Kotler and Clarke (1996) the market orientation has five main attributes that is the philosophy of consumer marketing organizations, integration, information marketing, strategic orientation and operational efficiency. Measurements against the market orientation has been developed by Jaworski, and Kumar Kohli (1993) called MARKOR covering intelligence generation, intelligence dissemination and responsiveness. The higher the market orientation of an organization, then the higher the performance that was able to be achieved (Ali, Jhon and DeShiels, 2005; Matanda and Ndubisi, 2009; Felguerea and Rondigres, 2012; Asgar, Alipur and Hasanzadeh, 2013). Hafeez et.al (2011) declaring the market orientation and the orientation of the entrepreneurial business can improve the performance for SMALL MEDIUM ENTERPRISES. Based on the observation of market orientation of many studies that focus on the strategic environment in developed countries, very few of which conduct research on developing countries especially to small and medium enterprises. Thus required a lot of testing on the orientation of the market based on Asia-Pacific perspectives (Pua Eng Teck,2012).

H2: there are significant market orientation's influence on performance of the business.

c. Entrepreneurship Training

Improving the management capabilities of self-employment through entrepreneurial training (Putta, 2014). Entrepreneurial training has the ability and expertise in the field of management compared to the entrepreneur who does not follow the training. This is in line with the opinion Alasadi and Al Sabagh (2015) that with training in the field of management then employers will be better able to improve the performance of its business. Training is a systematic planning and action to enhance skills and capabilities through learning to improve performance. Traditional training programs focus largely to increase entrepreneurial souls but few who try to touch the management activities as part of a training program. The characteristics of the personality shown as his expertise is one of the factors in improving business performance (Krueger, 1998). Skills management is
the ability of a network to develop entrepreneurial, take the initiative, make decisions, take advantage of opportunities, innovative, able to solve problems and strategic thinking. Eikebrokk et.al (2009) stated there is a positive relationship between training, competence and performance of the business. Altinay and Chaterine (2011) declaring the much needed education and training especially to find out what is wanted and needed by consumers. Georghe (2013) stated the entrepreneurial orientation and basic learning in the field of marketing (training) will affect the company's ability to innovate. Even the environment is variable between entrepreneurial orientation and performance (Milavanovich and Wittnie, 2014). To improve the performance of the business management skills required can be obtained through the entrepreneurial training.

H3a: there is significant influence entrepreneurial training towards business performance
H3B: there is significant influence entrepreneurial training towards Market orientation

Method

This research is a descriptive quantitative and qualitative research with a sample survey approach. The approach of the survey used to measure symptoms and help to compare with predetermined criteria. Primary data required are the characteristics of respondents, the perception of responen about the entrepreneurial orientation, market orientation, training, entrepreneurship and management capabilities, as well as its relationship with the business performance. Secondary data obtained by reviewing information from various agencies related data started the village level up to the national as a reference picture of the performance of SMALL MEDIUM ENTERPRISES and relevant research journal. Primary sourced data capture from perpetrators of SMALL MEDIUM ENTERPRISES located in the city of Jambi, data retrieval is done by means of dissemination of the questionnaire, interviews to the perpetrators of the small and medium enterprises and observations. The instruments used are questionnaire. The scale of measurement using the likert scale of five numbers. Secondary data include data on the number and development of SMALL MEDIUM ENTERPRISES.

The population in this research is the whole batik craftsmen who entered the category of small and medium enterprises that are located in the city of Jambi. The sample used is 40 SME batik jambi. Sampling done by purposive sampling. To achieve the goal of the research then use Path Analysis tool by following these steps: (1) development of model based theory. Structural equation model based on the kausalitas relationship, where changes in one variable is assumed will result in changes in other variables. The relationships between variables in the model is a theory of deduction, (2) drawing up a diagram of the path and the structural equations. There are two things that are done that is compiling the structural model that is connecting between the latent good endogenous or invalid constructs exogenous and compiled a measurement model that is connecting the endogenous or exogenous latent invalid constructs with indicator variables or manifest.

Results and Discussions

According to research objectives which testing the relationship either directly or indirectly by using regression analysis with the following results:

<table>
<thead>
<tr>
<th>Model</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial orientation and business performance</td>
<td>0.478</td>
<td>3.351</td>
<td>0.002</td>
</tr>
<tr>
<td>Entrepreneurship training and business performance</td>
<td>0.648</td>
<td>5.237</td>
<td>0.000</td>
</tr>
<tr>
<td>Market orientation and business performance</td>
<td>0.485</td>
<td>3.415</td>
<td>0.002</td>
</tr>
</tbody>
</table>

a. the influence of entrepreneurial orientation on Business performance

Partial test found that there was a significant positive relationship relationships both, judging from the value of the p value of 0.002 significant at the level of alpha 5%. The results of this research found there was a significant influence on entrepreneurial orientation to business performance. Thus the hypothesis 1a States that there exists a significant influence entrepreneurial orientation towards business performance are met. Higher the level of entrepreneurial orientations then the higher business performance will be achieved, the results of this research provide support in finding Kreiser and Davis (2010) as well as Mahmood and Hanafi (2013).
Entrepreneurial orientation indicators used in this study were three that is innovative, proactive risk and courage. Unlike the Lumpkin and Dess (1996) in Islam et al. (2011) that measures entrepreneurial orientation into five dimensions i.e. autonomy, innovation, daring to take risks, to act proactively, and aggressive in competing. Autonomy is the Act of an individual or a team that carries ideas or new vision and strive to achieve it. Innovation is defined as the tendency of companies to enable and support new ideas, experiment, and the creative process that may be in the form of new products, new services, or process technologies. Dare to take risks was the courage of the businessmen to take the risk of any decisions taken. Acting proactively is the courage of the perpetrators of the attempt to take action to confront the problem in the future, needs, or changes that may occur. Aggressive in competing is the courage of the businessmen to open up new markets and try to much success. The fifth dimension is becoming a single entity within entrepreneur and later became a guide of action for entrepreneurs. 

b. influence of entrepreneurial training on performance of the business
Calculation based on regression analysis, there is significant influence partially entrepreneurial training with values 0.002 significant at an alpha of 5%. Improving the management capabilities of self-employment through entrepreneurial training (Putta, 2014). Entrepreneurial training has the ability and expertise in the field of management compared to the entrepreneur who does not follow the training. This is in line with the opinion Alasadi and Al Sabagh (2015) that with training in the field of management then employers will be better able to improve the performance of its business. Training is a systematic planning and action to enhance skills and capabilities through learning to improve performance. Traditional training programs focus largely to increase entrepreneurial souls but few who try to touch the management activities as part of a training program. The characteristics of the personality shown as his expertise is one of the factors in improving business performance (Krueger, 1998). Skills management is the ability of a network to develop entrepreneurial, take the initiative, make decisions, take advantage of opportunities, innovative, able to solve problems and strategic thinking. Eikebrokk et.al (2009) stated there is a positive relationship between training, competence and performance of the business. Altinay and Chaterine (2011) declaring the much needed education and training especially to find out what is wanted and needed by consumers. Georghe (2013) stated the entrepreneurial orientation and basic learning in the field of marketing (training) will affect the company's ability to innovate. Even the environment is variable between entrepreneurial orientation and performance (Milavanovich and Witnie, 2014). To improve the performance of the business management skills required can be obtained through the entrepreneurial training.

![Diagram](image.png)

Figure 1. The model of business performance

c. the influence of Market Orientation Towards business performance
Regression test results found that there is a relationship between market orientation and business performance, it can be seen from the value t calculate of 3.415 significant at an alpha of 5%. Referring to Kohli and Jaworski (1990) the market orientation is an organization wide generation of market intelligence or customer information on current and future customer needs, dissemination of information, that across the departments and organizations wide responsiveness to it. There is some perspective on the orientation of the market i.e. (1) the perspective of the strategic approach, (2) a decision-making perspective, (3) customer orientation, perspective (4) perspectives of market intelligence, (5) cultural perspective (Pua Eng Teck, 2012). Some research results have proved the existence of a strong relationship between the orientation of market performance, while other research results do not support the existence of a positive relationship between market orientation with organizational performance (Kohli and Jaworski, 1990). But in general the results of the study to test causal relationships between market orientation with the performance of the organization gives the conclusion that the market orientation has an impact on organizational performance (Kohli and Jaworski, 1990; Matzuno et.al, 2002). Entrepreneurial orientation and the orientation of the market has a positive relationship towards the performance of the Organization (Felguerea and Rondigrues, 2012). The results of this study showed
no influence between market orientation towards business performance, the results of this research are thus very little support with the already discovered by the results of previous research.

This research is also in line with Moghaddam (2013). While Haris et al (2014) found to generate high business performance. Small and medium enterprises should focus to the internal environment and has the human resources that have high experience. Build high-quality companies that are also the characteristics of the market-oriented company. Its application through a process and demands the cooperation of various parties that exist in the organization. According to Koeller and Clarke (1996) the market orientation has five main attributes that is the philosophy of consumer marketing organizations, integration, information marketing, strategic orientation and operational efficiency. Measurements against the market orientation has been developed by Jaworski, and Kumar Kohli (1993) called MARKOR covering intelligence generation, intelligence dissemination and responsiveness. The higher the market orientation of an organization, then the higher the performance that was able to be achieved (Ali, Jhon and DeShiels, 2005; Matanda and Ndubis, 2009; Felguiera and Rondigues, 2012; Asgar, Alipour and Hasanzadeh, 2013). Hafeez et al (2011) declaring the market orientation and the orientation of the entrepreneurial business can improve the performance for SMALL MEDIUM ENTERPRISES. Based on the observation of market orientation of many studies that focus on the strategic environment in developed countries, very few of which conduct research on developing countries especially to small and medium enterprises. Thus required a lot of testing on the orientation of the market based on Asia-Pacific perspectives (Pua Eng Tock,2012). These results provide the fact that most SMES do not have a market-oriented culture. This is supported by the observations that SMES lack the motivation to win the competition. Product in create a potluck, lack of innovation, not according to the tastes of the market and rely on the Government’s role for marketing its products. Not conducted market analysis and target market becomes the cause of a lack of cultural orientation to the market. This condition becomes cause factor there is no relationship between market orientation and business performance. Based on the test there is no influence between market orientation towards business performance.

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References


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