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## The Effect of Business Orientation on Small Business Performance in Kendari City

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### ABSTRACT

Small businesses engaged in the food industry sector in the city of Kendari is a business activity that is broadly classified as small and is built by individuals or middle-to-lower groups. The purpose of business development is to earn profits with different levels of performance. One factor that can affect performance is the dimension of entrepreneurial orientation which consists of innovation, proactivity, risk-taking, competitive aggressiveness, and autonomy. The purpose of this study is to examine and provide empirical evidence about the effect of entrepreneurial orientation on the performance of small businesses. The sampling technique in this study uses the probability sampling technique. The analysis used is quantitative analysis using multiple linear regression analysis and quantitative data processing using SPSS 24.0. The results of the analysis using multiple linear regressions found that innovation, proactivity, risk-taking, and competitive aggressiveness have a positive and significant effect on the performance of Small and Medium Enterprises. While autonomy has a positive and not significant effect on the performance of small businesses.

### INTRODUCTION

The company was founded to increase the welfare of the owners. To achieve these objectives the company must be managed properly so that expectations can be realized. One way to find out the achievement of company goals is to look at the company's performance. Company performance is a level of work results achieved by an organization in an operational period compared to the predetermined targets, standards, and criteria (Siegel and Marconi, 1989). Company performance is known through the disclosure of company performance contained in the company's financial statements generated within a certain period. Chakravarthy and Balaji (1986) stated that company performance is a construct that is commonly used to measure the impact of a corporate strategy orientation.

Economic globalization that occurs has an impact on changes in the business environment and

increasingly rapid competition and the emergence of new competitors have changed the market dynamically, accordingly companies are required to always be proactive in responding to various dynamic changes, by creating and developing business strategies. Such dynamic conditions are only companies that can produce quality goods and services that can be accepted by the global market. Important issues related to these conditions include the fast-changing market, the strategic process must be designed for continuous change and rapid adjustment, speed and assertiveness are key qualities for success (Means and Faulkner, 2000). Porter (1980) said that competitive advantage is at the heart of a company's performance to compete and develop from the value that a company can create for its customers and can defend itself from market competitive pressures.

One sector that supports the economy in Indonesia is small and medium enterprises (SMEs)

because through this sector all aspects related to human life patterns are sourced, starting from the consumption, food, and housing sector. In terms of consumption, SMEs are increasingly involved in an active role, such as the processing of agricultural products, grain, food production, and so on. And many other sectors fill the production traffic activities.

Small and medium enterprises are always described as a sector that has an important role in economic development in Indonesia because it can absorb a lot of labor. The role of SMEs becomes a priority part in every development planning stage which is managed by two ministries, namely the Ministry of Industry, and the Ministry of Cooperatives and SMEs.

Small and medium enterprises (SMEs) are catalysts for national economic growth and development because of their significant contribution to poverty alleviation and GDP growth, production diversification, and job creation in developed and developing countries. SMEs are expected to increasingly play a role in reducing unemployment and can help the economy of a region to increase income and income distribution. Although SMEs play an important role in the development of a country's economy, SMEs are still vulnerable because of limited resources if compared to larger companies (Carland et. al, 1984).

For a successful business to run well, an entrepreneur is expected to have entrepreneurial abilities that are in line with the concept of entrepreneurial orientation. Approach in entrepreneurial orientation based on Resource-Based View (RBV), namely all resources (resources) such as expertise, organizational processes, attributes, information, and knowledge that are controlled by the company so that the company can compile and implement strategies to improve efficiency and effectiveness (Barney, 2001).

Several previous studies have shown that the role of resources as a determinant of business performance has been well proven (Nasution et al., 2011). Zulfadil further (2010) explains the findings of his research that business success certainly

requires the ability of an entrepreneur (entrepreneur) to run his business. For the business to run successfully, an entrepreneur is expected to have the ability to apply entrepreneurial knowledge that is in line with the concept of entrepreneurial orientation.

Entrepreneurial action has been believed in the RBV as an additional capability that can provide diversity and value to the company, as well as making an important contribution to the creation of a competitive advantage of the company (Barney, 2001; Edelman et al., 2005 and Covin et al., 2006). This conception is related to entrepreneurial strategies that focus more on the entrepreneurial process (Wiklund, 1999). The essence of this conception, that companies that have been entrepreneurially oriented, always innovate products, processes, and managerial consistently, be autonomous, dare to take business risks, and be proactive in facing competition.

Covin and Slevin (1991) and Miller et al. (2005) also added that entrepreneurial-oriented companies are always successful in finding new opportunities in their business activities and strengthening their competitive position in the market. Zimmerer (2005) also adds that entrepreneurial-oriented companies can potentially produce more favorable work variations in the length. Bearing in mind the importance of implementing entrepreneurial orientation in achieving competitive advantage and business success, SMEs need to develop entrepreneurial orientation in their business activities. Entrepreneurial orientation can also directly impact the improvement of business performance (Wiklund, 1999; Wiklund & Shepherd, 2003; Lumpkin et al., 2005; Home, 2010; and Nasution et al., 2011).

Various concepts and research in the field of entrepreneurship have been able to explain well the importance of the role of entrepreneurial orientation on business performance (Lumpkin et al., 2005; Li & Huang, 2008). Nasution Research (2010) examines the impact of entrepreneurial orientation on business performance by identifying entrepreneurial orientation consisting of elements (1) autonomy (2) risk-taking and (3) proactiveness.

In another study, the findings of Covin & Slevin (1991) indicate that small entrepreneurial companies are seen as more capable of producing better business performance.

Research conducted by Home (2010) also states that entrepreneurial ability as reflected by managerial behavior is an important determinant for increasing business growth or business performance. Similar research was also carried out by Hidayatullah (2011) and Chadwick et al (2004) but the findings found that orientation entrepreneurship has no significant effect on business performance. Research by Wambugu and Wanja (2016) shows that entrepreneurial orientation has a significant effect on the performance of agro-SMEs in terms of growth and profitability ( $\beta = 0.536$ ,  $p < 0.001$ ,  $t = 7.1135$ ).

Hughes and Morgan's research (2007) shows the results that indicators of proactive attitude and innovation have a positive effect on business performance while indicators of courage to take risks have a negative relationship on business performance. However, the results of Raymond C. Rody and Timothy M. Stearns (2013) research show that innovation has a negative effect on company performance, while taking risks has a positive effect on company performance.

The results of previous studies that have not been consistent are interesting research gaps for further study. Fairoz & Hirobumi's research (2010) about entrepreneurial orientation with indicators: attitudes of autonomy, proactive attitudes, and courage in taking risks. The results of research conducted on 25 SMEs in Sri Lanka showed the results that entrepreneurial orientation significantly influences business performance. The same study conducted by Etienne St-Jean and Luc LeBel (2014) results of the study showed that managerial autonomy had a positive effect on the performance of SMEs in Canada. While research conducted by Arshal et al., (2013) shows that autonomy has a negative effect on business performance in Malaysia.

Basically, entrepreneurship orientation is very closely related to the ability of an entrepreneur. The

key to entrepreneurship is how decision-making is done appropriately with various calculations and thoughts (Hassim et al., 2011). Furthermore, Solichin (2005) found that the variable characteristics of entrepreneurship had a significant influence on business progress, and it was found that the contribution of the business climate was greater than the characteristics of entrepreneurship on business progress.

Small and medium businesses are also scattered in Kendari City because they have good growth opportunities including potential market share, available raw materials, this is also supported by Kendari City as the capital of the Southeast Sulawesi Province, and the economic growth of Kendari City experiencing a positive trend, where for the period of 2015 economic growth reached 8.92 percent and in 2016 around 9.00 percent (Kendari Pos, 2017).

According to Mardiyanto (Head of BPS Sultra) that Based on the results of the 2016 Economic Census (SE), SMEs in Southeast Sulawesi dominated economic activity in terms of the number of businesses with a proportion of around 99 percent. While the rest are Large Medium Enterprises (UMB) (Penaaktual.com, 2017).

According to Syam Alam (Head of Perindagkop Kendari City) that the number of businesses in Kendari reached 14.68 percent of the total number of business units in Southeast Sulawesi, he said. Furthermore, in Kendari City in 2017, 41,908 business units were consisting of 40,664 units micro, small, and 1,244 businesses that fall into the category of medium to large businesses (AntaraSultra, 2017)

Based on the decision of the President of the Republic of Indonesia No. 99/1998, UKM is a small-scale enterprise with business fields that are generally small business activities and need to be protected to prevent unhealthy businesses and are built by individuals or middle-low groups.

The development and growth of small businesses in Kendari City from 2014-2016 can be presented through the following table:

Table 1. Development & Growth of Small Businesses in Kendari City

No.	Business Criteria	Total (Year)				Growth %		
		2013	2014	2015	2016	2014	2015	2016
1	Bussiness Unit	3.350	3.545	3.812	4.271	6	8	12
2	Labour	12.642	13.227	13.868	15.718	5	5	13
3	Income	611.266	802.431	875.143	940.131	31	9	7

Source: Secondary data processed (2019).

Table 1. shows that the number of small businesses in Kendari City from 2013 to 2016 has increased every year both in terms of aspects, business units, labor, and turnover. The highest growth of small-scale business units occurred in 2016 with an average of 12%, as well as the highest employment growth occurred in 2016, amounting to 13%. On the other hand, the growth of business turnover in 2014 experienced a very high growth of 31% while in 2015 the level of small business income experienced a decline with a revenue growth rate of 9% and at 7% in 2016.

The growth in the number of small businesses in 2013-2016 was caused by a promising market share and supported by the growth of the Southeast Sulawesi economy, especially in Kendari City. This is as revealed by Mr. Syam Alam (Head of Perindagkop Kendari City) that the City of Kendari, Southeast Sulawesi (Southeast Sulawesi) in recent years has continued to experience rapid progress. The level of tourist visits to the city also continues to show a positive trend, both domestic and international tourists. This condition was used by several business operators in Kendari City to open a unique souvenir sales center, one of which was cashew nuts. For the last five years, the SME products of Kendari City have been able to be accepted by markets outside of Kendari City, even outside Southeast Sulawesi. Its development has also entered into modern markets due to the dynamics of the Southeast Sulawesi economy that continues to improve.

Researchers researched the food industry sector business where based on the results of research the business was dominated by small businesses. The researchers' observations also show

that the growth of small businesses is driven by the entrepreneurial nature of the perpetrators of their life experiences when they are employees of small businesses in their colleagues and families. With the knowledge and work experience possessed to create a new business, this is as done in small businesses in the food industry sector such as the business of bread, cakes, chips, shredded fish, meatballs/Somai. The researchers' initial observations show that some small businesses can survive and even develop such as the business of bread, chips, and cashews and some also cannot survive such as shredded fish and other businesses. Small businesses that develop are supported by quality products, availability of funds for business development, and courage in making bank loans and proactively selling their products. On the other hand, small business problems are also quite complex so that some are out of business.

Based on gap research and existing phenomena, the researcher is interested in researching with the title *The Effect of Business Orientation on Small Business Performance in Kendari City*.

**METHODS**

The object of research is the scope or things that are the main problem in a study (Arikunto, 2001). Husein Umar (2005) explains that the object of research explains what and who is the object of research, where and when the research is conducted. The object of this research is Small and Medium Enterprises engaged in the manufacturing food industry that is registered with the Department of Industry, Trade, Cooperatives and SMEs in Kendari City.

Population is the total amount consisting of objects or subjects that have certain characteristics and qualities determined by researchers to be investigated and then draw conclusions. Population is a collection of objects that will be used as research material with the same characteristics (Andi Supangat, 2007). Thus, this study was conducted in the city of Kendari with a population of all small businesses engaged in the food industry that has been operating and conducting production processes with a minimum age of three years. The population in this study was 100 companies engaged in the food industry in the city of Kendari.

Samples are part of the population. If the population is large and research is not possible to study everything in the population, for example, due to limited funds, time, and energy, the research can use samples taken from the population (Sugiono,

2005). Samples are representative parts that are used as sources of data or respondents (Saebani, 2008).

The use of samples in a study is intended to make it easier for researchers to draw conclusions that will be generalized to the population. To get a sample that can describe the population, the determination of the sample in this study uses the Slovin formula.

From the total population with a level of accuracy of 10% with a confidence level of 90%, then using the formula above obtained a sample of 50 business units. Determination of the sample in this study using probability sampling techniques, namely proportional stratified random sampling, strata conducted based on the type of business. Thus the distribution of this research sample by type of business is presented in Table 2.

Table 2. Distribution of Samples by Type of Business

No.	Type of Business	Total Type of Business	Calculation	Sample (Person)
1	Roti	8	$8/100 \times 50 = 4$	4
2	Abon	15	$15/100 \times 50 = 7,5$	8
3	Coklat	6	$6/100 \times 50 = 3$	3
4	Baruasa / Bagea	10	$10/100 \times 50 = 5$	5
5	Kacang/Mete	10	$10/100 \times 50 = 5$	5
6	Jahe / Dempo Pisang	2	$2/100 \times 50 = 1$	1
7	Kue Pia/Bolu/semprong	12	$12/100 \times 50 = 6$	6
8	Rumput laut	2	$2/100 \times 50 = 1$	1
9	Kue kering	12	$12/100 \times 50 = 6$	6
10	Rempeyek	2	$2/100 \times 50 = 1$	1
11	Kripik/krupuk	16	$16/100 \times 50 = 8$	8
12	Stik / Ice Cream	4	$4/100 \times 50 = 2$	2
Total		100	0	50

Source: Primary data processed (2019).

Based on the type, the data used in this study are qualitative and quantitative data. Qualitative data is data presented in the form of verbal words not in the form of numbers (Muhadjir, 1996). Included in the qualitative data in this study are a general description of the company and the perceptions of respondents about their businesses that match the statement on the questionnaire. With quantitative data is data in the form of numbers (Priyanto, 2010). Quantitative data in this study are

financial data of each industrial business unit in the form of sales and net profits obtained by food industry business owners in Kendari City.

Based on the purpose of this study, the data collection methods used are questionnaires and interviews. Arikunto (2010) states that the questionnaire is a number of written questions that are used to obtain information from respondents in terms of reports about his personality, or things he knows. In this case, the questionnaire is given in the

form of a statement containing questions or related statements with the characteristics of respondents and indicators of entrepreneurial orientation variables and the performance of small businesses.

The interview method is carried out to obtain information directly and verbally from the parties concerned by ensuring that the respondents interviewed are managers/managers or business owners who are directly involved in financial decision making. This research was conducted to gather theories that underlie research, which can be used as guidelines in conducting an analysis of the data and information obtained from the company. In

this research, the author studies books, articles, and various other literatures related to this research.

**RESULTS AND DISCUSSION**

**Multiple linear regression analysis**

In this research, the hypothesis test uses multiple linear regression which will be tested empirically to find the functional relationship of two or more independent variables with the dependent variable, or to predict two or more independent variables with respect to the dependent variable. The results of multiple linear regression tests in this study can be seen in Table 3 below:

Table 3. Multiple Linear Regression Test Results

<b>Coefficients<sup>a</sup></b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
Constant	-0,92	0,33		-2,78	0,008
Innovation	0,44	0,09	0,38	5,16	0,000
Proactive	0,44	0,08	0,38	5,57	0,000
Taking Risk	0,56	0,08	0,48	6,82	0,000
Competitive					
Aggressiveness	0,22	0,08	0,21	2,71	0,010
1 Autonomy	0,15	0,09	0,15	1,68	0,101

Source: SPSS output 24.0, primary data processed 2019

Based on the results of the Coefficientsa above can be developed using the multiple linear regression equation model as follows:

$$\text{Small business performance} = \beta_1 \text{ Innovation} + \beta_2 \text{ Proactive} + \beta_3 \text{ Taking Risks} + \beta_4 \text{ Competitive Aggressiveness} + \beta_5 \text{ Autonomy} + \theta$$

If the  $\beta$  value in the above table is substituted, the following values will be obtained:

$$\text{Small business performance (Y)} = 0,377 \text{ X1} + 0,380 \text{ X2} + 0,476 \text{ X3} + 0,210 \text{ X4} + 0,148 \text{ X5}$$

1. Regression Coefficient X1 of 0.377 means that every increase of one Innovation unit will improve business performance small amount of 0.377. Conversely, each reduction of one innovation unit will reduce the performance of small businesses by 0.377, assuming that X2, X3, X4, and X5 remain.

The results of this study support the opinion of Wiklund and Shepherd (2005) which states that innovation through the creation of new products and technologies can produce competitive advantages because it can outperform competitors, to create financial results, productivity, and be able to produce new products and services (services) to the market ahead of competitors.

The results of the study support the opinion (Leonard-Barton 1991) that innovation emphasizes new methods of operation by making new technology or developing existing technology. This process innovation includes reengineering business processes that are not directly related to the production process (Cumming, 1998).

The results of this study support the opinion expressed by Baldwin (2000) that innovation affects business performance because the discovery of new production techniques allows companies to operate

more efficiently. Innovation is a means to increase productivity which affects product quality and reduces unit production costs.

Kim and Manborgue (1999) also revealed that innovation strategies will influence financial performance if companies can create value innovation in the innovation process. Likewise, Fernandez (2001) emphasizes innovation as a determinant of corporate innovation success. Furthermore, Desphande et al (1993) stated that companies that want to be successful in their innovation process must integrate with product innovation and process innovation.

The results of this study support the research of Suseno and Suddin (2019), Mulyani (2016), Wambugu and Wanjau (2016) Arshal et al., (2013), Kusumawardhani and Perera (2012) that innovation has a positive and significant effect on small business performance. This is because product innovation increases product sales which in turn have an impact on the return on assets to increase.

2. Regression coefficient X2 of 0.380 means that every increase of one proactive unit will increase the performance of small businesses by 0.380. Conversely, every reduction of one proactive unit will reduce the performance of small businesses by 0.380, assuming that X1, X3, X4, and X5 remain.

The results of this study support the opinion of Zahra (1995), Lumpkin & Dess (1996) that is highly proactive can improve business performance related to sales growth, company profits, and labour productivity. The results of this study also support the opinion of Kotler (2005) that if the company is proactive, it means that a company has entered the market first from its competitors, then the company will always be the market leader.

The results of this study support the opinion of Zahra and Covin (2005) that a proactive attitude can target market segments, move faster than competitors and respond quickly through the determination of company strategies that are based on market changes and therefore can take advantage of opportunities that arise.

Research supports research conducted by Platin and Ergun (2018), Le Roux and Bengesi (2013) that proactivity has a positive and significant effect on business performance in terms of sales growth.

3. Regression coefficient X3 of 0.476 means that every increase of one unit to take risks will increase the performance of small businesses by 0.476. Conversely, every reduction of one unit takes a risk will reduce the performance of small businesses by 0.476, assuming that X1, X2, X4, and X5 remain.

The results of this study support the opinion of Zahra (1995) that companies that are willing to take risks at the expense of costs to get the benefits (cost-benefit) of each alternative in decision making will make the company stronger against economic changes.

The results of this study support the opinion of Keh et al (2002), Wiklund (1999) that taking risks is an entrepreneurial attitude that involves his willingness to tie up resources and be courageous in facing challenges by engaging in business strategies so that an entrepreneur has the opportunity to take advantage and the emergence of these opportunities, which in the end positive effect on business performance.

The results of this study support the opinion of Wiklund and Shepherd (2005) that risk-taking is related to the desire to commit that resources are used on projects where the cost of failure is high, reflecting managers' preferences for courageous actions to achieve organizational goals, thus the desire to take risks will encourage the company. to develop and generate new ideas to produce products (services).

The results of this study support research conducted by Wambugu and Wanjau (2016), Ranto (2016), Haryadi (2015), Arshal et al., (2013) that the attitude of courage to take risks has a positive and significant effect on small business performance because small businesses Those who dare to take risks will increase their motivation in trying and find new ideas to develop their business

and increase their sales, thereby increasing the performance of small businesses.

4. Regression coefficient X4 of 0.210 means that each increase of one unit of Competitive Aggressiveness will increase the performance of small businesses by 0.210. Conversely, each reduction of one competitive aggressiveness unit will reduce the performance of small businesses by 0.210, assuming that X1, X2, X3, and X5 remain.

The results show that the owners/managers of small businesses establish good relationships with customers to market their products and introduce their products to customers so that small business products can be absorbed by the market, thereby increasing the performance of small businesses.

The results of this study support the opinion of Lumpkin and Dess (2001) that competitive aggressiveness has a positive and significant effect on company performance. This research is also in line with Wulandari and Priatna (2018) states that competitive aggressiveness has a positive and significant effect on business performance.

5. Regression coefficient X5 of 0.148 means that every increase of one Autonomous unit will improve the performance of small businesses by 0.148. On the contrary, every decrease of one autonomy unit will reduce the performance of small businesses by 0.148, assuming that X1, X2, X3, and X4 are fixed.

The results showed that small businesses in Kendari City developed various types of product components regardless of organizational boundaries. Besides that, small business managers in making decisions still involve other parties in the internal of small businesses.

Autonomy refers to the independent action of a person or team to align an idea to complete its mission, regardless of organizational boundaries. When applied in the context of an organization, especially business, autonomy refers to the freedom to take action related to business.

The results show that small business managers are free to develop products creatively but are still

tied to other parties (their families) in making product development decisions, freedom to run a business independently does not affect improving the performance of small businesses. This means that the high autonomy attitude of small business owners is lacking affect the performance of small businesses.

The role of autonomy in this study does not affect the performance of small businesses. Because based on the results of observations made, most of the employees who work for small businesses are based on instructions from the owners/managers of small businesses. In this case, employees are not free to explore the knowledge they have because they see organizational boundaries that are applied by the company. Based on the study conducted, most business owners in Kendari City are not free to make decisions. This is because the size of the business that is owned is a family business and decision making in terms of product development is largely determined by the manager or manager who is the owner's family or relatives.

The results of the study support the research conducted by Wulandari and Priatna (2018) which found that autonomy does not affect the performance of MSMEs. The results of this study support the research of Arshal et al., (2013), Arshal et al., (2013) explaining that autonomy has no significant effect on the performance of small businesses.

The sign (+) indicates the direction of a direct relationship between the independent variable (X) and the dependent variable (Y). Whereas the sign (-) shows the direction of the inverse relationship between the independent variable (X) and the dependent variable (Y).

#### **Coefficient of determination of the regression model**

The coefficient of determination (R<sup>2</sup>) is used to measure the ability of the model to explain the variation of independent variables. Here are the results of calculating the hypothesis determination coefficient.



Table 4. Coefficient Determination Regression Model

<b>Model Summary<sup>b</sup></b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,902 <sup>a</sup>	0,814	0,793	0,366

a. Predictors: (Constant), Innovation, Proactive, Taking Risk, Competitive Aggressiveness, Autonomy, Performance.  
 b. Dependent Variable: Small business performance

Source: SPSS output 24.0, primary data processed (2019)

In the coefficient of determination of the regression model 1 obtained Adjusted R square value of 0.902. This means that 90.2% of small business performance variations can be explained by Innovation, Proactivity, Risk Taking, Competitive Aggressiveness, and Autonomy as independent variables, while 9.8% can be explained by other factors outside the regression model analyzed.

**CONCLUSION**

The purpose of this study is to examine and provide empirical evidence about the influence of innovation, proactivity, risk-taking, competitive aggressiveness, and autonomy on the performance of small businesses in the food industry sector recorded in the Department of Industry, Trade, Cooperatives, and SMEs in Kendari City in 2018. From five hypotheses were proposed, four of them i.e. innovation (H1), proactivity (H2), taking risks (H3), and competitive aggressiveness (H4) are accepted. Whereas one other hypothesis namely autonomy (H5) is rejected. Based on the results of the analysis, the conclusions that can be drawn from this study are as follows: 1) Innovation has a positive and significant effect on the performance of small and medium businesses in the food industry sector recorded in the Department of Industry, Trade, Cooperatives, and SMEs in Kendari City in 2017.

This is indicated based on the results of the calculation of the regression coefficient of 0.440 and t value of 5.164 with a significance of 0.000. The significance value of the test is less than 0.05 (Ha accepted), 2) Proactive has a positive and significant effect on the performance of small and

medium businesses in the food industry sector recorded in the Department of Industry, Trade, Cooperatives, and SMEs in Kendari City 2017. This is indicated based on the calculation of the regression coefficient of 0.435 and t value of 5.574 with a significance of 0,000. The significance value of the test is less than 0.05 (Ha accepted), 3) Taking the risk of a positive and significant effect on the performance of small and medium businesses in the food industry sector recorded in the Department of Industry, Trade, Cooperatives, and SMEs in Kendari City in 2017.

This is shown based on the calculation of the regression coefficient of 0.560 and t value of 6.818 with a significance of 0.000. The significance value of the test is less than 0.05 (Ha accepted), 4) Competitive aggressiveness has a positive and significant impact on the performance of small and medium businesses in the food industry sector recorded in the Department of Industry, Trade, Cooperatives, and SMEs in Kendari City 2017. This matter indicated by the results of the calculation of the regression coefficient of 0.216 with a count of 2.708 with a significance of 0.010 less than 0.05 (Ha accepted), 5) Autonomy has a positive and insignificant effect on the performance of small and medium businesses in the food industry sector recorded in the Department of Industry, Trade, Cooperatives, and UMKM of Kendari City in 2017.

This is shown from the results of the calculation of the value of the regression coefficient of 0.154 with a t value of 1.657 with a significance of 0.101 greater from 0.05 (Ha refused) .6. The coefficient of determination of the regression model 1 of this study obtained an adjusted R square value of 0.836. This means that 83.6% of the variation in

business performance can be explained by innovation, proactivity, risk-taking, competitive aggressiveness, and autonomy as independent variables, while the remaining 16.4% can be explained by other factors outside the regression model analyzed.

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