

# The Effect of Entrepreneurship Orientation and Market Orientation on Msmes in the Culinary Fields Through Personal Excellence

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## ABSTRACT

This study aims to determine the direct and indirect effects of entrepreneurial orientation, market orientation, and competitive advantage on the performance of SMEs in the culinary field. The method used in this study is a quantitative method with path analysis techniques. The results of this study are: 1), entrepreneurial orientation has a positive and significant direct effect on the competitive advantage of SMEs. That is, if the entrepreneurial orientation increases, the competitive advantage will increase. 2), market orientation has a positive and significant direct effect on the competitive advantage of SMEs. That is, if market orientation increases, then competitive advantage will increase. 3), entrepreneurial orientation has a direct and positive effect on the performance of SMEs. That is, if the entrepreneurial orientation increases for the better then the performance will increase for the better. 4), market orientation has a direct and positive effect on the performance of SMEs. That is, if the market orientation improves, the performance of MSMEs will increase. 5), competitive advantage has a positive and significant direct effect on the performance of SMEs. That is, if competitive advantage increases, the performance of SMEs will increase. 6), entrepreneurial orientation has no significant effect on the performance of SMEs through competitive advantage. That is, competitive advantage cannot be an intervening variable for the effect of entrepreneurial orientation on the performance of SMEs because the direct effect of entrepreneurial orientation on the performance of SMEs is greater than the effect of entrepreneurial orientation. SME performance through competitive advantage. 7), market orientation has no significant effect on the performance of SMEs through competitive advantage. That is, competitive advantage cannot be an intervening variable for the effect of market orientation on the performance of SMEs because the direct influence of market orientation is greater than the performance of SMEs through competitive advantage.

## Introduction

Coastal areas in general have regional characteristics that have abundant natural

resources, (TRIDIPTA, 2012). Meanwhile, the development of a region leads to the equity that supports economic growth (efficiency),

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and sustainability (Rustiadi, 2018). According to (WURARA, PANGKEY, & RURU, 2021) Even though in today's mass the spread of the coronavirus is so easy, but in developing an entrepreneurial spirit among MSME actors. Creativity and innovation are also very important roles (Sahertian, 2010). According to (Kristiyanti, 2012) the strategic role of MSMEs in national economic development is to play a role in the distribution of the results of builders. While on the micro side, the function of entrepreneurs in companies includes taking risks and uncertainties, combining resources in new and different ways, creating added value, new businesses, and new opportunities (Suryana, 2014)

According to Law Number 20 of 2008 Definition of Micro, Small, and Medium Enterprises (MSMEs) is a business run by individuals or groups of people on a small scale. MSMEs play an important role in the wheels of the Indonesian economy, therefore MSME actors must be able to make MSME performance better. (Wahyudiati & Isroah, 2018) MSME performance is the result of work achieved as a whole and compared with work results, targets, targets, or criteria that have been determined in advance and have been mutually agreed upon in a business entity with asset and turnover criteria that have been determined in the law. According to (Sari, 2016) explaining that market orientation and innovation have a significant effect on the performance of SMEs. (Istanto, 2012) explains that Competitive Advantage and Positioning Advantage Strategy can affect business performance. (Sari, 2016) entrepreneurial orientation and product innovation can affect business performance. Mega vitae (2015) explains that competitive advantage can be a variable that mediates the effect of entrepreneurial orientation and market orientation on company performance.

According to (Hesterly & Barney, 2008), a company achieves a competitive advantage if the company implements a value-creating strategy that is not done by other companies at the same time. According to (Apriliansi & Ferdinand, 2015), competitive advantage arises when consumers think that they receive more value from the transactions they do compare to a competitor.

Entrepreneurial orientation is defined as the orientation of a company that has principles on efforts to identify and exploit

opportunities, Lumpkin and Dessin (Sari, 2016).

(Syukron & Ngatno, 2016) define market orientation as a process and activity related to customer creation and satisfaction by continuously assessing customer needs and desires.

Based on the phenomenon in South Bolaang Mongondow Regency, it can be seen that what happened to the UMKM in South Bolaang Mongondow Regency, the average net wealth of UMKM was in a position that was not seen in the last 4 years. In 2017, the average net wealth of MSMEs was Rp. 36,699,896,053, in 2018 the average net wealth of MSMEs was Rp. 304,269,832, in 2019 it was Rp. 153,300,000 and in 2020 it was Rp. 60,853,966. in Bolaang Mongodow Selatan Regency from 2017 to 2020 every year it decreases.

It was also found that there were MSME actors who gave prices of goods and services that were too high or exceeded the normal price and the quality of the product was also not good for consumption, while in (Damayanti, 2018) the price and quality of the product are some indicators of competitive advantage. Thus, it can be stated that the competitive advantage of SMEs in the Bolaang Mongondow Regency is still low. It was also found that MSME actors did not make new products or product innovations and did not dare to take risks to make new products, while Covin and Slevin in (Fadhilah, 2020) innovation and daring to take risks are part of indicators to measure entrepreneurial orientation. Thus, it can be stated that the entrepreneurial orientation of MSME actors in the South Bolaang Mongondow Regency is still lacking. There is also information from MSME customers that customers are dissatisfied with the quality of the products provided by MSMEs, while Uncles in (Syukron & Ngatno, 2016) defines market orientation as a process and activity related to customer creation and satisfaction by way of continuously assess customer needs and wants. Thus, it can be stated that the market orientation of MSMEs in the southern Bolaang Mongondow Regency is still lacking. For this reason, researchers want to know more about the performance of SMEs, competitive advantage, entrepreneurial orientation, market orientation and raise the title of the study "the influence of entrepreneurial

orientation and market orientation on the performance of SMEs in the culinary field through competitive advantage in South Bolaang Mongondow Regency".

## Method

The method used in this study is a survey method with a quantitative approach where the researchers collect information by compiling questions using questionnaires to respondents. The quantitative approach in this study is to analyze existing theories, namely to analyze the influence of entrepreneurial orientation and market orientation on the performance of SMEs through competitive advantage in South Bolaang Mongondow Regency starting from theory, hypothesis, observation, and then confirmation.

## Results And Discussion

### A. Direct Influence

#### 1. The direct effect of X1 entrepreneurial orientation on the competitive advantage of SMEs in the culinary field X3

The results of this study found that entrepreneurial orientation had a positive and significant direct effect on the competitive advantage of SMEs in the culinary field in South Bolaang Mongondow Regency. That is, if the entrepreneurial orientation becomes better, the competitive advantage of SMEs in the culinary field will increase for the better. With the relationship of each indicator of entrepreneurial orientation with a competitive advantage, namely: being proactive with the accessibility of the relationship with the sufficient category, proactive with the productive relationship with the sufficient category, proactive with the service relationship with the sufficient category, innovative with the accessibility of the relationship with the sufficient category, Risk-taking with the accessibility of the relationship with sufficient category, risk-taking with relationship product with sufficient category, risk-taking with relationship service with sufficient category. The results of this study are in line with research conducted by (Sulistiyawati,

Indarto, & Saifudin, 2018) with the results of research that entrepreneurial orientation has a significant effect on competitive advantage.

#### 2. The direct effect of market orientation X2 on competitive advantage in the culinary field X3

The results of this study found that market orientation had a direct and positive effect on the competitive advantage of SMEs in the culinary field in South Bolaang Mongondow Regency. That is, if the market orientation becomes better, the competitive advantage of SMEs in the culinary field will increase. With the relationship of each market orientation indicator with indicators of competitive advantage, namely: consumer satisfaction with the accessibility of the relationship with the sufficient category, consumer satisfaction with the product relationship with the sufficient category, consumer satisfaction with the service relationship in the sufficient category, consumer complaints with the accessibility of the relationship in the strong category, consumer complaints with relationship products in strong category, consumer complaints with relationship services in sufficient category, monitoring competitor's actions with relationship accessibility insufficient category, monitoring competitors' actions with relationship products in moderate category, monitoring competitor actions with relationship service in sufficient category, responses to changes made by competitors with relationship accessibility moderate category, responses to changes made by competitors with relationship product indicators are insufficient category, responses to changes made by competitors with relationship services are insufficient category. The results of this study are in line with research conducted by (Damayanti, 2018) with the results of market orientation research having a positive and significant effect on competitive advantage.

#### 3. The direct effect of X1's entrepreneurial orientation on the

### **performance of SMEs in the culinary field**

That is, if the entrepreneurial orientation becomes better, the performance of SMEs in the culinary field will increase. With the relationship of each indicator of entrepreneurial orientation with performance indicators of MSMEs in the culinary sector, namely: proactive with strong relationship sales growth, proactive with strong relationship capital growth, proactive with growing additional relationships insufficient category, proactive with market growth and relationship marketing in moderate category, proactive with growth in profit or operating profit, relationship in strong category, innovative with growth in sales, relationship in moderate category, innovative with growth in relationship capital, in strong category, innovative with increase in workforce, relationship in moderate category, innovative with market growth and relationship marketing in moderate category, innovative with profit growth or operating profit with a strong category, risk-taking with sales growth in a strong relationship, risk-taking with capital growth in a strong relationship, risk-taking with an increase The labor force each year has a strong category, risk-taking with market growth and relationship marketing is in a strong category, risk-taking with profit growth or profit-taking is a strong relationship. The results of this study are in line with research conducted by (Sari, 2016) with the results of research on entrepreneurial orientation having a positive and significant effect on the performance of SMEs.

#### **4. The direct effect of market orientation X2 on the performance of SMEs in the culinary field Y**

The results of this study found that market orientation had a direct and positive effect on the performance of SMEs in the culinary field in the South Bolaang Mongondow Regency. That is, if the market orientation becomes better, the performance of MSMEs will also increase for the better.

With the relationship of each market orientation indicator with the performance indicators of MSMEs in the culinary field, namely: Consumer satisfaction with sales growth in a strong category, Consumer satisfaction with relationship capital growth in a strong category, Consumer satisfaction with additional workforce every year, a strong relationship, Consumer satisfaction with growth market and relationship marketing in strong category, consumer satisfaction with growth in profit or business profit in strong category, consumer complaints with sales growth in relationship in strong category, consumer satisfaction with growth in relationship capital in strong category, consumer satisfaction with additional workforce each year, relationship in strong category, satisfaction consumers with market growth and relationship marketing in strong category, consumer satisfaction with profit growth or business profit in strong category, Monitoring competitor actions with relationship sales growth in category k strong, Monitor competitors' actions with strong relationship capital growth, Monitor competitors' actions with additional workforce every year, strong relationships, Monitor competitors' actions with strong market growth and relationship marketing, Monitor competitors' actions with strong profit growth or business profit relationships, Responses to changes made by competitors with strong relationship growth, Responses to changes made by competitors with strong relationship capital growth, Responses to changes made by competitors with additional workforce every year, relations in sufficient category, Responses to changes made by competitors with market growth and relationship marketing in strong category. Response to changes made by competitors with profit growth or business profit in a strong category. The results of this study are in line with research conducted by (Baker & Sinkula, 2009) with the results of market orientation research having a

positive and significant effect on business performance.

**5. The direct influence of competitive advantage X3 on the performance of SMEs in the culinary field Y**

The results of this study found that competitive advantage has a direct and positive effect on the performance of SMEs in the culinary field in the South Bolaang Mongondow Regency. That is, if the competitive advantage increases, the performance of MSMEs will also increase for the better. With the relationship of each indicator of competitive advantage with the performance indicators of MSMEs in the culinary sector, namely: accessibility with sales growth in a strong category, accessibility with growth in relationship capital in a strong category, accessibility with additional workforce every year, a strong relationship, accessibility with market growth and relationship marketing. strong category, accessibility with profit growth or business profit relationship strong category, a product with strong relationship sales growth, a product with strong relationship capital growth, a product with additional workforce every year strong relationship category, a product with market growth and relationship marketing strong category, Products with strong profit growth or relationship operating profit, service with strong relationship sales growth, service with strong relationship capital growth, service with additions n every year the workforce is in a strong category, service with market growth and relationship marketing is in a strong category, service with profit growth or business profit is in a strong category. The results of this study are in line with research conducted by (Widiastuti, Surbakti, Restu, Albana, & Saputra, 2019) with the results of research that competitive advantage has a direct effect on cooperative business performance.

**B. Indirect influence**

**1. The effect of entrepreneurial orientation X1 on the performance of SMEs in the culinary field Y through competitive advantage X3**

The results of this study found that entrepreneurial orientation had no significant effect on the performance of SMEs in the culinary field through competitive advantage in South Bolaang Mongondow Regency. That is, competitive advantage cannot be an intervening variable of the influence of entrepreneurial orientation on the performance of SMEs in the culinary field because the direct influence of entrepreneurial orientation on the performance of SMEs in the culinary field is greater than the influence of entrepreneurial orientation on the performance of SMEs in the culinary field through competitive advantage. The results of this study are not in line with research conducted by (Setyawati, 2013) which states that competitive advantage mediates or becomes intervening the relationship between entrepreneurial orientation and business performance.

**2. The effect of market orientation X2 on the performance of SMEs in the culinary field Y through competitive advantage X3**

The results of this study found that market orientation had no significant effect on the performance of SMEs in the culinary field through competitive advantage in South Bolaang Mongondow Regency. That is, competitive advantage cannot be an intervening variable of the influence of market orientation on the performance of SMEs in the culinary field because the direct influence of market orientation on the performance of SMEs in the culinary field is greater than the influence of market orientation on the performance of SMEs in the culinary field through competitive advantage. The results of this study are not in line with research conducted by (Setyawati, 2013) which states that competitive advantage mediates or becomes intervening the relationship between market orientation and business performance. Because the test results in this study are slenderly better or greater than the indirect test results.



## Conclusion

Based on the results of the research discussed, the conclusions of this study are:

Entrepreneurial orientation has a positive and significant effect, even the advantages increase. Market orientation can also increase its competitive advantage. While entrepreneurial orientation makes its performance improve for the better. Even if competitive advantage increases, its performance will increase for the better. However, competitive advantage cannot be an intervening variable. entrepreneurship through competitive advantage.

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