Performance of Productive Economic Business – Joint Business Group in Bukittinggi City, West Sumatera Province, Indonesia

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Abstract:
Micro, Small, and Medium Enterprises make contributions a very massive to the Indonesian economy, both in terms of the number of business units, employment, and contribution to Gross Domestic Product, one of which is the Productive Economic Business - Joint Business Group. The purpose of this study is to analyze and understand the effect of Entrepreneurial Marketing (Entrepreneurship Orientation, Market Orientation, and Innovation) on performance, especially in the Customer Perspective. Entrepreneurship Orientation consists of the ability to innovate, proactive, the ability to take risks, while the market orientation consists of customer orientation, competitors, and coordination between functions. The research sample was 110 respondents of Productive Economy Business Actors - Joint Business Group in Bukittinggi City, West Sumatra Province. The sampling method is non-probability sampling, which is based on the researchers' judgment of the population that was deliberately chosen. The analysis conducted in this study uses descriptive and verification analysis using S.E.M. (Structural Equation Model) data analysis techniques. The results showed that the Entrepreneurship, Market, and Innovation Orientation significantly affected the performance, especially in the Customer Perspective of Productive Economic Business - Joint Business Groups (P.E.B. – J.B.G.). The Effect of Entrepreneurial Orientation on Productive Economic Business - Joint Business Groups (PEB-JBG), especially in the Customer Perspective, is positive, this condition shows that the better Entrepreneurial Orientation carried out by Productive Economic Business - Joint Business Groups (PEB-JBG), the better its performance. The Effect of Innovation on Productive Economic Business - Joint Business Groups (PEB-JBG), especially in the Customer Perspective, is positive. This condition shows that the better the product innovations carried out by the Productive Economic Business - Joint Business Groups (PEB-JBG), the better their performance. As for Market Orientation, the effect is negative, and these conditions can explain that the stronger the drive to penetrate the Market Orientation (focusing on competitors and customers, but not good at coordination between functions), the effect is less good (negative) on performance. In this study, the performance of the Productive Economic Business - Joint Business Group (P.E.B. – J.B.G.) is only limited in the customer's Perspective, so for other perspectives as a balanced scorecard (finance, internal processes, growth and learning), it has not been studied partially or simultaneously.

Keywords: Money Performance of Micro Small and Medium Enterprises, Customer Perspectives, Entrepreneurship Orientation, Market Orientation, Innovation

1. INTRODUCTION
Micro, Small, and Medium Enterprises are one of the important parts of driving economic growth in Indonesia. The contribution of Rp.7,740 trillion is more towards the Gross Domestic Product (G.D.P.) for 2017 and the employment of more than 116 million people and 66,922,617 business units or 99.99% of the total number of business operators in Indonesia (B.P.S. – Statistics Indonesia, 2018). One form of Micro, Small and Medium Enterprises in Indonesia is Productive Economic Business - Joint Business Group (PEB-JBG), which continues to grow and develop.

Efforts to improve development continue to be carried out, because Micro Small and Medium Enterprises have a role in the economy, including employment, especially after the crisis (financial and economic) that occurred in Indonesia in 1997/1998.

The role of Micro, Small and Medium Enterprises, both for Gross Domestic Product and employment, it needs to be further encouraged and further developed to improve business performance. It should be noted in business
performance are (1) Market Orientation (2) Innovation, and (3) Entrepreneurship Orientation. For this reason, business actors need to be encouraged to better understand the importance of these three things in improving performance, to a position that is superior and competitive (Idar and Mahmood, 2011).

Entrepreneurship orientation is the ability possessed by business actors and is the basis for finding business opportunities for success. Therefore, it is seen as having a major role in improving business performance and business competition in the midst of intense business competition (Zahra and Covin, 1995).

Market-oriented companies will perform better than others. Market orientation is one of the intangible factors, but it has an impact on company performance (Krohmer, Workman, and Homburg, 2005). In addition, Market Orientation is a business culture that will create superior performance by creating value for customers (Slater and Narver, 2000). Entrepreneurship Orientation and Market Orientation affect the performance of Small and Medium Enterprises in the garment manufacturing sector, which has been done in Sri Lanka by Kumara et al. (2014). The research is intended to analyze the main factors increasing the performance of Small and Medium Enterprises involved in garment manufacturing. The results showed that there was an influence of Market Orientation and Entrepreneurship Orientation with positive business performance (Silviasih, Slamet, and Iskandar, 2016). Entrepreneurial orientation is the ability of business actors to see new business opportunities, with indicators: (1) standardization, (2) formalization, (3) specialization, (4) planning and control systems, and (5) external information systems (Messegheh, 2003). Ginsberg (2011) explains that Entrepreneurship Orientation as an individual (business actor) tendency to innovate, be proactive, and be willing to take risks in starting a business. On the other hand, Entrepreneurial Orientation is understood as the tendency of top management to take calculated, innovative, and proactive risks (Morris and Paul, 2007).

Thus, the Entrepreneurship Orientation is the attitude of business people who are innovative and proactive and dare to take risks in managing their business (risk takers). Kasali, in Silviasih, Slamet, and Iskandar (2010) explained that innovation is the ability to see existing problems in new ways and can also be out of the habit (out of the box thinking). Proactive that is looking for new opportunities that may or may not be related to the current line of operations. Courage to take risks, namely the level of willingness of business actors to commit to resources that have a large amount of risk.

2. LITERATURE OVERVIEW

2.1. Silvisiah, Slamet, and Iskandar (2010) have collected several research results that show that Entrepreneurial Orientation influences Business Performance, namely: Entrepreneurial orientation is the main factor to improve company performance, so with leaders who are entrepreneurial oriented and have a clear vision and are brave to face risks to create a superior performance (Hoorn, Brantjes and Frese, 2002). Furthermore, Rauch et al. (2009) explain that better company performance can encourage the emergence of entrepreneurial orientation. He also believes that the influence of entrepreneurial orientation on company performance is more significant in Small and Medium Enterprises.

Entrepreneurial orientation can be an essential contributor to the success of a company. Entrepreneurial orientation is a resource and capability that presents competitive advantage and superior performance for a company (Mahmood and Hanafi, 2013), while other studies show positive results regarding the effect of Entrepreneurship Orientation on the growth of small companies (Aykol and Gurbuz, 2009).

Research conducted to examine the relationship between Entrepreneurship Orientation with the growth of Small and Medium Enterprises (S.M.E.s) in Turkey shows the results that Entrepreneurship Orientation affects company growth (Gurbuz and Aykol, 2009).

The research on the relationship between Entrepreneurship Orientation with company performance in China and found that entrepreneurial orientation has a significant effect on company profitability, especially for non-state-owned companies (Chow, 2006). Further research on the relationship between Entrepreneurship Orientation with market information on the performance of Small and Medium Enterprises in Singapore found that
Entrepreneurship Orientation has an important role in improving company performance and has a direct and indirect effect on company performance (Nguyen, T.T.M., Keh, H.T. and Ng, H.P., 2007).

2.2. In addition, Silviasih, Slamet and Iskandar (2010) have also succeeded in gathering a number of research results which show that Market Orientation influences Business Performance, namely: Market orientation has a direct impact on the performance of Small and Medium Enterprises (Kelson, 2012; Wilson et al. 2014). Next Morgan, Vorhies and Autry, (2009) explain below Market Orientation helps companies set strategies and approaches to understand the market. Other opinions suggest that Market Orientation provides a good understanding of the business and its environment so that customer needs will be met in a better way (Pandanyi and Grainer, 2005).

Better performance in understanding customers and competitors will be owned by market-oriented companies (Greenley and Lings, 2009). Furthermore, market orientation is applied in order to improve customer relationships, thereby growing sales performance, growth, market share and profit (Morgan and Hunt, 1994 in Shehu and Mahmood, 2014). Also, Market Orientation will show that there is a positive and very significant correlation between Market Orientation and Company Performance (Richard, Beverly and Michael, 2012).

Market orientation has a direct effect on company performance not only on marketing results, but market orientation has become an essential element that has bridged research between marketing and management (Ketchen and Hult, 2001). Another opinion states that Market Orientation can improve company performance in the market. The characteristics of companies that implement Market Orientation will be seen from how much they understand to meet the needs of current and future customers and use their abilities to offer solutions that are superior to competitors (Slater and Narver, 2000).

2.3. Furthermore, Narastika and Yasa (2007) also gathered a number of research results which showed that innovation influences performance, namely: Innovation has a vital role to play in reducing obstacles, in increasing market attention and support. Corporate innovation will be more successful in responding to its environment and developing capabilities that can impact overall performance (Widarti, 2011). Pardi et al., (2014) stated that innovation has a significant positive effect on marketing performance.

Product innovation has a positive effect on company performance (Tung, 2012). Also, Utaminingsih (2016) stated that innovation has a positive and significant effect on marketing performance in the Small and Medium Industries of Rattan Crafts in Teluk Wetan Village, Welahan District, Jepara Regency.

3. METHODOLOGY

The independent variables in this study are Entrepreneurship Orientation and Market Orientation, while the dependent variable is performance, especially Customer Perspective; thus, this study is associative research. This research was conducted in the city of Bukittinggi, West Sumatra Province, Indonesia, with a data collection method using a questionnaire aimed at the Productive Economic Business - Joint Business Group (PEB-JBG).

The sample selection method is implemented utilizing non-probability sampling, which is a technique that does not use the opportunity selection procedure, but only based on the personal judgment of the researcher (Malhorta, 2005). Judgment sampling is a form of convenience sampling that contains elements of the population deliberately chosen based on the opinion of researchers only (Malhotra, 2005). The number of respondents in this study was 110 of Productive Economic Business - Joint Business Group (PEB-JBG) in Bukittinggi City, West Sumatra Province, Indonesia.

The questions in the questionnaire using the Linkert scale are: (1) means that they strongly disagree or are not necessary, (2) disagree or rarely, (3) doubt or sometimes, (4) agree or often, (5) strongly agree or often. Furthermore, data processing uses S.E.M. (Structural Equation Model) analysis techniques. Also, the research instrument data was carried out several tests, namely: data validity test, data reliability test, construct reliability value.

http://www.abrj.org
4. **STUDY AND RESULT**

Responses from Actors of Productive Economy Business – Joint Business Group (PEB-JBG), in general, the characteristics obtained based on the sample are the majority of male business operators 79.09% with ages between 46 - 55 years as much as 41.82%. Also, the business actor has been married = 93.64% and the duration of running the Productive Economy Business – Joint Business Group (PEB-JBG) is 2 to 4 years as much as 34.55% and 5 to 7 years as much as 20.00% so that it can be said to be quite experienced and already have as many businesses licenses 63.64% with an average number of workers <5 people (53.64%) and between 5-10 people 42.73%.

Business managers are very aware of market conditions towards business conditions, namely the market orientation, which includes the orientation of competitors, customers, and coordination between functions with an average value of 4.14 (strongly agree). For entrepreneurship orientation, which consists of the ability to innovate, take risks, and be proactive with an average value of 4.48 (strongly agree), as for investment (quality improvement and new products with an average value of 3.92 (agree). In general (on average) for all aspects of value, the response of the management of the PEB-JBG on average with a value of 4.18 (strongly agree) and the majority of the Testing of the data used to determine the feasibility of the data:e average management rating of 54.87%.

Testing of the data used to determine the feasibility of the data:

4.1. Test data validity implemented by conducting bivariate correlations of each indicator score with the total score of each indicator (with the help of the IBM SPSS Statistics application). Based on the calculation results, the calculated r-value (for each question) is greater than r table, so it can be concluded that all the data are valid for use in the next process.

4.2. Data reliability test measured from the answers to questions raised; for this reason, it is necessary to see the consistency of the answers from time to time. In this study, the test was carried out by statistical application (IBM SPSS Statistics Application), namely by Cronbach alpha statistical test (a) with the following results:

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Customer Perspective</td>
<td>0.889</td>
</tr>
<tr>
<td>b. Market Orientation</td>
<td>0.909</td>
</tr>
<tr>
<td>c. Entrepreneurship</td>
<td>0.860</td>
</tr>
<tr>
<td>d. Product Innovation</td>
<td>0.706</td>
</tr>
</tbody>
</table>

Based on the above test, it turns out that all constructs produce Cronbach alpha values higher than 0.60; it can be concluded that all constructs are reliable for use in the next process. If the Cronbach's alpha value is more significant than 0.60, the data can be said to be reliable (Nunnally, 1967 in Ghozali, 2001).

4.3. All construct reliability values for each of the variables used in the study must meet the specified value requirements, namely the acceptable level of reliability, 0.70 (Ferdinand, 2002). Based on the results of calculations performed, the overall value of construct reliability is higher than 0.70. This shows that the dimensions used in this study can represent the constructs that are developed, namely customer performance, market orientation, entrepreneurial orientation, and innovation because they have the consistency of the indicators used.

4.4. Estimating Standard Regression values are presented as follows:

<table>
<thead>
<tr>
<th>Estimate Standardized</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Customer Perspective</td>
<td>---Entrepreneurship Orientation</td>
</tr>
<tr>
<td>b. Customer Perspective</td>
<td>---Market Orientation</td>
</tr>
<tr>
<td>c. Customer Perspective</td>
<td>---Innovation</td>
</tr>
</tbody>
</table>
Based on the above calculation results, obtained by the Customer Perspective of 0.572 Entrepreneurial Orientation, the effect of Entrepreneurial Orientation on the Customer Perspective is positive. This condition shows that the better the Entrepreneurship Orientation is carried out by the Productive Economy Business – Joint Business Group (PEB-JBG), the better the Entrepreneurship Orientation.

Customer Perspective = - 0.078 Market Orientation, the effect of Market Orientation on Customer Perspective is negative. This condition shows that the better the Market Orientation carried out by the PEB-JBG actors, the lower the Costumer Perspective obtained by the Productive Economy Business - Joint Business Group (PEB-JBG), but with a very small scale.

Customer Perspective = 0.230 Innovation, the effect of Innovation on Customer Perspective is positive. This states that the more Innovation increases, it will increase the Customer Perspective because the innovation can improve services to customers of the Productive Economic Business - Joint Business Group (PEB-JBG).

4.5. Direct Effect – Regression Weights values are as follows:

<table>
<thead>
<tr>
<th>Direct Effect</th>
<th>Regression Weights</th>
<th>C.R.</th>
<th>p-value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Perspective &lt; ---- Entrepreneurship Orientation</td>
<td>.820</td>
<td>2.609</td>
<td>.009</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Perspective &lt; ---- Market Orientation</td>
<td>.072</td>
<td>.072</td>
<td>.043</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Perspective &lt; ---- Innovation</td>
<td>.396</td>
<td>1.080</td>
<td>.028</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Based on the above table, it can be seen that the Customer Perspective on Entrepreneurial Orientation has a p-value of 0.009. This shows that the influence between the Customer Perspective with Entrepreneurship Orientation is significant and acceptable because the p-value is less than 0.05. This supports the results of research in Sri Lanka, which states that a significant and positive entrepreneurial orientation influences the performance of S.M.E.s in the garment manufacturing sector (Kumara et al., 2014 in Silviasih, Slamet and Iskandar, 2016). Entrepreneurial orientation is the key to success in improving business performance because entrepreneur-oriented business managers will have a vision, a bold and bright mission to deal with business management risks, so as to create better business performance and generally more effective in improving performance (Madsen, 2005 in Silviasih, Slamet and Iskandar, 2016).

Customer Perspective on Market Orientation has a p-value of 0.043. This shows that the influence between Customer Perspective with Market Orientation is significant and acceptable because the p-value is less than 0.05. Market-oriented companies, in general, will have better performance in understanding customers and competitors (Greenley and Lings, 2009). The main characteristics of companies that implement market orientation principles can be observed from the extent of their understanding to meet current, and future customer needs and provides solutions to address customer needs better than competitors (Slater and Narver, 2000 in Silviasih, Slamet, and Iskandar).

The Customer Perspective on Innovation has a p-value of 0.028. This shows that the influence between Customer Perspective with Innovation is significant and acceptable because the p-value is less than 0.05. This finding supports the research conducted by Narastika and Yasa (2017) that product innovation has a significant and positive effect on marketing performance, as well as Pardi et al. (2014) states that innovation has a positive and significant impact on marketing performance. Similarly, research conducted by Widarti (2011); Tung (2012); Killa (2014, Utaminingsih (2016) in Narstika, and Yasa (2017) stated that innovation has a positive effect on performance.

5. CONCLUSIONS

Entrepreneurial Marketing, which consists of Entrepreneurship Orientation, Market Orientation, and Innovation, has a significant effect on the Financial Performance of Productive Economic Enterprises - Joint Business Groups (PEB-JBG). For Entrepreneurship Orientation and Innovation, the positive effect is to improve the performance of the Customer Perspective, while the Market Orientation is negative.
Business actors engaged in the Productive Economy Business - Joint Business Group (PEB-JBG) are expected to change their views on the marketing function in running their business so that their business can be further increased and developed. There is also for the researchers to further add variables in performance measurement, for example, with internal business process performance, growth and learning performance, and so forth.

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