

Entrepreneurship Orientation, Market Orientation, Business Strategy, Management Capabilities On Business Performance; Study At Small And Medium Enterprise Printing In Kendari "

Nofal Nur¹, Surachman², Ubud Salim³, Djumahir⁴

^{1,2,3,4}*Management Doctoral Program, Economics and Business Faculty, Brawijaya University, Indonesia*

ABSTRACT: *This study purpose was to measure and analyzing effect of Entrepreneurship Orientation, Market Orientation, Business Strategy and Management Capabilities on Business Performance at Printing Small and Medium Enterprises (SMEs) in Kendari. Research objects are Printing SMEs in Kendari. This study uses primary data. Total population is 103 printing SMEs. Sampling technique is census method. Data analysis is SEM (Structural Equation Model) with AMOS 16 program. Research results show that: Orientation Entrepreneurship plays an important role to improve market orientation, business strategy, management capabilities and business performance. High market orientation can improve business performance. Appropriate business strategies can improve business performance. Management capabilities can affect business performance although at insignificant level.*

KEYWORDS: *Entrepreneurship Orientation, Market Orientation, Business Strategy, Management Capabilities, Business Performance, Printing*

I. INTRODUCTION

Small and medium enterprises (SMEs) have a strategic role in national economic development, economic growth and employment. SMEs also play an important role to distribute development outcomes. Some time ago, Indonesia got economic crisis, but many SMEs survived and proved to be more resilient to crisis than large enterprises (Mudradjad Kuncoro, 2008). SMEs resilience to crisis, as happened in 1997-1998, indicate SME importance to improve people's welfare and national economic development. According Ansir (2009), SMEs not only able to stimulate national economy, but also able to provide a very large job. Assuming each business unit absorbs only three workers, SME sector has been able to absorb 156 million workers. SMEs empowerment have strategic potential to move large economic activities, as well as a benchmark for most people as a income source to improve their welfare. Number of SMEs in 2007 reached 49.84 million units and 99.99% with national entrepreneurs. It contribution to national economy is great, from employment, Gross Domestic Product (GDP) and national investment.

Data of Department of Industry and Trade at Southeast Sulawesi show that printing SMEs in are 103 units (Department of Industry and Trade Sulawesi southeast, 2011). When compared with other areas, printing SMEs in Kendari City is still relatively small. Various attempts have been made to improve performance of small and medium enterprises, ranging from training activities, financial aid until laws assistance to make SME. But until today does not demonstrate optimal performance. It is caused by some challenges that faced by SMEs Kendari which can be seen from the internal and external aspect. On internal aspect, the examples are SME weaknesses to seize market opportunities, weaknesses to access technology and capital, low financial management, including weaknesses to use technology (Muhammad Zen, 2009). These weaknesses affect their ability to increase business turnover, inability to meet market demand (in terms of numbers) and consumers tastes (in terms of quality), as well as management inefficiency, difficulty to compete with existing businesses in other areas and lack of innovation. Empirically, there are three challenges related to entrepreneurship and small business development. First, since economic crisis a few years ago, many large companies are not able to survive, but small businesses are able to grow business and labor-intensive. Second, development of small and medium businesses into a business can achieve success in short term, and also can sustain. It is another fact which still requires serious attention through creation of qualified entrepreneurs who are able to develop a small business that strong and tough. Third, low performance of small enterprises is related to several factors, as lack of entrepreneurship behavior, lack of managerial capabilities and also the lack of competitive strategies. Ansir (2009) stated that company's performance is affected by Entrepreneurship orientation, external environment and business strategy.

Entrepreneurship orientation and external environment significantly affect on business strategy. This findings indicate that Business Performance has a positive relationship with proactiveness and Entrepreneurship orientation. According to McClelland (1990), there are four type of entrepreneur. First, people who have become entrepreneur, having average success rate that higher when compared to others in general. Second, people with a high need for success and also have a tendency to take moderate risk. This means they choose risk situation with results will be controlled by them. This is contrast with betting situation where result only depends on opportunities. Third, research shows that many successful entrepreneurs are those who believe in yourself, acknowledge the problem to launch a new company, but trust on ability to resolve problems. Fourth, many entrepreneurs consider their couriousness that known as a strong desire to do business with any purpose, creates endurance, and willingness to work hard.

Culhane, Jann-Marie Hal Vorsen (2003) stated that company's performance is not only determined by Entrepreneurship orientation. It is related interaction of strategy process and changes in economic conditions of each country. Entrepreneurship orientation significantly affect on company performance. Andersen (2010) states that there is a significant relationship between Entrepreneurship orientation on firm size. This study findings also indicate that indicators of Entrepreneurship orientation is proactiveness that having significant connection to company's sales growth and performance Contrary with Frank. et. al (2010), this study repeat study of Wiklund and Shepherd (2005) to identify a positive relationship between Entrepreneurship orientation and Business Performance (Lisbijanto, Budiyanto, 2014). However, it is not replication of Frank. et al (2010) which showed a negative relationship between Entrepreneurship orientation and business performance. Frank et al. (2010) shows: first, Entrepreneurship orientation have positive relationship with Business Performance only in cases where a dynamic environment is combined with high capital access. Second, stable environment is combined with lack of capital access.

Yoon-joo Ma et. al. (2012) examined the relationship between entrepreneurship (innovation, progression and risk), market orientation and social performance. Research results show that entrepreneurial, risk-taking and progression has a positive effect on market orientation while innovation has a negative effect. It also found that market orientation trough social enterprise can improve social performance, such as a public performance and job creation. Affendy Abu Hassim. et al. (2011) examined relationship between Entrepreneurship orientation, market orientation, innovation and corporate performance. Research results showed that entrepreneurship and innovation has a positive effect on company's Business Performance, market orientation showed a negative effect on firm performance. External environmental factors have a moderating effect on relationship between market orientation and firm performance.

Zainol and Ayadurai (2011) examines Entrepreneurship orientation in Malaysia family firms by taking into personality traits as antecedents. This research is used to describe effect of Entrepreneurship orientation on firm performance. The effect of personality traits on firm performance observed in Malaysia family firms. In Malaysia company, personality traits do not affect on company performance that mediated by Entrepreneurship orientation. However, it become significant predictor of company performance. Subsequent research should consider design or using objective data to increase reliability and validity of analysis. Another limitation is measurement of company performance . The measures used are sales growth rate, market share, profit after tax and overall performance. Dess Lumpkin Eisner (2008) develop Entrepreneurship characteristics (Entrepreneurship orientation) by stating that there are 5 dimensions of Entrepreneurship orientation, namely autonomy, inovativeness, risk taking, proactiveness, and competitive aggressiveness. Entrepreneurship orientation show significant effect on performance (Miller & Friesen, 1982; Lumpkin and Dess, 1996, and Lyon, Lumpkin and Dess 2000).

McCarthy (2003) interpret a strategy directives based on organization scale and decision on product, market scale and higher competitive element. Successful owner-managers have a higher emphasis on market orientation to sell goods or services (Neshamba, 2003). Olson (2000) show significant positive relationship between risk tolerance, locus of control and ambition with decision to enter market. Porter (1980) suggests that change must create a competitive edge in order to have a strong bargain power in competition. Company need strategy to beat its competitors Empirical research shows market orientation have positive effect on performance (Baker & Singkula, 1999; Cano et al, 2004; Kirca et al. 2005; Matsuno & Mentzer, 2000; Narver & Slater, 1990). Fandi Tjiptono (2008) show that positive effect is classified into four categories. First is organization performance, both cost-based indicators as well as income -based indicators (such as sales and market share). Second is customer consequences, such as quality of products or services, customer loyalty, and customer satisfaction. Third is innovation consequences that include: company's ability to create and implement ideas, products and

processes; and performance of new products (such as product success rate in terms of market share, sales, return on investment and profitability). Fourth is employee consequences, including organizational commitment (willingness to sacrifice for organization benefit), team spirit of employees, customer orientation (employees motivation to satisfy customer needs), work satisfaction and less role conflict. Amir Grinstein (2008) stated that company's performance is more widely supported by market orientation from alternative strategies such as innovation orientation and Entrepreneurship orientation. However, some studies indicate that alternative orientations can also substantially affect company performance. Furthermore, company combines market orientation with an alternative orientation to perform better than firms that adopt market orientation only. In addition, relationship nature between market orientation and strategic orientation are still rare researched

Effect of market orientation on performance have been studied. Appiah Adu Kwaku (1997) have examined effect of market orientation on firm performance. Research findings show a positive effect. Aversely, research of by Voss & Voss (2002) found a negative effect while Greenley (1995) found no significant effect. Amir Grinstein (2008) supports the positive effects of market orientation on company performance in meta-analysis. Pelham (2000) argues that market orientation of company size and industry characteristics affect on performance, and also market orientation determine performance in differentiation strategy, but the market orientation does not determine performance in a low cost strategy. Small *enterprises* should be able to determine best strategy to improve business performance and to win competition, maintains a market share in order not be taken by competitors. The idea is to use generic business strategy of Porter, a strategy which includes three high success rate in effort to outperform competitors. This strategy includes: cost advantage (low cost strategy), differentiation strategy and focus strategy.

Development of market orientation theory is conducted by Kohli and Joworski, 1990; Jaworski and Kohli, 1993; Naver and Slater (1990); and Ferdinand, 1999 who suggests that market orientation is actualized through development of customer information, competitor and market information dissemination and lines distribution of all corporate organizations generally can provide pathways strategy to generate good market performance through introduction of customer needs and efforts to satisfy them. External factors have significant positive effect on intensity of competitive strategy, internal factors have significant negative effect on intensity of competitive strategy, external factors indirectly have significant positive effect on export performance, internal factors indirectly have negative effect on export performance, external factors have significant negative effect on exports, internal factors have significant positive effect on export performance and intensity of competitive strategy have significant positive effect on export performance.

Research the effect of business strategy on performance has been proven that companies that implement business strategies from Porter bring a positive effect on performance (Hashim, wafa & Solomon, 2001; Allen & Helms, (2006), James W Kroeger (2007); Amir Gristein (2008). Homburg (2004) found that differentiation strategy to premium product have direct and indirect effect. However, Rahayu (2009) found that competitive strategy that combines low cost with differentiation strategy can not improve the performance of SMEs in East Java (having negative affect on performance) Kroeger. J. W (2007) show about research purposes to use approach that combines the Entrepreneurship orientation (EO) with practice management in planning strategy. It is key for companies to get competitive advantage and improve company performance. This study states tat company performance is affected by positive effect of Entrepreneurship orientation in a company. However, positive relationship between company's strategic planning and performance, environmental uncertainty is shown to have an effect on relationship between Entrepreneurship orientation and performance. While external factors significantly affect on performance, survival, and company growth.

Several other studies emphasize the relationship between managerial characteristic and company's strategic behavior. Miller, Kets de Vries and Toulouse (1982) examines the relationship of CEO personality and decision-making behavior and its effect on performance. Researchers found that organization is led by someone with confident and aggressive innovation strategy has a better and positively correlated with performance (Toban, 2014; Jothibas. 2014). While Channon (1979) in Entrialgo (2002) examined the relationship between leadership characteristic and organization and its relationship with performance. Organization that accordance type leadership will provide better performance in congruency theory

Sunil Mithas. et. al. (2011) develops a conceptual model to link capabilities of IT-enabled information management capability with three important organizational aspect (customer management capability, process management capability, and performance management capabilities). Research results show that management information capability plays an important role in developing company's ability. Emadzade M. K. et al. (2012) examines the effect of specific resource

management knowledge on organizational performance. Research results showed a significant positive direct effect of knowledge from resources (eg organizational structure, application of knowledge) on organizational performance, while others (eg, technology, knowledge conversion) do not directly related to organizational performance. Latif (2007) examine effectiveness of management capabilities in a model based on empirical research of pharmacy students (pharmacist). Research result shows that pharmacists became manager when they can to manage another. Based on ability, management can be moved from one state to other state. It is based on fact that although the technology has advantages, ability (skills) is needed for effectiveness.

Management capabilities have significant positive effect on performance of business (Holy, 2009). Growth and transformation of business involves all the functions, activities and actions of business owners and managers and this is associated with ability to allocate resources, responsiveness and desire to higher profit (Neshamba, 2003). Robins and Coulter (2005) said that when a manager wants to succeed in his business, managers must implement 1) management function 2) management rules 3) management skills. Management functions such as first developed by Hendry Fayol include 1) planning, 2) organizing, 3) leading, 4) controlling. Research mapping shows contradictory results on relationship of Entrepreneurship orientation, market orientation, management skills, and business strategy and business performance. Therefore, this study aims to develop a research model. Based on theoretical considerations and previous studies, researcher interested to research Effects of Entrepreneurship orientation, market orientation, Management Capabilities and Business Strategy on Printing Industry Performance in Kendari. This study novelty lies on comprehensive testing of variables that affect performance of Printing Industry which includes Orientation, Market Orientation, Business Strategy, and Management Capabilities.

II. THEORY AND RESEARCH HYPOTHESES

2.1. Effect of Entrepreneurship orientation and market orientation on Business Performance.

Lumpkin and Dess (1996) define Entrepreneurship orientation as a model, practices, and decision-making styles of managers that lead to Entrepreneurship orientation. This includes the process of experimentation that promising new technology, the need for greater market opportunity. Company with a strong Entrepreneurship orientation has ability to change environment uncertainty into an company advantage (Covin and Slevin, 1989) Research of Vitale et al (2003) show that first; there is very little difference of Entrepreneurship Orientation, Market Orientation and Business Performance between startups and established companies. Second, there is a positive relationship between Entrepreneurship Orientation and Market Orientation interaction with performance. This means that employers can not only achieve superior performance by focusing on some activities Entrepreneurship Orientation or Market Orientation. Study results of Marijati Sange (2005) suggest that Entrepreneurship orientation has a significant effect on market orientation and performance. The third indicator (innovative, proactive and courage; take risks) contribute to market orientation. Several previous studies on market orientation and Entrepreneurship orientation states that Entrepreneurship orientation and market orientation has a positive effect on performance, such as Amir Grinstein (2008), Sangan Maijati, (2005), Xin Sheng & Yicui (2007), Vitale, Gig Hirano & Miles (2003). While Li, Zhao Tan & Liu (2008), Jo Yoon Ma. et al (2012) stated that orientation does not affect the Kierja Enterprise Business. Therefore, the hypothesis presented as follows:

Hypothesis 1: Increased Entrepreneurship orientation will be able to increase the market orientation

Researchers agree that market-oriented company will be able to improve Enterprises Performance. First, companies create an organizational culture that supports customer orientation. Additionally, it characterized by typical behavior: to collect information about the needs of current and future customers, coordination among the functional organization of marketing activities, and responsiveness to targeted customers. Most researchers agree that application of Market Orientation leads to better organizational performance (eg Deshpande and Farley, 1998; Jaworski and Kohli, 1993; Slater and Narver, 1994). Indeed, most of empirical work has focused to build relationships between business performance and Market Orientation -environmental conditions and various organizations aspects (eg, competitive intensity, firm size). Three Meta-analyzes (Cano et al, 2004;. Kirca et al., 2005;. Shoham et al, 2005) confirmed that Market Orientation have positive relationship with business performance. Therefore, hypothesis is presented as follows:

Hypothesis 2: Increased market orientation will be able to improve business performance

2.2. Effect of Entrepreneurship orientation and business strategy on business performance

Study result of James W Kroger (2007) suggests that Entrepreneurship orientation positively related to firm performance. However, a positive relationship between the process of strategic planning and corporate performance is not supported. Environmental uncertainty has been shown to have an effect on relationship between Entrepreneurship orientation and performance.

Ansir (2009) indicates that Entrepreneurship orientation and external environment significantly effect on business strategy either partially or simultaneously. Then Entrepreneurship orientation, external environment and business strategy have a significant effect on performance of companies, either partially or simultaneously and Entrepreneurship orientation has significant positive effect on business strategy (Holy, 2009). Therefore, the hypothesis is presented as follows:

Hypothesis 3: Increased Entrepreneurship orientation will be able to improve the business strategy

According to Edelman, Brush Manolova (2002) Hospitals that run differentiation strategy has a stronger market orientation than hospitals that implement low cost strategy. While in differentiation strategy group, consumer orientation and orientation have a significant effect on performance. Therefore, the hypothesis is presented as follows:

Hypothesis 4: Increased business strategy will be able to improve business performance

Research findings on role of Entrepreneurship orientation that focuses on development of Entrepreneurship characteristics can improve business performance. Ansir Research (2009); Holy (2009); Lumpkin & Des (1996); Rauch, Wiklund. Lumpkin and Michael Frese (2004); Jim Andersen (2010); Fairoz, Hirobumi, Tanaka (2010); Amonrat Thoumrungroje (2010); Tang J et al, (2008); James W Kroeger (2007) demonstrated that Entrepreneurship orientation affect on business performance. Therefore, the hypothesis is presented as follows:

Hypothesis 5: Increased Entrepreneurship orientation will be able to improve business performance

2.3. Effect of Entrepreneurship orientation and management capabilities on business performance

According to Scriptures (2009) high Entrepreneurship orientation will be easier to improve management capabilities. Results of study of Holy (2009) showed that there is significant effect between Entrepreneurship orientation and management capabilities. These findings support theory that entrepreneur wants to grow not only have to creative and innovative, but also must have skill of business and (Timmons, Jr. Smollen and Dingee, 1977). Therefore, the hypothesis is presented as follows:

Hypothesis 6: Increased Entrepreneurship orientation will be able to improve management capability

Business growth and transformation involves all functions, activities and actions of owner and business processing and this is associated with the ability to allocate resources, responsiveness and desire to higher profit (Neshamba, 2003). Study findings of Suci (2009) showed that management capabilities have significant positive effect on performance. If an entrepreneur has good management capability will have an effect to increase performance. Therefore, the hypothesis is presented as follows:

Hypothesis 7: Improved management capabilities will be able to improve business performance

III. METHODS

This study was explanatory research which explain position of studied variables and relationship and effect of one variable to another variable (Sugiyono, 2002). This study uses a quantitative approach, an approach that emphasizes the testing of theories or concepts through the measurement of variables and perform data analysis procedures with statistical tools to test the hypothesis. This research is conducted in city of Kendari. Study population was small industry with analysis unit are owners/managers of printing small and medium enterprises in city of Kendari. Total population is 103 printing industry. Entire population were selected to become sample, therefore this study using census or complete enumeratio. Questionnaires distributed to respondents to collect research data. Data were analyzed deengan using Structural Equation Modeling (SEM) assisted with AMOS 16 software

IV. RESULTS AND DISCUSSION

4.1. Hypothesis Testing

Results of hypothesis testing using Structural Equation Modeling (SEM) revealed that six hypotheses show significant effect and one hypothesis is not significant. The test results are shown in following table.

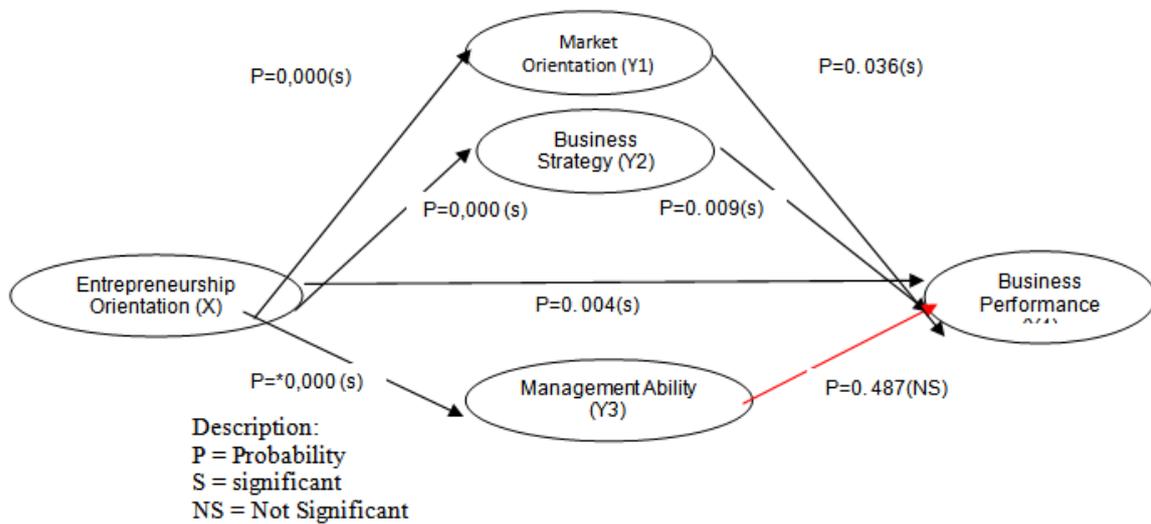
Table 1. Results of Hypothesis Testing

Independent Variables	Dependent Variables	Path Coefficient	P-Value	Description
Orientation Entrepreneurship (X)	Market Orientation (Y1)	0,795	0,000	Significant
Orientation Entrepreneurship (X)	Business Strategy (Y2)	0,818	0,000	Significant
Orientation Entrepreneurship (X)	Capability Management (Y3)	0,840	0,000	Significant
Orientation Entrepreneurship (X)	Business Performance (Y4)	0,535	0,004	Significant
Market orientation (Y1)	Business Performance	0,213	0,036	Significant
Business Strategy (Y2)	Business Performance	0,263	0,009	Significant
Capability Management (Y3)	Business Performance (Y4)	0,069	0,492	Insignificant

Sources: Primary data processed, 2014

Model the relationship between the independent variables and dependent variable are presented in Figure1 below

Figure1. Path diagram of Hypothesis Testing



Analysis results show that there is a positive and significant relationship between Orientation Entrepreneurship (X) on Market Orientation (Y1) with a path coefficient of 0.795 and a significance level of 0.000 which is smaller than 0.05. Because $p\text{-value} < 0.05$, then hypothesis that Orientation Entrepreneurship has significant positive effect on market orientation is accepted. Analysis results show that there is a positive and significant relationship between market orientation (Y1) on Business Performance (Y4) with a path coefficient of 0.213 and a significance level of 0.036 which is smaller than 0.05. Because $p\text{-value} < 0.05$ then the hypothesis that there is positive and significant correlation between Market Orientation on Business Performance is accepted.

Analysis results show that there is a positive and significant relationship between Orientation Entrepreneurship (X) to Business Strategy (Y2) with a path coefficient of 0.818 and a significance level of 0:00 which is smaller than 0.05. Because $p\text{-value} < 0.05$ then the hypothesis that there is positive and significant correlation between Entrepreneurship Orientation on Business Strategy is accepted. Analysis results show that there is a positive and significant relationship between Business Strategy (Y2) on Business Performance (Y4) with a path coefficient of 0.263 and a significance level of 0.009 which is smaller than 0.05. Because $p\text{-value} < 0.05$ then the hypothesis that there is positive and significant correlation between Business Strategy on Business Performance is accepted. Analysis results show that there is a positive and significant relationship between Orientation Entrepreneurship (X) on Business Performance (Y4) with a path coefficient of 0.535 and a significance level of 0.004 which is smaller than 0.05. Because $p\text{-value} < 0.05$ then the hypothesis that there is positive and significant correlation between Entrepreneurship Orientation on Business Performance is accepted. Analysis results show that there is a positive and significant relationship between Orientation Entrepreneurship (X) of Capability Management (Y3) with a path coefficient of 0.840 and a significance level of 0:00 which is smaller than 0.05 since $p\text{-value} < 0.05$ then the hypothesis that there is between positive and significant effect of Entrepreneurship Orientation on Management Capability is accepted.

From results of analysis there is no significant relationship between the Capability Management (Y3) on Business Performance (Y4) with a path coefficient of 0.069 and a significance level of 0.487 which is greater than 0:05. Because $p\text{-value} > 0.05$ then the hypothesis that there is a positive and significant relationship between the Management Capabilities on Business Performance is rejected.

5.5. discussion

Entrepreneurship Orientation has significant effect on Market Orientation. This means that a good Entrepreneurship Orientation will make Market Orientation better. Entrepreneurship to manage its business includes the desire to achieve goal, success of business confidence, confidence, innovation, risk-takers ((Suci, 2009, McClelland, 1990; Lumpkin & Dess, 1990; Lee & Tsang; 2001). Miles and Arnold (1991) suggests that Entrepreneurship Orientation make companies tend to concentrate on customers needs and thus become market-oriented Entrepreneurship. (Zheng and Cui, 2007). Entrepreneurship orientation and market orientation are complementary so that entrepreneurship requires a market-oriented innovation in order to be successful in market (Benito. et al, 2007) Market Orientation has significant effect on Business Performance. This means that a good market orientation will improve Business Performance. The variables of market orientation is a business culture that places the highest priority on profitable creation and maintenance of a company's best values for customers and other stakeholders to improve performance. This study has expanded the enactment concept/theory about the positive relationship between market orientation on business performance in small and medium industries in Kendari. These findings consistent with Xin Zhen & Yiciu (2007), Affendy Abu Hassim at. al (2011). Entrepreneurship Orientation has significant effect on Business Strategy. This means that a good entrepreneurship orientation will improve Business Strategies. The business strategy is ability of business/company to analyse of company's internal and external environment, formulation strategy, implementation plans that designed to achieve company goals, as well as an evaluation to get feedback in formulating strategies. These study finding support idea of Whelen (2004) that in era of globalization, ability to make good decisions, creativity, innovation, courage to take risks and proactive to changes can determine organization success. Business Strategy has significant effect on Business Performance. This means that good business strategy will improve Business Performance. These study's findings reinforce the enactment of three generic strategies of Porter to small and medium enterprises. This study result consistent with Hashim, Wafa and Solomon (2001). This means that company should be able to choose the right strategy from three generic strategies. companies can choose to implement low cost, differentiation or focus strategy.

Orientation entrepreneurship has significant effect on Business Performance. This means that a good entrepreneurship orientation will improve Business Performance. The findings of this study support Jim Andersen (2010) that performance is affected by presence Entrepreneurship orientation (Miller, 1983), Ireland, Hitt and Sirmon, 2003). In an environment of rapid change and short product life cycles and business models, future profit of business is uncertain and companies need to be constantly looking for new opportunities. Therefore, the company could benefit from adopting an Entrepreneurship orientation. Entrepreneurship Orientation has significant effect on Management Capability. This means that a good entrepreneurship orientation will improve management capability. The findings support Emadzade et al (2012), Sunil et. al (2011) who argued that Entrepreneurship orientation has positive and significant effect on management capability. Another relevant opinion is Riyanti (2003) that people are people-oriented entrepreneurship creates jobs for other people by establishing, developing and instituting his own company and are willing to take personal risks in trying to find opportunities and creatively use her potential to recognize, manage and determine the mode of production, arrange for product procurement operations, marketing and capital.

Management Capabilities does not have significant effect on Business Performance. This means that good management ability will improve Business Performance albeit at insignificant level. Management Capability of entrepreneur is a set of skills and competencies both administrative and operative to carry out management functions which consist of ability to plan, organizing, directing or doing assignments and supervision. This is consistent with the notion that achievement of performance can not be separated from the execution of management functions properly. This is consistent with the approach proposed by the manager roles Mintzberg (2004), in which managerial behavior consist of : 1) interpersonal roles 2). Informational roles and decisional roles. Katz argued that management capability is described by 1), Conceptual skills, 2). Communication skills 3). Effectiveness skills and 4) interpersonal skills.

V. CONCLUSIONS

Based on discussion and findings of study, some conclusions can be stated as follows:

- [1] This study result demonstrates that Entrepreneurship orientation has positive and significant effect on Market Orientation.
- [2] This study result demonstrates that Market Orientation has positive and significant effect on Business Strategies.
- [3] This study result demonstrates that Entrepreneurship orientation has positive and significant effect on business strategy.
- [4] This study result demonstrates that Business Strategy has positive and significant effect on Business Performance.
- [5] This study result demonstrates that Entrepreneurship orientation has positive and significant effect on Business Performance.
- [6] This study result demonstrates Entrepreneurship orientation positive and significant effect on management capability.
- [7] This study result demonstrates that management capability has positive effect but insignificant on Business Performance.

VI. SUGGESTIONS

Based on conclusions of this study, suggestions of this study as follows:

- Printing business can improve Entrepreneurship orientation by taking the risks appropriately. Therefore, printing business managers must be willing to take risks but must be careful in making a decision.
- Printing business can increase market orientation by observing their competitors. Therefore, printing business managers must share information with the salesperson about competitors, to response appropriately the actions of competitors and regularly monitor competitor activity.
- Printing business can implement a business strategy with a focus on selecting right particular market. Therefore, printing business managers must specialize to a particular customer group, specializing in a particular print products and specialize in a particular segment.
- Printing business today have low management capability that demonstrated by management ability does not significantly effect on business performance. Therefore, business managers must be able to carry out decision that has been decided and carry out decisions the best.
- Printing business has a good business performance. To increase Business Performance they must increase sales growth. Sales Growth is increased through higher sales volume.

VII. FUTURE RESEARCH

Based on this research, several limitations that become future research agenda are:

- A need to do more research on same topic in different area/objects to determine the consistency of findings.
- A need to do more research to modify indicator of market orientation with a behavioral approach.
- A need to do research with same theme through a longitudinal approach.

REFERENCES

- [1] Rauch, J. Wiklund, G. T. Lumpkin, M. Frese. 2004. Entrepreneurial Orientation and Business Performance: an Assessment of Past Research and Suggestions For The Future.
- [2] Affendy Abu Hassim. et al. (2011). The Effects of Entrepreneurial Orientation on Firm Organisational Innovation and Market Orientation Towards Firm Business Performance. International Conference on Sociality and Economics Development IPEDR vol.10 IACSIT Press, Singapore
- [3] Allen. R.S dan Helms, M.M. 2006. Linking Strategic Practices and Organizational Performance to Porter Generic Strategies. Business Process Management Journal. 12(4):433-454
- [4] Alma, Buchari 2003. Kewirausahaan. Alfabeta. Bandung
- [5] Amir Grinstein. 2008. The relationships between market orientation and alternative strategic orientations A meta-analysis European Journal of Marketing. Vol. 42 No. 1/2, pp. 115-134
- [6] Andersen J. 2010. A critical examination of the EO-performance relationship Vol. 16 No. 4, pp. 309-328
- [7] Ansir, (2009). Pengaruh Orientasi Kewirausahaan dan Lingkungan Eksternal Terhadap Strategi Bisnis dan Dampaknya Terhadap Kinerja Perusahaan, Disertasi, Program Pascasarjana Universitas Padjadjaran.
- [8] Appiah, Adu, Kwaku. (1997), Market Orientation and Performance: do the findings established in large firms hold in the small business sector? Journal of euromarketing, 6(3), 1-26.
- [9] Arikunto, Suharsini, 1998, Prosedur Penelitian, Suatu Pendekatan Praktik, Jakarta: PT. Bina Aksara.
- [10] Baker. W.E and Sinkula J.M. 2009. The Complementary Effect Market Orientation and Entrepreneurial Orientation on Propability in Small Business. Journal of Small Business management. 47 (4). P. 443-464
- [11] Covin, JG and D.P. Slevin. 1989. Strategic Manajemen of Small Firms in Hostile and Benign Environments. Strategi Manajemen Journal. Vol. 10 (January) 75 – 87
- [12] Danny Miller, Manfred F.R Kets De Vries, Jean Marie Toulouse (1982). Top Executive Locus of Control and Its Relationship To Strategy-Making Structure, and Environment. Academy of Management Journal Vol.25. No. 237-253

- [13] David C Clelland 1990, *Entrepreneurship Theory and Practice*, Vol 14, No.3 (MusiPanas, 1990)
- [14] Day, G.S &Wensley, R 1988. Assessing Advantage: a framework for diagnosing competitive superiority. *Journal of marketing*, 52(2), 1-20
- [15] Deperindag, 2011. *Data Industri Kecil Propinsi Sulawesi Tenggara. Dinas Perindustri dan Perdagangan Propinsi Sulawesi Tenggara*
- [16] Dess G.G., and Miller A, 1993, *Strategic Management*, McGraw Hill Inc., New York.
- [17] Dess, Lumpkin, Eisner. 2008. *Strategic Management*, McGraw Hill., New York.
- [18] Drucker, P. F., 1999. *Management Challenges for the 21st Century*. New York: HarperBusiness.
- [19] Emadzade M.K., Mashayekhi B., Abdar E. 2012. Knowledge management capabilities and organizational performance. *Interdisciplinary Journal of Contemporary Research In Business*. Vol 3. No. 11
- [20] Fairoz F.M, Hirobumi T. Tanaka Y. 2010. Entrepreneurial Orientation and Business Performance of Small and Medium Scale Enterprises of Hambantota District Sri Lanka. Vol. 6, No. 3
- [21] Ferdinand, A 2002. *Struktur Equation Modeling dalam Penelitian Manajemen Aplikasi Model-Model Rumit Dalam Untuk Tesis S2 dan Disertasi S3. Badan Penerbitan Universitas Diponegoro. Semarang*
- [22] Gartner, W. B. (1988). "Who is an entrepreneur?" is the wrong question. *American Journal of Small Business*, 12(4): 11-32.
- [23] Greenley, G. E. (1995). Market Orientation and Company Performance: empirical evidence from UK companies. *British Journal of management*, 6, 1-13
- [24] Gupta, A.K., & Govindarajan, V. 1986. Resource sharing among SBUs: Strategic antecedents and administrative implications. *Academy of Management Journal*, 29 (4): 695-714.
- [25] Hashim M K, Wafa S A and Sulaiman, 2001, Testing Environment as Mediator Between Business Strategy – Performance Relationship : A Study of Malaysian SMEs, 46th ICSB World Conference – Jan 17-20 2001, Taipei, Taiwan
- [26] Hermann Frank, 2010 Entrepreneurial Orientation and Business Performance – A Replication Study. *SBR 62 April 2010* 175-198
- [27] Homburg C; Harley Krohmer and John P. Workmen Jr. 2004. A Strategy implementation Perspective of Market Orientation, *Journal of Business Reseach*. 57. Elsevier. P.1331-1340
- [28] <http://scholarworks.umass.edu/dissertations/AAI3110476>
- [29] James W. Kroegeer. 2007. Firm Performance as A Function of Entrepreneurial Orientation and Strategic Planning Practices, p. 1-105
- [30] Jann-Marie Halvorsen Culhane, 2003. The entrepreneurial orientation -performance linkage in high technology firms: An international comparative study. *Electronic Doctoral Dissertations for UMass Amherst. Paper AAI3110476*.
- [31] Jaworski, B. and A.Z. Kohli. A.K. Kohli. 1993. Market Orientation: Antecedents and Consequences. *Journal of Marketing*
- [32] Jim Andersen, 2010. A critical examination of the EO-performance relationship. *International Journal of Entrepreneurial Behaviour & Research* Vol. 16 No. 4, pp. 309-328
- [33] Kets de Vries, M. F. R (1977). The entrepreneurial personality: a person at the cross-roads, *Journal of management studies*, 14, 34-58
- [34] Kohli, A.K. and B. Jaworski. 1990. Market Orientation. The Construct, Research Propositions, and Managerial Implication. *Journal of Marketing*, 54(2). 1 – 18
- [35] Kumar K, Subramanian R, and Yauger C., 1997, Pure versus Hybrid Performance Implications of Porter's Generic Strategies, *Health Care Management Review* Fall 1997 pp47-60
- [36] Kuncoro. Mudrajad (2008). Peran Sektor IKM pada ekonomi Indonesia. <http://www.samuelhasiholan.wordpress.com>
- [37] Latif, Davis A, 2007, Model for Teaching The Management Skills Component of Managerial Effectiveness to Pharmacy Student, *Riview*, p.377
- [38] Lee D Y and Tsang E W K, 2001, The Effect of Entrepreneurial Personality, Background and Network Activities on Venture Growth, *Journal of Management Studies* 38-4 pp 583-602
- [39] Lumpkin, G.T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*. 21(1): 135-172
- [40] Lyon, D. W., Lumpkin, G. T. & Dess, G. G. (2005). Enhancing entrepreneurial orientation research: Operationalizing and measuring a key strategic decision making process. *Journal of management*, 26(5), 1055-1085
- [41] Masurel, E; N. Peter; T. Murat, and V. Gabriella. 2002. Motivation and Performance condition for Ethnic Entrepreneurship. *Journal of Growth and Change*, Vol. 33, Iss. 22
- [42] McCarthy B., 2003, The Impact of The Entrepreneur Personality on The Strategy Format and Planning Process in SME's, *Journal of Management*, pp154-172 .
- [43] McClelland, D. C. (1961). *The achieving society*. Princeton, NJ: Van Nostrand .
- [44] McClelland, D. C. (1965a). Achievement and entrepreneurship: A longitudinal study. *Journal of personality and Social Psychology*, 1, 389-392.
- [45] Miller, D and P.H. Friesen. 1983. Innovation in Conservative and Entrepreneurial Firms: Two Models of Strategic Momentum, *Strategic Management Journal* 3, 1 - 25
- [46] Miller, D & P. Friesen. (1982). Innovation in Conservative and Entrepreneurial Firms: Two Models of Strategic Momentum, *Strategic Management Journal*, 3, 1-25; (reprinted in *Entrepreneurship and the Growth of Firms*, H.C. Livesay (ed.), Cheltenham, UK: Edward Elgar Publishing, 1994).
- [47] Mintzberg, H. 2004. *Managers, Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development*. San Francisco: Berrett-Koehler Publisher.
- [48] Mudrajad Kuncoro (2008). *Harian Bisnis Indonesia* <http://id.shvoong.com/business-management/human-resources/2034751-peran-ukm-dalam-perekonomian-indonesia/#ixzz2rCWqZX3X>
- [49] Muryati, 2004, *Intensitas Strategi Bersaing dan Kinerja Ekspor pada Industri Kecil Produk Kerajinan Kayu di Propinsi Jawa Timur*, Disertasi tidak dipublikasikan, PPSUB, Malang
- [50] Nahavandi, A. and Malekzadeh, A.R. (1993) Leader style in strategy and organizational performance: an integrative framework, *Journal of Management Studies*, 30(3): 405–25
- [51] Naman, J. L., & Slevin, D. P. (1993). Entrepreneurship and the concept of fit: A model and empirical tests. *Strategic Management Journal*, 14: 137-153.
- [52] Narver, J.C. and S.F. Slater. 1990. The Effect of Market Orientation on Business Profitability. *Journal of Marketing*, October 1990. P. 20 – 35
- [53] Narver, J.C. and S.F. Slater. 1994. Does Competitive environment Moderate The Market Orientation-Performance Relationship. *Journal of Marketing*, 58 January, 46-55
- [54] Neshamba F., 2003, Growth and Transformation among Small Business in Kenya, pp1-19. York.
- [55] Nurhayati (2003), Analisis Faktor-faktor yang mempengaruhi Kinerja dan Keunggulan Bersaing Usaha Kecil yang berorientasi Ekspor di Jawa Timur, Disertasi yang tidak diterbitkan, PPSUB, Malang

- [56] Olson D.E. 2000, The Role of Entrepreneurial Personality Characteristic on Entry Decisions in a Simulated Market, USASBE/SBIDA, pp1-13 .
- [57] Pelham (2000) Market Orientation and Other Potential Influences on Performance in SMEs Manufacturing Firm. *Journal of Small Business Management*; Jan 2000; 38, 1;ABI/INFORM Global pg.48
- [58] Porter M., 1980, ,Competitive Strategy, Free Press, New York.
- [59] Robbins, S.P and Coulter, M. 2005, Management, 8th ed. International Edition.
- [60] Salim, U. (2011). 39½. Cara RahasiaPenjualan yang Sukses, Malang.UniversitasBrawijaya Press.
- [61] SangenMarijati. 2005. PengaruhOrientasiKewirausahaan, OrientasiPasar, danBudayaEtnisCina, Bugis, JawadanBanjarterhadapKinerja Usaha Kesil – StudipadaIndustriPengolahanPangan di Kalimantan Selatan, DisertasiIlmuEkonomiKekhususanManajemen – tidakdipublikasikan, PPSUB, Malang.
- [62] Scarborough, N.M. and T.W. Zimmerer. 1993. The Effective Small Management. Mac Millan. New York.
- [63] Schumpeter J.A., 1934, The Theory of Economic Development, Harvard Univ. Press, New York.
- [64] Schumpeter J.A., 1939, Business Cycle, McGraw-Hill, New York.
- [65] Schumpeter J.A., 1961, The Theory of Economic Development, Oxford Univ. Press, New York.
- [66] Shea R P O. Allen T J. Chevalier A, Roche F. 2005.Entrepreneurial orientation, technology transfer and spinoff performance of U.S. universities. *Research Policy* 34 (2005) 994–1009
- [67] Slater, S., and J.L. Narver. 1994. Does Competitive Environment Moderate the Market Orientations – Performance Relationship? *Journal of Marketing* 58, 46-55
- [68] Suci, Rahayu Puji, 2009. PeningkatanKinerjaMelaluiOrientasiKewirausahaan, Kemampuan, Manajemen, danStrategiBisnis.*JurnalManjemendanKewirausahaan*, VOL.11, NO. 1, MARET 2009: 46-58
- [69] Sugiono, 2008. *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Penerbit alfabeta Bandung
- [70] Sunil Mithas. at. al. (2011).How Information Management Capability Influences Firm Performance.*MIS Quarterly* Vol. 35 No. 1 pp. 237-256/March.
- [71] Tambunan, M danBetti, B.D. 2001. Lingkungan yang KondusifdalamPengembangan UKM di Indonesia.MakalahDiskusi. Centre for Economic and Social Studies (CESS)
- [72] Tang J. Tang Z. Louis D. Zhang M Y. Qianwen Li. 2008. Exploring an Inverted U-Shape Relationship between Entrepreneurial Orientation and Performance in Chinese Ventures. Pp. 219-238
- [73] Timmons J. A. &SpinelliS.. (2008). *New venture creation: Entrepreneurship for the 21st Century* (8th ed.). New York: McGraw-Hill/Irwin
- [74] Tjiptono F, Chandra G, Adriana D. 2008. *PemasaranStrategik*. Andi Yogyakarta.
- [75] Tjiptono P. 2008.OrientasiPasar: Perspektif, PenelitiandanProblematika. *BisnisdanKewirausahaan*, Vol. 1, No. 1 April 2008.ISSN 1979-0333
- [76] Vitale R, Giglierano J, and Miles M, 2003, Entrepreneurial Orientation, Market Orientation, and Performance in Established and Startup Firms, <http://www.uic.edu/cba/ies/2003papers>
- [77] Vitale, R. J. Giglierano and M. Milles. 2002. Entrepreneurial Orientation, Market Orientation and Performance in Established and Start up Firms, p. 1 – 12.
- [78] Voss G. B. & Voss Z. G. 2000.Strategic Orientation and FirmPerformance in an ArtisticEnvironment.*Journal of Marketing*. Vol. 64 January, 67-83
- [79] Webster, B., Walker, E & Barrett, R. (2005). Small Business and Online Training in Australia: Who is Willing to participate? *New Tegnologi , Work & Employment*, 20(3), 248-258.
- [80] Wijbenga FH. Postma T J.B.M., Witteloostuijn A v. Zwart P S. 2001. Strategy and Performance of Venture Capital Backed-SMEs:A Contingency Model
- [81] Wiklund J. Shepherd D. 2004. Entrepreneurial orientation and small business performance: a configurational approach. *Journal of Business Venturing* 20 (2005) 71–91
- [82] Wiklund, J. 1999. The Sustainability of The Entrepreneurial Orientation Performance Relationship. *Entrepreneurship Theory and Practice*, p. 37- 48
- [83] XinZheng, Yi Cui. 2007. Entrepreneurial Orientation, Market Orientation andFirm Performance: the mediator role ofOrganizational Learning. pp. 4391-4394
- [84] Yoon-joo Ma.at. al (2012).The Effects Entrepreneurship and Market Orientation on Social Performance of Social Enterprise.*International Conference on Economics Marketing and Management.IPEDR* Vol.28. IACSIT Press, Singapore
- [85] Zahra, S. A., Jennings, D. F., &Kuratko, D. F. (1999). Guest editorial: Corporate entrepreneurship in a global economy. *Entrepreneurship Theory and Practice*, 24(1), 5-7.
- [86] Zainol.F.A danAyadurai. S (2011) Entrepreneurial Orientation and Firm Performance: The Role of Personality Traits in Malay Family Firms in Malaysia. *International Journal of Business and Social Science* Vol. 2 No. 1; January
- [87] Zen. Muhammad. 2009. UKM BanyakKelemahanTapiTahanBanting.<http://www.mhzen.wordpress>
- [88] Zimmerer, T.W. dan Scarborough, N.M. 2008.*Essential of Entrepreneurship and Small Business Management*. New Jersey: Prentice Hall International Inc
- [89] Lisbijanto, Budiyanto. 2014. Influence of Servant Leadership on Organization Performance Through Job Satisfaction In Employees' Cooperatives Surabaya. *International Journal of Business and Management Invention*, Volume 3 Issue 4.
- [90] Toban, Christian, Mursalim Umar Gani, Achmad Gani, Junaidin Zakaria. 2014. Antecedents of Employee Performance. 2014. *International Journal of Business and Management Invention*, Volume 3 Issue 4.
- [91] Jothibas, S. 2014. A Study on the Effectiveness of Employees Performance Appraisal System in Chethar Vessels (P) Ltd., Tiruchirappalli District Of Tamil Nadu. *International Journal of Business and Management Invention*, Volume 3 Issue 3.