

The Effect of Entrepreneurial Orientation and Market Orientation on Business Performance (A Case Study at a Coffee Shop in The Sub-Region of Karees, Bandung)

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Abstract. This research aims to determine the effect of Entrepreneurial Orientation and Market Orientation on Business Performance either partially or simultaneously. This research was conducted in various coffee shops in Bandung, Indonesia. The population in this research was 109 coffee shops business owners. The sampling technique used in this research is The Slovin formula with a total sample of 55 respondents. Based on the variables studied, the type of research used is descriptive and verificative. While the analytical method used in this research is multiple linear regression analysis, correlation coefficient analysis, coefficient of determination analysis, as well as partial and simultaneous hypothesis testing. The results of this research indicate that Entrepreneurial Orientation has a significant effect on Business Performance partially, as well as Market Orientation has a significant effect on Business Performance. Simultaneously, Entrepreneurial Orientation and Market Orientation have a significant effect on Business Performance. The results also show that both orientations can indeed be applied in determining the performance of businesses that have been run in coffee shops. The results of this research are expected to help business owners to be able to develop their business by paying attention to aspects of Entrepreneurial Orientation and Market Orientation in improving Business Performance.

1. Introduction

The performance of businesses operating in complex environments both institutionally and economically needs to be of concern to the entrepreneurial and market orientation [1]. Entrepreneurial-oriented SMEs tend to develop innovation, especially in product innovation and the willingness to take risks in running a business. With a strong entrepreneurial orientation, it can encourage improvement in SME performance. [2]. The result also indicates that entrepreneurial orientation has a large explanatory power to predict market orientation [3]. To sum up, the findings of the present study suggest that both MO and EO can act as the basis for improved business performance in the context of small retailers. However, the performance impact of MO and EO is not that straightforward [4]. Companies that implement EO (whether market-oriented or technologically oriented), have some innovation, risk-taking, and proactive levels, even if the levels are low enough [5].

In general, we empirically provide evidence that market orientation facilitates a firms' business strategy, which, in part, positively influences its business performance [6]. Owing to the philosophy of and accumulated knowledge of EO and MO in the entrepreneurship and marketing literature, these

constructs have been considered drivers of firms' decisions and behaviors [7]. In some studies that have been done, most explain if the orientation of entrepreneurship and market orientation is seen in outline. Similarly, many coffee shop owners are on the argument that depictions of entrepreneurial orientation and market orientation toward business performance are seen in general, not focused on existing references. Therefore, we are interested in researching the development of coffee shop businesses by looking at the impact of the application of entrepreneurial orientation and market orientation on business performance.

This research aims to determine the effect of Entrepreneurial Orientation and Market Orientation on Business Performance. Entrepreneurial orientation and market orientation have a major impact on improving or decreasing business performance outcomes. For this reason, the purpose of this research is to provide an overview of the entrepreneurial orientation and growing market orientation by being demonstrated through the current performance of the coffee shop business. This is done to create a good business chain so that many customers provide superior value for coffee shops Sub-Region Karees Bandung.

1.1. Entrepreneurial Orientation

Entrepreneurial orientation is defined as a series of activities or processes that are directly applied in making decisions to produce new shortcuts (Andiningtyas and Nugroho, 2014).

According to Matsuno et al. and Miller (in Sami, 2015) mentions 3 indicators used related to entrepreneurial orientation, namely as follows:

- Innovative, businessman attitude that engages creatively in experimental techniques on new ideas with the possibility of production renewal, to obtain new products and services for existing markets and upcoming markets.
- Proactive, business people act capable of scanning competitors and responding to market demand.
- Dare to Take Risks, the efforts made by business people in the search for new opportunities.

1.2. Market Orientation

Narver and Slater (in Suryaningsih, 2018) define that market orientation as a very ultimate network culture to create vital behavior in the formation of customer value.

According to Tjiptono in Zulkarnain and Mukarramah (2019) mentions indicators to know the perspective on market orientation are as follows:

- Customer Oriented, understanding of each customer so that it can create more value for customers continuously.
- Orientation Competitors, each place of business understands the strengths and weaknesses in the short term, has the strengths and strategies of competitors in the long term, especially at this time also the reliability of the competitor's market.
- Cooperation of Each Function, utilizing each factor of production in the network that is composed in designing more value creation and target responses for each customer.

1.3. Business Performance

Veithzal Rivai (in Sumiati, 2015) argues that business performance is a person's overall success at certain events in paying attention to tasks rather than various possibilities such as the benchmark of work acquisition, the direction that has been first determined and jointly agreed.

Referring to the definition of business performance, according to Lee and Tsang (in Astri and Widiartanto, 2018) business performance indicators are consisting of:

- Increase in Sales Volume, the increased activity carried out by businesses in selling products expressed in the form of many physical units that must be achieved.
- Improvement of Company Assets, efforts in improving the business to operate continuously smoothly. Not only improvements in the form of money, land, buildings, equipment, and equipment. But it can be in the form of other resources such as humans such as workers and customers.

- Business Profitability, measuring the effectiveness of the business premises by using existing resources in generating profits.

2. Method

The method carried out in this study is a descriptive method by describing how Entrepreneurship Orientation, Market Orientation and Business Performance are carried out, describing coffee shop owners as those who implement it, as well as verificative methods by proving the truth of the relationship between Entrepreneurship Orientation variables, Market Orientation and Business Performance through quantitative approaches. As for those related to this method including the dissemination of questionnaires carried out because considering there is minimal time and time adjustment between coffee shop owners so that this method is suitable so that data retrieval is more effective and the results can be used as a comparison.

3. Results and Discussion

Table 1 show the results of data that researchers have processed from the acquisition of questionnaires that have been given related to Entrepreneurship Orientation, Market Orientation, and Business Performance

4. **Table 1. Multiple Linear Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,843	1,484		3,263	,002
Entrepreneurship Orientation	,194	,088	,295	2,206	,032
Market Orientation	,213	,084	,340	2,538	,014

a. Dependent Variable: Business Performance

$$Y = 4,843 + 0,194X_1 + 0,213X_2$$

- The constant value is 4.843, meaning that the interpretation of all independent variables according to measurements using the Likert scale begins with an estimate of 1 to 5.
- The value of Entrepreneurship Orientation of 0.194 is positive which means that with every increase in Entrepreneurship Orientation by units then Business Performance will increase.
- Market Orientation value of 0.213 is positive which means that for every increase in Market Orientation by units then Business Performance will increase.

5. **Table 2. Normal Probability Test**

		Unstandardized Residual
N		55
Normal Parameters	Mean	,0000000
	Std. Deviation	1,74451665
Most Extreme Differences	Absolute	,072
	Positive	,050
	Negative	-,072
Test Statistic		,072
Asymp. Sig. (2-tailed)		,200

Table 2 above shows the sig value obtained is 0.200 or exceeds 0.05, it can be ascertained that the results are normal distribution.

6. **Table 3. Multicollinearity Test**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Entrepreneurship Orientation	,748	1,338
	Market Orientation	,748	1,338

a. Dependent Variable: Business Performance

Table 3 shows that tolerances of 0.748 and VIF 1.338 are determined that a strong correlation between these variables is not found, so the multicollinearity of the data is met.

7. **Table 4. Heteroskedasticity Test**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,021	,880		1,160	,251
	Entrepreneurship Orientation	,033	,052	,102	,640	,525
	Market Orientation	-,007	,050	-,022	-,141	,889

a. Dependent Variable: ABS_RES

Table 4 shows the significant value of each variable > 0.05 , indicating that the residual variance in the data is homogeneous, so the assumption of heteroscedasticity is met.

8. **Table 5. Correlation and Determination Coefficient Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,551 ^a	,304	,277	1,77775

a. Predictors: (Constant), Market Orientation, Entrepreneurship Orientation

b. Dependent Variable: Business Performance

Table 5 shows the correlation value obtained simultaneously from the orientation of entrepreneurship and market orientation with the business performance of 0.551. The value is included in the moderate level, being in the interval class between 0.40 - 0.599

R Square earned 30.4%. This describes the magnitude of the contribution of entrepreneurial orientation and market orientation to business performance. The rest of the gains obtained are contributions of other variables that do not exist in research, for example, product innovation, managerial abilities, and so on.

9. Table 6. Partial Hypothesis Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,843	1,484		3,263	,002
Entrepreneurship Orientation	,194	,088	,295	2,206	,032
Market Orientation	,213	,084	,340	2,538	,014

a. Dependent Variable: Business Performance

Table 6 shows obtained t-calculated values $>$ t-table ($2,206 > 2,006$) and sig ($0.032 < 0.05$) so that there is significance in the entrepreneurial orientation of business performance in coffee shops Sub-Region of Karees Bandung City.

Obtained t-calculated values $>$ t-table ($2,538 > 2,006$) and sig ($0.014 < 0.05$) so that there is significance in the market orientation of business performance in coffee shops Sub-Region of Karees Bandung.

10. Table 7. Simultaneous Hypothesis Testing

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	71,618	2	35,809	11,331	,000 ^b
	Residual	164,340	52	3,160		
	Total	235,959	54			

a. Dependent Variable: Business Performance

b. Predictors: (Constant), Market Orientation, Entrepreneurship Orientation

Table 7 shows the acquisition of f-calculate $>$ f-table ($11,331 > 3,178$) and sig ($0,000 < 0.05$) which simultaneously there is significance between entrepreneurial orientation and market orientation on business performance in coffee shops Sub-Region Karees Bandung.

11. Conclusion

From the results of research and explanations accompanied by previous theories and concepts, conclusions that can be put forward by the researcher are the overall both Entrepreneurship Orientation and Market Orientation to Business Performance in coffee shops in The Sub-Region of Karees City, Bandung has been very Good. But there are still some factors that are considered for coffee shop owners to continue to make improvements. The hypothesis proves there is a positive relationship partially and simultaneously between Entrepreneurship Orientation and Market Orientation on Business Performance in coffee shops Sub-Region of Karees, Bandung.

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