# The Effect of Entrepreneurial Orientation on the Business Performance: Market Orientation as Mediation Variable

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**Abstract**

The purpose of this study was to measure and analyze the effect of entrepreneurship orientation on market orientation, market orientation on performance, entrepreneurial orientation on performance and entrepreneurial orientation on performance mediated by market orientation on Small and Medium Enterprises (UKM) embroidered karawo in Gorontalo. The unit of analysis of this research is SME embroidery Karawo in Gorontalo and the data used is primary data. The population in this study is all units of karawo embroidery SMEs, both legally incorporated and unincorporated in 2021, a total of 701 spread over 6 (six) regencies/cities in Gorontalo Province. The sampling technique in this study used a non-probability sampling in this study, 130 samples were used. The analysis tool uses Structural Equation Model (SEM). The results of this study state that all demonstration variables have a positive and significant effect.

*Keywords:* Entrepreneurship Orientation; Market Orientation; Business Performance.

## 1. Introduction[*]

Small and Medium Enterprises (SMEs) have an essential role in a country's development and economic growth. Not only in developing countries but also in developed countries. In addition to its contribution to gross domestic product (Tambunan 2008), it also plays a role in employment, income generation, and driving the community's economy (Zahra, 1991 & Meredith, 1997). Small businesses in Indonesia are often associated with domestic economic and social problems such as high levels of poverty, significant unemployment, inequality in income distribution, uneven development processes between urban and rural areas, and urbanization problems. Small businesses are expected to contribute to overcoming these problems significantly.

The Ministry of Cooperatives and SMEs of the Republic of Indonesia show that SMEs experienced good development and growth as the years went by. For example, in 2010, the total number of SME units was 52,769,426. The number in 2017 reached 63 928,077. SMEs play an essential and strategic role in the economy. In percentage terms, the number of SMEs in Indonesia reaches 99.9% of the total business units in Indonesia. In addition, SMEs in Indonesia contribute significantly to the Gross Domestic Product (GDP). Indonesian SMEs donate up to Rp. 8,573.9 trillion to Indonesia's GDP in 2018 of Rp. 14,838.3 trillion, the contribution of SMEs to reach 57.8% of GDP.

However, the success of these SME actors does not mean that it runs smoothly without obstacles. The problems of SMEs in the marketing field focus on three things: competition and product problems (Aboelmaged, Administration & Emirates, 2018), issues of access to market information, and institutional difficulties supporting SMEs (Rivard, Raymond & Verreault, 2006). Products produced by SMEs are often unable to compete with those made by large businesses (Torok, Toth & Balogh, 2018) regarding product innovation, product quality, and product distribution. Competition between fellow SME players and competing with large businesses is often an obstacle for SMEs to develop and expand their business; even increasingly competitive business competition is not infrequently one of the bankruptcies of these small-scale businesses. (Dereli, 2015)

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The consequences of SME problems also occur in karawo embroidery SMEs in Gorontalo regarding local marketing and standard product quality. They ultimately have an impact on achieving low performance. Various efforts have been made to improve the performance of SMEs both locally and nationally with the support of the government through the Act. Still, until now, SMEs have not shown optimal performance. The problem of SMEs' low performance and how solutions improve their performance are why it is still essential to conduct a more comprehensive study of SMEs. If we examine it in more depth, improving the performance of SMEs can be done by paying attention to several aspects, including entrepreneurial orientation and market orientation.

Matsuno et al. (2002) stated that entrepreneurial orientation is believed to have a direct relationship with market orientation. In addition, the results of Miller's (1983) research explain that entrepreneurial orientation is an orientation to be the first in product market innovation, dare to take risks, and take proactive actions to beat competitors. Kohli and Jaworski (1990) state that a manager with the courage to take risks and accept failure will tend to prefer introducing new products to respond to changing consumer demands. Proactivity in the entrepreneurial context relates to a forward-looking perspective and tends to take the initiative by anticipating and pursuing new opportunities and participating in seizing markets (Lumpkin and Dess, 1996). The dimension of proactivity in entrepreneurship is believed to encourage the identification of new market opportunities (Miller and Friesen, 1982; Vekatraman, 1989); this will increase market intelligence and responsiveness (Kohli and Jaworski).

According to Naver and Slater (1990), market orientation is a business culture that can create employee behavior to support efforts to create superior customer value. Meanwhile, Jaworski & Kohli (1993) stated that market orientation has the potential to improve business performance. In addition, market orientation is believed to provide psychological and social benefits for employees in the form of a more incredible feeling of pride, a sense of belonging, and outstanding organizational commitment. Applying market orientation will lead to increased performance for the company (Tjiptono et al. 2008: 86-89).

Furthermore, Narver & Slater (1990:21) stated that market orientation consists of three behavioral components: customer orientation, competitor orientation, and inter-functional coordination. Customer and competitor orientation includes all activities involved in obtaining information about buyers and competitors in the target market and disseminating it through the business. In contrast, inter-functional coordination is based on customer and competitor information and consists of coordinated business efforts. So, it can be understood that applying market orientation requires the company's ability to search for various market information to be used as a basis for the company to take the next step or strategy.

Furthermore, the results of research conducted by Vitale et al. (2002) and Keh et al. (2006) stated that the better the implementation of market orientation and the ability of the company's entrepreneurial orientation, the business performance will increase. Meanwhile, Sinkula and Baker (2009) view market orientation and entrepreneurial orientation as two related concepts that affect business performance differently. Entrepreneurial orientation reflects the extent to which the company's growth goals are driven by identifying and exploiting untapped market opportunities. On the other hand, market orientation demonstrates the impact of the company's strategic market planning caused by implementing customer and competitor intelligence.

Based on the description above, this research focuses on the effect of entrepreneurial orientation on market orientation, the impact of market orientation on the performance of SMEs, and the influence of entrepreneurial orientation on the performance of SMEs mediated by market orientation.

## 2. Literature Review

Economic growth is supported by various business groups at the level of large companies to micro scale or SMEs. Small businesses make a significant contribution to the economy as stated by Ruriks and Wenekers (2004). Wong et al. (2005) which states the relationship between entrepreneurship, innovation and economic growth. In parallel and as part of this change, the emergence of SMEs is a significant part of economic development and job creation (Richardson, Howarth, and Finnegan, 2008). SMEs have characteristics, among others: labor-intensive, simple technology, and able to absorb a lot of labor so that they can realize equal distribution of business opportunities and income distribution.

The development of SMEs carried out by the government, local governments, the business world, and the community is aimed at growing and improving capabilities and competitiveness. SMEs are productive economic businesses that

stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches that are owned, controlled, or become part of either directly or indirectly from large businesses (Article 3 of the Republic of Indonesia Law No. 2008).

Hitt et al. (1997) defines entrepreneurial orientation as a set of capabilities owned by the company to produce or obtain new products (goods or services) and manage the innovation process. Meanwhile Stoner et al. (1996) defines entrepreneurship as a pioneer of a new business or a manager who tries to improve an organizational unit by initiating product changes. David E. Olson (2000) in his research suggests the role of the characteristics of entrepreneurs to enter the market. The personality of a business actor, namely the ability to accept risk, locus of control and ambition, must be involved in entering a market. From this study the results obtained are: Significantly, a positive relationship between risk tolerance and the decision to enter the market is not proven.between locus of control There is a significant positive relationshipThere is a significant positive relationship between ambition and the decision to enter the market. Further research from Riana (2010 Bali on silver craft SMEs in Bali. The findings of this study are: Tri Hita Karana culture can increase entrepreneurial orientation and market orientation and entrepreneurial orientation affects market orientation, entrepreneurial orientation has a significant effect on market orientation, which means that the morehigher the entrepreneurial orientation, the higher the market orientation. Therefore, the ability to always be proactive, innovative and the courage to take risks plays an important role that can support market orientation.

The first research on the effect of entrepreneurial orientation on the performance of small and medium-sized companies during the global economic crisis was research from Kraus et al (2010) The results showed: there is a positive relationship between entrepreneurial orientation and performance, during the economic crisis in the Netherlands there was a proactive behavior of companies and contributed positively to the business performance of SMEs. Fairoz et al. (2010) regarding the level of entrepreneurial orientation and the effect of its dimensions, namely proactiveness, innovation, and risk taking on business performance. The three dimensions of being proactive, innovation and risk taking as well as entrepreneurial orientation are significantly correlated with market share growth, however, it turns out that a positive correlation is shown by being proactive and entrepreneurial orientation with business performance.

Vitale et al. (2002) in conducting research on the effect of entrepreneurial orientation and market orientation on business performance. This study tries to see the difference between the role of market orientation on the performance of established companies and new companies. The results of his research indicate that entrepreneurial orientation and market orientation make a significant contribution to the level of profit. The high and low performance achieved by the company is highly dependent on the level of entrepreneurial orientation and market orientation in both established companies (established) and new companies (startup). Furthermore, Tudorovic ZW and J. Ma (2008) in their research began to appreciate the significance of two strategic orientations, namely entrepreneurial orientation and market orientation. It is said that specifically there is a stream of researchers who state that there is a strong relationship between entrepreneurial orientation and business performance (Wiklud, 1999; Zahra et al. 1995). Based on the explanations of several previous studies above, the hypotheses put forward in this study are:

H1. Entrepreneurial orientation has a positive and significant effect on market orientation

H2. Entrepreneurial orientation has a positive and significant impact on the business performance of karawo embroidery SMEs in Gorontalo

suggests that firms can provide superior value by being a low-cost producer of products or by providing differentiated products more efficiently. Ruekert (1992) describes market orientation as the degree to which a business unit obtains and uses information from customers, develops a strategy that will discover customer needs, and implements the strategy by listening to customer needs and shortcomings. Narver and Slater (1990) define market orientation as the most effective organizational culture in creating behaviors important for the creation of superior value for buyers as well as performance in business. Market orientation is a process and activity related to customer creation and satisfaction by continuously assessing customer needs and wants. The application of market orientation will lead to increased performance for the company.

Raduwan & Mahmood in their research measure the company's entrepreneurial orientation, while measuring market orientation uses a nine-item scale adapted from Narver and Slater (1990). The findings of this research are: there is a significant relationship positive relationship between entrepreneurial orientation and performance, there is a significant positive relationship between market orientation and performance, market orientation partially mediates

entrepreneurial orientation and performance. Narver and Slater (1990) in their research wanted to see the effect of orientation on the company's ability to increase profits. Market orientation is explained to reflect the extent to which strategic market planning is triggered by customer intelligence, competitor intelligence and responsiveness to competitors and customers. This study also wants to examine how the relationship between market orientation and competitive advantage is and why market orientation is used as a basis in business culture.

Based on the explanations of several previous studies above, the hypotheses put forward in this study are:

H3. Market orientation has a positive and significant effect on the business performance of karawo embroidery SMEs in Gorontalo

H4. Entrepreneurship orientation has a positive and significant effect on karawo embroidery SMEs in Gorontalo which is mediated by market orientation
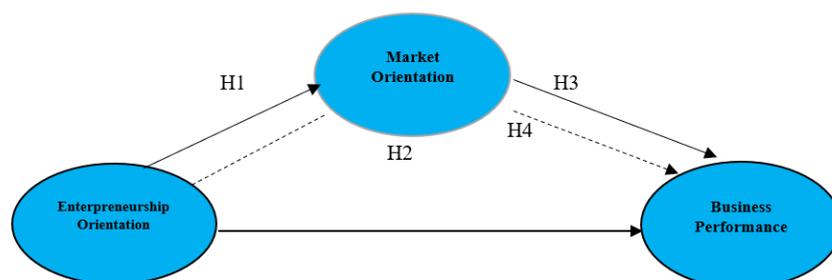


**Figure 1.** Conceptual Framework

## 3. Research Method and Materials

The sample in this study was a resident of Makassar city. The spread of the survey is carried out through an online procedure. Sample collection techniques using probability sampling with the use purposive sampling method, the sample criteria are determined by the researcher according to research needs. The number of samples in the study was 190, namely the number of measurement indicators multiplied by the numbers 5-10 (Ferdinand, 2014). The indicators in this study were 19 x 10 = 190 samples.

The population in this study were all 701 karawo embroidery SME units, both legally incorporated and unincorporated in 2021, spread over 6 (six) regencies/cities in Gorontalo Province, namely Gorontalo Regency, Bone Bolango Regency, Gorontalo Regency. North, Boalemo district, Pohuwato district and Gorontalo city.

The sampling technique in this study uses a non-probability sampling , namely a sampling technique that does not provide equal opportunities/opportunities for each element or member of the population to be selected as a sample (Sugiyono, 2012). The sampling method was carried out by purposive sampling , namely the technique of determining the sample with certain considerations using adaptation parameters from the UMKM Law No. 20/2008 and the UMKM business profile (2015) and of course also adapted to research needs, namely: being in the Gorontalo Province, the UKM is still implementing production activities, at least the business has been running for 5 years, in a year the business turnover is at least 150 million rupiah, the employees are owned by at least 5 people. The sample in this study was 130, namely the number of indicators multiplied by 5-10. (Ferdinand, 2014). The indicators in this study are 13 x 10 = 130.

The variable measurement technique in this study is to use a Likert scale with a 5-point scale to measure respondents' responses, namely 1 strongly disagree, 2 disagree, 3 neutral/undecided, 4 agree and 5 strongly disagree. The observed variables (observed variables) were measured empirically and their values were obtained from the respondents through the questionnaire data collection method. Each statement on the questionnaire represents an observed variable called an indicator.

The variables in this study consisted of exogenous variables, namely market orientation (X), intervening variable entrepreneurial orientation (Y1) and endogenous variables, namely business performance (Y2). The market orientation variable (X1) is formed by several indicators, namely customer orientation (Y1.1), competitor orientation (Y1.2), coordination between functions (X1.3). The entrepreneurial orientation variable (Y1) is formed by several

indicators, namely being proactive (Y1.1), daring to take risks (Y1.2), competitive aggressiveness (Y1.3), autonomy (Y1.4), desire for achievement (Y1.5). Furthermore, the business performance variable (Z1) is formed by several indicators, namely sales growth (Y1.1), profit growth (Z2.2), asset growth (Z2.3), number of customers (Z2.4), marketing reach (Z2.5). The analytical tool used in this research is Structural Equation Modeling (SEM) with the application of Analysis of Moment Structures (AMOS). Data analysis techniques used in explaining the phenomena in this study are descriptive statistical analysis techniques with the criteria of Goodness of Fit Chi-square Index (Expected to be small), Significant Probability ($\geqslant$0.05), RMSEA ($\leqslant$ 0.08), GFI ($\leqslant$0.90), AGFI ($\geqslant$0.90), CMIN / DF ($\leqslant$2.0), TLI ($\geqslant$0.95), CFI ($\geqslant$0.95) (Mashur et al., 2020); (Indahingwati et al., 2019); (Putra et al., 2019); (Hair et al., 2014).

## 4. Results and Discussion

### 4.1 Reliability Test and Varaince Extracted (VE)

Reliability is a measure of the internal consistency of an indicator of a latent variable indicating the degree to which each indicator indicates a common latent construct/factor. The cut off value limit of the reliability construct >0.7 while the extracted variance >0.5. The construct reliability formula is as follows:

$$Construct\ Reliability = \frac{(\sum Std.loading)^2}{(\sum Std.loading)^2 + \sum \varepsilon_j}$$

Description:

- Standard loading is obtained directly from standardized loading for each indicator, namely the lambda value generated by each indicator.

- $\varepsilon_j$ is the measurement error of each indicator

variance extracted formula:

$$Variance\ Extracted = \frac{\sum Std.Loading^2}{\sum Std.Loading^2 + \sum \varepsilon_j}$$

Description:

- Standard loading is obtained directly from standardized loading for each indicator, namely the lambda value generated by each indicator.

- $\varepsilon_j$ is the measurement error of each indicator.

The results of contruct reliability and variance extracted testing on 3 variables of Entrepreneurial Orientation, Market Orientation and Competitive Business Performance are further presented in the table below.

**Table 1.** Construct Reliability and Variance Extracted

| No | Variables | Indicators | Std Loading (Loading Factor) | Standar Loading$^2$ | Measurement Error (1-Std Loading$^2$) | Construct Reliability | Variance Extracted |
|----|-----------|------------|------------------------------|---------------------|----------------------------------------|-----------------------|--------------------|
| 1 | Entrepreneurial Orientation | X11 | 0,779 | 0,607 | 0,393 | 0,951 | 0,531 |
| | | X12 | 0,718 | 0,516 | 0,484 | | |
| | | X13 | 0,73 | 0,533 | 0,467 | | |
| | | X16 | 0,73 | 0,533 | 0,467 | | |
| | | X18 | 0,755 | 0,570 | 0,430 | | |
| | | X19 | 0,725 | 0,526 | 0,474 | | |
| | | X110 | 0,663 | 0,440 | 0,560 | | |
| | | X111 | 0,764 | 0,584 | 0,416 | | |
| | | X112 | 0,753 | 0,567 | 0,433 | | |
| | | X113 | 0,725 | 0,526 | 0,474 | | |

| No | Variables | Indicators | Std Loading (Loading Factor) | Standar Loading$^2$ | Measurement Error (1-Std Loading$^2$) | Construct Reliability | Variance Extracted |
|---|---|---|---|---|---|---|---|
| | | X114 | 0,773 | 0,598 | 0,402 | | |
| | | X117 | 0,733 | 0,537 | 0,463 | | |
| | | X119 | 0,725 | 0,526 | 0,474 | | |
| | | X120 | 0,714 | 0,510 | 0,490 | | |
| | | X121 | 0,708 | 0,501 | 0,499 | | |
| | | X122 | 0,693 | 0,480 | 0,520 | | |
| | | X123 | 0,69 | 0,476 | 0,524 | | |
| | | $\sum$ | 12,378 | 9,028 | 7,972 | | |
| | | $\sum^2$ | 153,215 | | | | |
| 2 | Market Orientation | Y11 | 0,739 | 0,546 | 0,454 | 0,934 | 0,590 |
| | | Y14 | 0,654 | 0,428 | 0,572 | | |
| | | Y15 | 0,695 | 0,483 | 0,517 | | |
| | | Y17 | 0,697 | 0,486 | 0,514 | | |
| | | Y18 | 0,833 | 0,694 | 0,306 | | |
| | | Y110 | 0,851 | 0,724 | 0,276 | | |
| | | Y111 | 0,751 | 0,564 | 0,436 | | |
| | | Y113 | 0,817 | 0,667 | 0,333 | | |
| | | Y114 | 0,887 | 0,787 | 0,213 | | |
| | | Y115 | 0,719 | 0,517 | 0,483 | | |
| | | $\sum$ | 7,643 | 5,896 | 4,104 | | |
| | | $\sum^2$ | 58,415 | | | | |
| 3 | Business Performance | Y21 | 0,852 | 0,726 | 0,274 | 0,858 | 0,604 |
| | | Y22 | 0,697 | 0,486 | 0,514 | | |
| | | Y23 | 0,748 | 0,560 | 0,440 | | |
| | | Y24 | 0,803 | 0,645 | 0,355 | | |
| | | $\sum$ | 3,100 | 2,416 | 1,584 | | |
| | | $\sum^2$ | 9,610 | | | | |

Based on the results of the reliability calculation mentioned above, it shows that the construct reliability variable latent Entrepreneurship orientation of 0.951, Market Orientation 0.934 and Kineraj Bisnis 0.858 have met the criteria for cut off value >0.70. Likewise, for the variance extracted value of the latent variable Entrepreneurial orientation of 0.531, Market Orientation of 0.590 and Business Performance of 0.604 meet the requirements of cut off value >0.50. So, it can be concluded that each of the latent variables meets the criteria of reliable reliability.

*4.2 Multivariat Outlier*

The mahalanobis distance of each observation can be calculated and will show the distance of an observation from the mean of all variables in a multidimensional space. The criteria used are based on the chi-square value at a certain degree of freedom, namely the number of indicators used at a certain level of significance ($p>0.001$). The value of mahalanobis distance based on the chi-square value at a degree of freedom of 31 (number of indicators) at a significance level of >0.001 is $\chi2$ (31:0.001) = 61.10. The full mahalonobis distance calculation results are presented in the table 2

**Table 2.** Mahalanobis Distance Test

| Observation number | Mahalanobis d-squared | p1 | p2 |
|---|---|---|---|
| 84 | 57,998 | ,002 | ,259 |
| 93 | 54,382 | ,006 | ,177 |
| 100 | 49,005 | ,021 | ,516 |
| 120 | 46,872 | ,034 | ,640 |
| 63 | 44,586 | ,054 | ,839 |

| Observation number | Mahalanobis d-squared | p1 | p2 |
|---|---|---|---|
| 52 | 44,263 | ,058 | ,769 |
| 68 | 43,193 | ,072 | ,829 |

Table 2 shows that the highest Mahalanobis d-squared value was obtained at observation 84 of 57,998. Because the value of mahalanobis d-squared obsevasi 84 is 57,998 < 61.10, so it can be concluded that in the observation data there is no multivariate outlier.

*4.3  Normality Test*

Normality testing was carried out by looking at the skewness and kurtosis values of the indicators in the research variables. The criteria for a normal indicator are from the critical ratio (CR) skewness and kurtosis values of ±2.58 at a significance level of 0.01(1%). The results of the univariate and multivariate normality test are presented as follows:

**Table 3.**  Normality Test Results

| Variable | Min | max | skew | c.r. | kurtosis | c.r. |
|---|---|---|---|---|---|---|
| Y23 | 1,000 | 5,000 | ,187 | ,871 | -,237 | -,551 |
| Y24 | 1,000 | 5,000 | -,024 | -,111 | -,728 | -1,695 |
| Y22 | 1,000 | 5,000 | ,104 | ,486 | -,722 | -1,680 |
| Y21 | 1,000 | 5,000 | ,333 | 1,551 | -,811 | -1,887 |
| Y14 | 1,000 | 5,000 | -,390 | -1,816 | ,014 | ,032 |
| Y15 | 1,000 | 5,000 | -,068 | -,318 | -,120 | -,278 |
| Y11 | 1,000 | 5,000 | -,092 | -,426 | -,697 | -1,623 |
| Y110 | 1,000 | 5,000 | ,078 | ,362 | -,555 | -1,292 |
| Y111 | 1,000 | 5,000 | -,238 | -1,106 | -,536 | -1,246 |
| Y113 | 1,000 | 5,000 | -,235 | -1,094 | -,718 | -1,672 |
| Y114 | 1,000 | 5,000 | -,161 | -,751 | -,959 | -2,232 |
| Y115 | 1,000 | 5,000 | -,222 | -1,033 | ,063 | ,146 |
| Y18 | 1,000 | 5,000 | -,040 | -,186 | -,642 | -1,494 |
| X120 | 1,000 | 5,000 | -,093 | -,431 | ,007 | ,016 |
| X121 | 1,000 | 5,000 | -,221 | -1,029 | -,698 | -1,624 |
| X122 | 1,000 | 5,000 | ,135 | ,628 | -,436 | -1,016 |
| X123 | 1,000 | 5,000 | ,212 | ,987 | -,402 | -,936 |
| X117 | 1,000 | 5,000 | -,258 | -1,199 | -,709 | -1,649 |
| X119 | 1,000 | 5,000 | -,205 | -,956 | ,169 | ,394 |
| Y17 | 1,000 | 5,000 | -,005 | -,025 | -,366 | -,852 |
| X11 | 1,000 | 5,000 | ,248 | 1,154 | -,547 | -1,274 |
| X12 | 1,000 | 5,000 | ,082 | ,382 | -,175 | -,407 |
| X13 | 1,000 | 5,000 | ,086 | ,402 | -,828 | -1,927 |
| X16 | 1,000 | 5,000 | ,230 | 1,071 | -,380 | -,884 |
| X18 | 1,000 | 5,000 | ,151 | ,701 | -,070 | -,164 |
| X19 | 1,000 | 5,000 | -,231 | -1,076 | -,040 | -,092 |
| X110 | 1,000 | 5,000 | ,055 | ,256 | -,173 | -,403 |
| X111 | 1,000 | 5,000 | -,149 | -,696 | -,291 | -,676 |
| X112 | 1,000 | 5,000 | ,295 | 1,375 | -,413 | -,960 |
| X113 | 1,000 | 5,000 | ,035 | ,161 | -,025 | -,059 |
| X114 | 1,000 | 5,000 | ,066 | ,309 | -,905 | -2,105 |
| Multivariate | | | | | 8,846 | 1,115 |

Table 3 shows that the critical ratio (cr) value in each indicator, both the skewness value and the kurtosis value, has a critical ratio (cr) value between ±2.58 so that all indicators are normally univariate. Meanwhile, the multivariate critical ratio value is 8,846 and the critical ratio is 1,115. This value is still within the normal criteria of multivariate ±2.58, which indicates that the normal data is multivariate.

### 4.4 Model Confirmatory Factor Analisis (CFA)

In this CFA model, it is carried out to test the indicators on each of the latent variables and the relationship between the latent variables. Indicator testing is carried out by looking at the indicator loading value against latent variables for both exogenous and endogenous variables. If the indicator's loading value >0.5 then the indicator is valid as a gauge. The full results are presented in the CFA mode below.
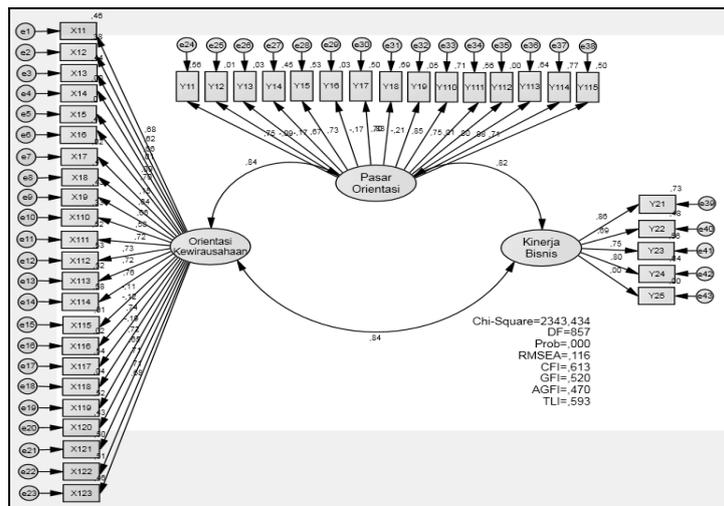


**Figure 2.** Model Confirmatory Factor Analysis Phase I

The CFA 1 model above shows that the model produced a chi-square value of 2343.434, RMSEA of 0.116, CFI of 0.613, GFI of 0.520, AGFI of 0.470 and TLI of 0.593 so it can be state that the model is not yet fit. Furthermore, to test the validity of the indicators can be seen in the loading values obtained by each indicator, which can be seen in the table below.

**Tabel 4.** Standardized regression Model CFA step 1

|  |  |  | Estimate |
|---|---|---|---|
| X11 | <--- | Enterpreneurial Orientation | 0,676 |
| X12 | <--- | Enterpreneurial Orientation | 0,619 |
| X13 | <--- | Enterpreneurial Orientation | 0,66 |
| X14 | <--- | Enterpreneurial Orientation | 0,015 |
| X15 | <--- | Enterpreneurial Orientation | 0,089 |
| X16 | <--- | Enterpreneurial Orientation | 0,695 |
| X17 | <--- | Enterpreneurial Orientation | 0,148 |
| X18 | <--- | Enterpreneurial Orientation | 0,641 |
| X19 | <--- | Enterpreneurial Orientation | 0,656 |
| X110 | <--- | Enterpreneurial Orientation | 0,575 |
| X111 | <--- | Enterpreneurial Orientation | 0,722 |
| X112 | <--- | Enterpreneurial Orientation | 0,731 |
| X113 | <--- | Enterpreneurial Orientation | 0,719 |
| X114 | <--- | Enterpreneurial Orientation | 0,762 |
| X115 | <--- | Enterpreneurial Orientation | -0,112 |
| X116 | <--- | Enterpreneurial Orientation | -0,123 |
| X117 | <--- | Enterpreneurial Orientation | 0,736 |

|  |  |  | Estimate |
|---|---|---|---|
| X118 | <--- | Enterpreneurial Orientation | -0,19 |
| X119 | <--- | Enterpreneurial Orientation | 0,724 |
| X120 | <--- | Enterpreneurial Orientation | 0,653 |
| X121 | <--- | Enterpreneurial Orientation | 0,709 |
| X122 | <--- | Enterpreneurial Orientation | 0,712 |
| X123 | <--- | Enterpreneurial Orientation | 0,681 |
| Y11 | <--- | Market Orientation | 0,75 |
| Y12 | <--- | Market Orientation | -0,091 |
| Y13 | <--- | Market Orientation | -0,174 |
| Y14 | <--- | Market Orientation | 0,671 |
| Y15 | <--- | Market Orientation | 0,73 |
| Y16 | <--- | Market Orientation | -0,17 |
| Y17 | <--- | Market Orientation | 0,705 |
| Y18 | <--- | Market Orientation | 0,828 |
| Y19 | <--- | Market Orientation | -0,215 |
| Y110 | <--- | Market Orientation | 0,845 |
| Y111 | <--- | Market Orientation | 0,751 |
| Y112 | <--- | Market Orientation | 0,015 |
| Y113 | <--- | Market Orientation | 0,803 |
| Y114 | <--- | Market Orientation | 0,877 |
| Y115 | <--- | Market Orientation | 0,71 |
| Y21 | <--- | Business Performance | 0,855 |
| Y22 | <--- | Business Performance | 0,693 |
| Y23 | <--- | Business Performance | 0,747 |
| Y24 | <--- | Business Performance | 0,802 |
| Y25 | <--- | Business Performance | -0,002 |

Table 4 shows that the loading value on the indicator measuring the Entrepreneurship Orientation variable, the low loading value (<0.6) is the X14 indicator 0.015, X15 is 0.089, X17 0.148, X110 0.575, X115 -0.112, X116 -0.123 and X118 -0.190, while other indicators have a loading value of > 0.6. In the Orientation Market variable, there are 5 indicators that have low loading values (<0.6), namely Y12 of -0.091, Y13 -0.174, Y16 -0.17, Y19 -0.215 and Y112 of 0.015. In the Business Performance variable, there is an indicator that obtains the lowest loading value on the Y25 indicator of -0.002.

From the results of the loading value, there are 13 indicators with low loading values (< 0.6), namely X14, X15, X17, X110, X115, X116, X118, Y12, Y13, Y16, Y19, Y112 and Y25 are considered invalid. Furthermore, a second CFA analysis was carried out by removing the above indicators from the model because it obtained a low loading value.
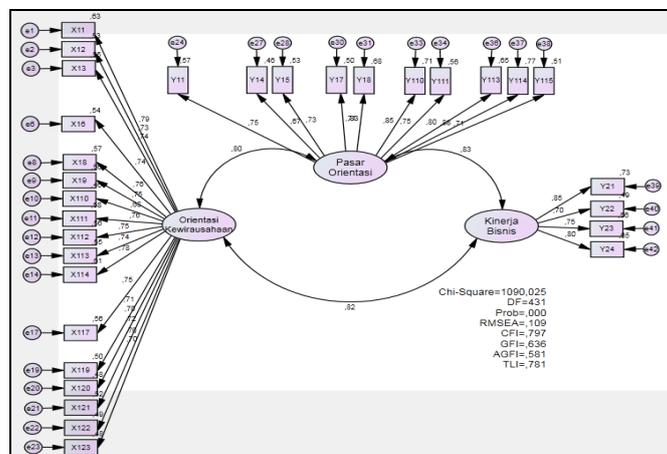


**Figure 3.** Model Confirmatory Factor Analysis Stage 2

In the CFA 2 model above shows that the model produced a lower chi-square value to 1090.025, RMSEA of 0.109, CFI of 0.797, GFI 0.636, AGFI 0.581and TLI of 0.781 and it can be said that the model is not yet fit.

**Table 5.** Standardized regression Model CFA Phase 2

|  |  |  | Estimate |
|---|---|---|---|
| X11 | <--- | Enterpreneurial Orientation | 0,795 |
| X12 | <--- | Enterpreneurial Orientation | 0,731 |
| X13 | <--- | Enterpreneurial Orientation | 0,739 |
| X16 | <--- | Enterpreneurial Orientation | 0,738 |
| X18 | <--- | Enterpreneurial Orientation | 0,758 |
| X19 | <--- | Enterpreneurial Orientation | 0,748 |
| X110 | <--- | Enterpreneurial Orientation | 0,679 |
| X111 | <--- | Enterpreneurial Orientation | 0,764 |
| X112 | <--- | Enterpreneurial Orientation | 0,746 |
| X113 | <--- | Enterpreneurial Orientation | 0,743 |
| X114 | <--- | Enterpreneurial Orientation | 0,78 |
| X117 | <--- | Enterpreneurial Orientation | 0,745 |
| X119 | <--- | Enterpreneurial Orientation | 0,71 |
| X120 | <--- | Enterpreneurial Orientation | 0,696 |
| X121 | <--- | Enterpreneurial Orientation | 0,718 |
| X122 | <--- | Enterpreneurial Orientation | 0,703 |
| X123 | <--- | Enterpreneurial Orientation | 0,696 |
| Y11 | <--- | Market Orientation | 0,753 |
| Y14 | <--- | Market Orientation | 0,675 |
| Y15 | <--- | Market Orientation | 0,727 |
| Y17 | <--- | Market Orientation | 0,706 |
| Y18 | <--- | Market Orientation | 0,827 |
| Y110 | <--- | Market Orientation | 0,845 |
| Y111 | <--- | Market Orientation | 0,746 |
| Y113 | <--- | Market Orientation | 0,804 |
| Y114 | <--- | Market Orientation | 0,879 |
| Y115 | <--- | Market Orientation | 0,712 |
| Y21 | <--- | Business Performance | 0,852 |
| Y22 | <--- | Business Performance | 0,697 |
| Y23 | <--- | Business Performance | 0,747 |
| Y24 | <--- | Business Performance | 0,803 |

From the results of the CFA 2 model, the indicators obtained a high loading value (>0.6). So that the indicators are valid as a measure of the late variables. To create a fit/accepted model by lowering the chi-square value smaller. The decrease in chi-square values can be done by modifying the model, which is to correlate error values between indicators. Information on the correlation of this indicator was obtained from the modification indices of Amos output. The full modification indices are presented in the table below.

**Table 6.** Correlation Between Indicator Errors

|  |  |  | M.I. | Par Change |
|---|---|---|---|---|
| eror28 | <--> | eror27 | 34,930 | ,280 |
| eror24 | <--> | eror28 | 10,474 | ,157 |
| eror22 | <--> | eror21 | 27,609 | ,303 |
| eror23 | <--> | eror24 | 18,688 | ,198 |
| eror23 | <--> | eror21 | 17,396 | ,188 |
| eror3 | <--> | eror1 | 10,204 | ,104 |
| eror9 | <--> | eror1 | 11,674 | ,128 |
| eror9 | <--> | eror6 | 13,880 | ,157 |

|  |  |  | M.I. | Par Change |
|---|---|---|---|---|
| eror13 | <--> | eror17 | 18,748 | ,196 |
| eror13 | <--> | eror11 | 13,788 | ,123 |
| eror14 | <--> | eror17 | 11,593 | ,176 |
| eror19 | <--> | eror27 | 25,708 | ,256 |
| eror10 | <--> | eror2 | 11,502 | ,164 |

More in the modification indices table 6 there are 13 error correlations to create models and lower ch-square values. The results of the modification of the model are presented in the CFA 3 model image below.
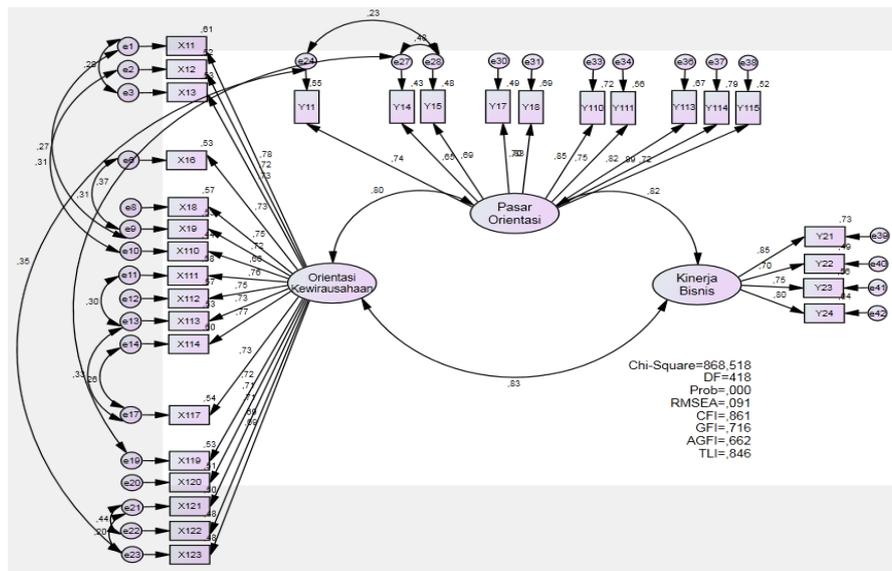


**Figure 4.** Model Confirmatory Factor Analysis Step 3

In the CFA 3 model above shows that the model produced a chi-square value that dropped to 868.518, RMSEA of 0.091, CFI of 0.861, GFI 0.716, AGFI 0.662 and TLI of 0.846 it can be said that the model is fit. Furthermore, the CFA 3 model produces correlations between latent variables which are more clearly presented in the table below.

**Table 7.** Correlation Between Latent Variables

| Correlation | | | Estimate | S.E. | C.R. | P | Description |
|---|---|---|---|---|---|---|---|
| Enterpreneurial Orientation | <--> | Market Orientation | ,525 | ,095 | 5,504 | 0,000 | Significant |
| Market Orientation | <--> | Business Performance | ,579 | ,101 | 5,707 | 0,000 | Significant |
| Enterpreneurial Orientation | <--> | Business Performance | ,521 | ,089 | 5,860 | 0,000 | Significant |

Table 7 shows that the estimated correlation values between the latent variables of Entrepreneurial Orientation, Market Orientation, and Competing Business Performance each have a significant correlation value (<0.05). From these results can be carried out testing of structural models in accordance with the hypotheses that have been developed.

*4.5 Structural Equation Model*

The results of the CFA test show that the model is acceptable because it already meets the required criteria. Then from the CFA model is developed into a structural model according to the hypothesis and the developed model. The results of the full structural model are presented as follows:
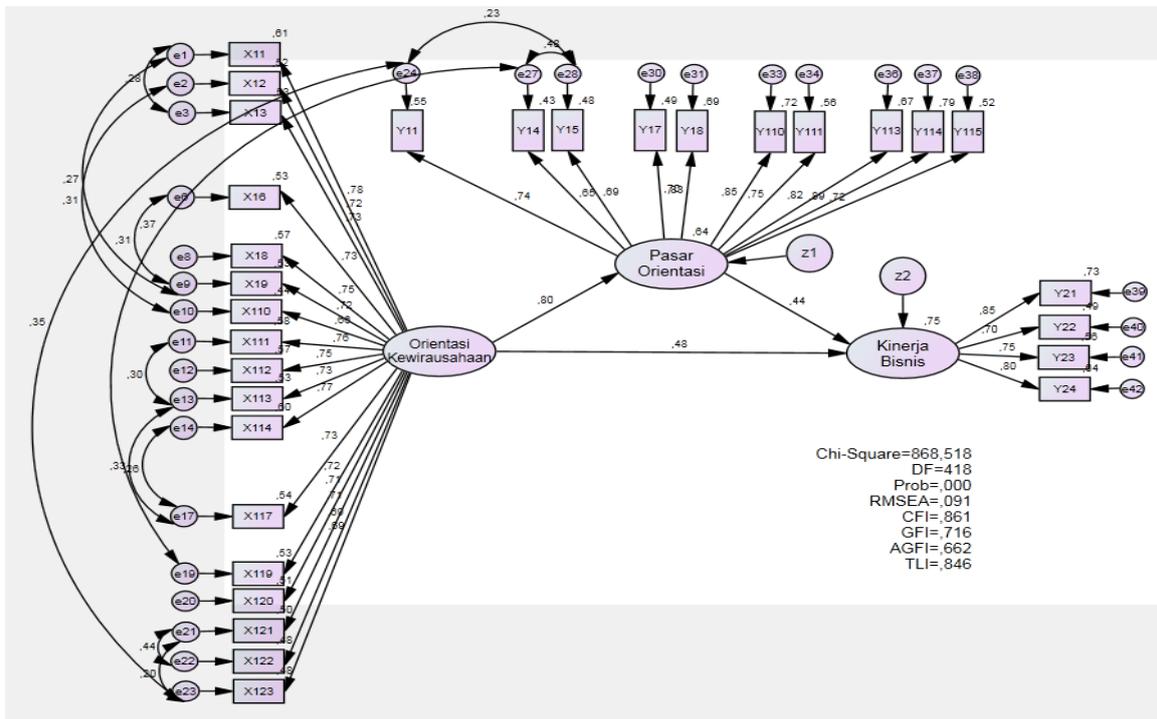
Chi-Square=868,518
DF=418
Prob=,000
RMSEA=,091
CFI=,861
GFI=,716
AGFI=,662
TLI=,846

**Figure 5.** Structural Equation Modelling

*4.6 Conformity Test and Empirical Model Test*

1. Absolute Fit Measures

Absolute fit measures are a direct measure used to find out how well the model set in the study can produce the observed data. Based on the results of the fit model conformity because it meets the test index based on the required rule of thumb. That is, the model can be empirically tested (there is a conformity with the data) used in this study. The sizes used are based on the type of absolute fit measures as follows:

2. χ2 –Chi-Square

Chi-Square (χ2) is a fundamental measure of overall fit, if the value of a small chi-square will produce a large probability (p) value, this right indicates that the input matrix of the covariance between prediction and observation, does not differ significantly. In other words, this test of a low chi-square (χ2) value will result in a degree of significance greater than 0.05 resulting in no significant difference between the data covariance matrix and the estimated covariance matrix. The test results obtained a chi-square value of 868,518 already in the small / low category.

3. CMIN/DF

CMIN/DF is a chi-square value divided by a degree of freedom. This index is obtained by means of CMIN (the Minimum sample discrepancy function) divided by its degree of freedom. This index is generally reported by researchers as one of the indicators for measuring the fit of a model. In this case CMIN/DF is nothing but a statistic χ2 divided by its df so it is called χ 2-relative. A relative value of χ2 of less than 2.00 or even less than 3.00 is an indication of the acceptable fit between the model and the data. In this study, the model produced a CMIN / DF of 2,078, this value is in the range of 2 and 3 so it is categorized as a moderate fit model.

## 4. RMSEA

RMSEA is an index that can be used to compensate for chi-square statistics in a large sample. Rmsea values indicate the goodness of fit that can be expected from the estimated model. Rmsea values smaller than 0.08 are an index for the acceptance of the model that indicates a close fit of the model. The result of the RMSEA value of the research model of 0.091 means that the model was accepted decently because the < 0.1. RMSEA size is more resistant to the number of samples or is not affected by the number of samples used. So that an easy measure to test the feasibility of an SEM model is more appropriate using RMSEA values.

## 5. GFI

The Goodness of Fit Index (GFI) is a relative measure of the number of variances and S-covariances (sample data covariance matrix) described by the $\sum$ (population covariance matrix). This dit conformity index will calculate the weighted proportion of the variance in the sample covariance matrix described by the covariance matrix of the estimated population. GFI is a nonstatistical measure that has a range of values between 0-1. A value of >0.9 indicates a fit model. The GFI value of this study of 0.716 means that the model is not fit.

**Table 8.** Absolute Fit Measures

| Goodness of Fit Index | Cut off value | Estimation | Result |
|---|---|---|---|
| Absolute Fit Measures | | | |
| $\chi^2$-Chi-square | Expected Small | 865.518 | Moderate fit |
| CMIN/DF | $\leq 2.00$ | 2.078 | Moderate Fit |
| Probability | $\geq 0.05$ | 0.000 | Not Fit |
| RMSEA | $\leq 0.08$ | 0.091 | Moderate Fit |
| GFI | $\geq 0.90$ | 0.716 | Not Fit |

### 4.7 Incremental fit Measures

Incremental fit Measures are intended to assess how well the model the researcher estimates compared to some alternative models. Some of the sizes used are as follows:

## 1. AGFI

AGFI is an analogue of $R^2$ in multiple regression. This Fit Index can be adjusted against the degress of freedom (df) available to test whether the model is accepted. The recommended AGFI value $\geq 0.90$. The results showed that the AGFI value of 0.662 means that the model is not fit.

## 2. TLI

The Tucker Lewis index (TLI) is an alternative incremental fit index that compares a model tested against a baseline model. The recommended value of criteria fit $\geq 0.95$. The results of this study show that the TLI value of 0.846 > 0.80 means that the moderate model is fit.

## 3. CFI

The magnitude of this index is in the range of values between 0-1, where the closer to 1 indicates the highest level of fit a very good fit. The recommended CFI value is $\geq 0.95$. The results of this study show that the CFI value of 0.861 > 0.80 means that the model is moderate fit.

## 4. NFI

The NFI cut of value for this index is close to 0.90. An NFI of 1.0 indicates that the model is perfect fit. In this study, the NFI value of 0.766 means that the model is not fit.

**Table 9.** Incremental Fit Measures

| Goodness of Fit | Cut off value | Estimation | Result |
|---|---|---|---|
| | Incremental fit Measures | | |
| AGFI | $\geq 0.90$ | 0.662 | Not |
| TLI | $\geq 0.95$ | 0.846 | Moderate Fit |
| CFI | $\geq 0.95$ | 0.861 | Moderate Fit |
| NFI | $\geq 0.90$ | 0.766 | Not Fit |

*4.8 Causality Test*

The complete causality model output results from Structural Equation Modeling (SEM) are presented in the table below.

**Table 10.** Regression weight Testing the Full Model Hypothesis

| Direct Effect | | | Estimate | S.E. | C.R. | P | Discussion |
|---|---|---|---|---|---|---|---|
| Enterpreneurial Orientation | ----> | Market Orientation | 0,897 | 0,119 | 7,551 | 0,000 | Significant |
| Market Orientation | ----> | Business Performance | 0,421 | 0,111 | 3,776 | 0,000 | Significant |
| Enterpreneurial Orientation | ----> | Business Performance | 0,513 | 0,127 | 4,025 | 0,000 | Significant |

1. Empirical Model Testing

The results of the full hypothesis test are presented as follows:

Hypothesis 1. The results of statistical testing provide the results of the estimated value of the influence of Entrepreneurial Orientation on the Orientation Market of 0.897, a CR value of 7.551 and a p-value of 0.000. Because the CR value of 7,551 > 1.96 or p-value of 0.000 < 0.05, it can be concluded that the Entrepreneurial Orientation has a significant positive effect on the Orientation Market.

Hypothesis 2. The results of statistical testing provide the results of the estimated value of the influence of Entrepreneurial Orientation on Business Performance of 0.421, a CR value of 3.776 and a p-value of 0.000. Because the CR value of 3,776 > 1.96 or p-value of 0.000 < 0.05, it can be concluded that the Entrepreneurship Orientation has a significant positive effect on Business Performance.

Hypothesis 3. The results of statistical testing provide the results of the estimated value of the influence of the Orientation Market on Business Performance of 0.513, a CR value of 4.025 and a p-value of 0.00. Because the CR value of 7,551 > 1.96 or p-value of 0.000 < 0.05, it can be concluded that Market Orientation has a significant positive effect on Business Performance.

Hypothesis 4. The coefficient of indirect influence of Entrepreneurial Orientation to Business Performance through Market Orientation is 0.897 x 0.421= 0.379. The calculation of the z value of the test table is as follows:

$$z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$$
$$z = \frac{0.897 \ x \ 0.421}{\sqrt{(0.421^2 0.119^2) + (0.897^2 0.111^2)}}$$
$$z = \frac{0.378}{\sqrt{0.0124}}$$
$$z = \frac{0.378}{0.111}$$
$$z = 3.388$$

z-score of 3.388 is greater than Z 1.96 at a significance level of 0.05, it can be concluded that the indirect influence coefficient of 0.378 is significant. This shows that Entrepreneurial Orientation has a significant positive effect on Business Performance mediated through Market Orientation.

2. Direct Effect

Direct effect is the coefficient of all coefficient lines with a single arrow of an exogenous variable against an endogenous variable. The results of the value of the coefficient of direct influence of the full quality relationship are presented in the table below.

**Table 11.** Direct Effect

|  | Enterpreneurial Orientation | Market Orientation | Business Performance |
|---|---|---|---|
| Market Orientation | ,897 | ,000 | ,000 |
| Business Performance | ,513 | ,421 | ,000 |

Table 11 shows that there is a direct effect of each exogenous latent variable on the endogenous latent variable, namely:

  a) The direct effect of corporate orientation on the orientation market was 0.897.

  b) The direct effect of entrepreneurial orientation on business performance was 0.513.

  c) The direct effect of Market Orientation on Business Performance was 0.421.

3. Indirect Effect

Indirect effect is an influence obtained through an intermediate variable. Based on the results of the model output, the value of each indirect influence of causality relationships in this study can be seen in the table below.

**Table 12.** Indirect Effect

|  | Enterpreneurial Orientation | Market Orientation | Business Performance |
|---|---|---|---|
| Market Orientation | ,000 | ,000 | ,000 |
| Business Performance | ,377 | ,000 | ,000 |

Table 12 shows that there is an indirect effect from Market Orientation to Business Performance through Entrepreneurial Orientation of 0.377.

4. Total Effect

Total effect is the influence of various relationships between variables, namely the relationship between direct and indirect influences. Based on the output results, the value of each of the total influences of causality relationships in this study is presented in the table below.

**Table 13.** Total Effect

|  | Enterprenurial Orientation | Market Orientation | Business Performance |
|---|---|---|---|
| Market Orientation | ,801 | ,000 | ,000 |
| Business Performance | ,826 | ,437 | ,000 |

Table 13 shows that there is a total effect of entrepreneurial orientation on Business Performance of 0.826.

*4.9 Discusion*

Entrepreneurship is a process of applying creativity and innovation to solve and seek opportunities from problems faced by business people. Based on this definition, the essence of entrepreneurship is creativity and innovation. Creativity is the ability to create new ideas by combining, changing, or reconstructing old ideas. While innovation is the application of the discovery of a new production process or the introduction of a new product. Entrepreneurship is an attitude to create something new and valuable for oneself and others. According to this definition, entrepreneurship is not only about seeking personal gain, but must also have social value. A different definition was revealed by (Hsieh et al., 2019), according to entrepreneurship is a person's ability to be sensitive to opportunities and take advantage of these opportunities to make changes to the existing system. In the world of entrepreneurship, opportunity is an opportunity to realize or carry out a business while considering the risks faced. There is also a more concise definition as proposed by Dereli (2015). According to him, entrepreneurship is the ability to create something new and different. This understanding implies that an entrepreneur is a person who can create something that has never existed before, or it could be by creating something different from what exists. From the various definitions above, it can be concluded that entrepreneurship is the process of applying creativity and innovation in taking advantage of opportunities to create change, either in the form of something new or different, to produce added value for oneself and others. If entrepreneurship refers to processes, or activities, then entrepreneurship refers to the perpetrators, namely people who have creativity and innovation to turn opportunities into real businesses that bring profits. Departing from this definition, it can be obtained in detail the main elements in entrepreneurship, namely: applying creativity and innovation, taking advantage of opportunities, making changes, and providing added value for oneself and others.

Entrepreneurship is a process carried out by an entrepreneur in applying creativity and innovation to realize opportunities in business. The process is basically an implementation of the characteristics inherent in the entrepreneur. These characteristics at the same time make it different from ordinary businesspeople. However, experts have a different view. According to Covin & Wales (2012) there are 8 characteristics of entrepreneurs, namely: Desire for responsibility, namely having a sense of responsibility for the efforts he does. Someone who has responsibility will always be introspective. Preference for moderate risk, which prefers moderate risk, meaning that you always have the courage to take risks as long as there is still a chance to succeed. Confidence in their ability to success, namely having the confidence to get success. Desire for immediate feedback, which always requires immediate feedback. High level of energy, which has passion and hard work to realize his desires for a better future. Future orientation, which is oriented and has perspective and insight into the future. Skill at organizing, having skills in organizing resources to create added value. Value of achievement over money, value achievement more than money.

Meanwhile, according to Lee & Peterson (2000) there are only 6 characteristics of entrepreneurs, namely: Not easily give up in achieving goals (need for achievement). Entrepreneurial attitude in managing his business (locus of control). Choose a challenge but there is enough possibility to succeed (risk taking propensity). The ability to relate to something that cannot be predicted (tolerance for ambiguity). Can create new goods and services (innovativeness). Having high confidence in the success of their business (confidence). According to Ferreira et al. (2020) an entrepreneur has several characteristics, namely: Discipline is an attempt to regulate or control a person's behavior in order to achieve a goal with the form of behavior that must be achieved, prohibited, or required. Independent, namely the attitude not to depend on the decision of what to do to others and to do things with their own abilities and at the same time dare to take risks for their actions. Realistic, namely a way of thinking in accordance with reality. High commitment, which directs the focus of the mind on the task and effort by always trying to get maximum results. Honest, which is willing and able to say things as they are Creative and innovative, namely thought processes that help in sparking new ideas and implementing them in real business ventures.

Entrepreneurial orientation arises from the recognition that organizational elements can be understood as entrepreneurial actors (Covin & Wales, 2012; (Miller & Friesen, 1983; Mintzberg, 1998). Insights of Entrepreneurial orientation has become one of the most well-established and researched topics in the management literature. (Spence et al., 2008; Wu & Liu, 2020). In fact, there is much about the conceptualization of entrepreneurship orientation that has been neglected and contributed to entrepreneurship orientation which is considered a phenomenon that is not fully understood (Covin & Wales, 2012). The concept of entrepreneurship orientation. This may be due to a simple introduction without application that is really applied to inclusion in organizations and companies. Entrepreneurial orientation is rooted in the desire to understand how companies realize and utilize various types of business strategies (Hambrick, 2003). Another view shows that the entrepreneurial orientation as an orient tation, entrepreneurship

orientation captures entrepreneurial themes across various elements of organizational behavior (Wales, 2016). However, the description of the entrepreneurial orientation in the past has been fragmented. For example, Covin et al. (2006) consider the conceptual domain of entrepreneurial orientation to include measures of specific firm performance outcomes and preferences, entrepreneur beliefs, and entrepreneur-related management behaviors. In another study, Anderson et al. (2009) considers the domain to include philosophical concepts about companies, behavior and management philosophies. Entrepreneurship orientation studies have also emphasized more specific organizational phenomena such as management style (Knight, 2001), organizational elements that include processes, practices, norms, and structures (Lumpkin & Erdoan, 2004), or entrepreneurial behavior. The identified manifestations of entrepreneurial orientation can be concluded to reflect a broader perspective of organizational orientation as demonstrated through elements such as priorities and internal processes, and external actions. Based on the previous discussion. Steps can be taken by executives to develop a stronger entrepreneurial orientation across the organization and by individuals to become more self-employed. For executives, it is important to design organizational systems and policies to reflect the five dimensions of entrepreneurial orientation. For example, how the organization's compensation system encourages or discourages this dimension should be considered for example: Are there risks to the employer or the company for example through salary increases and bonuses, regardless of whether the decision pays off or not?. Other organizational characteristics such as the level of corporate debt can affect entrepreneurial orientation. That is, does the firm's level of debt help or hinder innovation?

Examination of several performance measures can assist executives in assessing the entrepreneurial orientation in their organizations. To understand how organizations develop and strengthen autonomy, for example, top executives can administer employee satisfaction surveys and monitor employee turnover rates. Organizations that effectively develop autonomy must foster a work environment with high levels of employee satisfaction and low turnover rates (Jackson & Sirianni, 2009; Kahn, 1990). Such innovation can be measured by considering how many new products or services the organization has developed in the past year and how many patents the company has obtained. Similarly, individuals should consider whether their attitudes and behavior are consistent with the five dimensions of entrepreneurial orientation. Does an employee make competitor-focused decisions? Do employees provide executives with new ideas for products or processes that might create value for the organization? Do employees make proactive decisions as opposed to reactive decisions? Each of these questions will assist employees in understanding how they can help support an entrepreneurial orientation in their organization.

## 5. Conclusion

The realization of innovation based on entrepreneurship insight requires businesspeople before the product is sold on the market, a businessman / entrepreneur of course must know every detail of the goods they promote. It aims to make potential consumers believe in the products being sold. Then to maintain the existence of the products and businesses that are led, continuous evaluation to improve the quality of the products produced is a mandatory task in the business environment. Because consistency in maintaining good quality products gives consumers confidence about these products both now and in the future. Related to winning today's business competition, a good businessman is not only able to sell a lot of products but is also required to be able to educate consumers or potential customers. Regarding entrepreneurial insight, a reliable businessman is one who understands the segmentation of the products they sell. In other words, sellers must understand that the products they sell have certain segments and consumers because not all products are suitable for everyone.

Several supports in supporting the success of innovation for businesses based on digital operations, requiring innovation in products that are in line with the times are examples that should be imitated by any business, especially in e-commerce, data protection and privacy security are very important things to note for anyone. only those who sell on online media, for example in terms of quality control and accuracy in responding to customer complaints because in business relying on online business operations, excellent service is the main key that they must apply, because as consumers, they need good service and a fast response. from a seller / businessman.

Market Orientation which is important for the continuity of the organization / company, in line with increasing global competition and changes in customer needs where companies realize that they must always be close to their markets / consumers. Market orientation means orientation to: Orientation to customers (customer orientation) which can be done by fulfilling production based on customer needs, establishing good relationships with customers, and providing excellent service during pre-selling and after-selling. Orientation to suppliers (supplier orientation) which can be done

by taking good cooperation with suppliers, involving suppliers in the development of new products, and involving suppliers in the selection of raw materials. Orientation to Industry (Industrial Orientation), which involves the industry to guarantee fair market competition and industry involvement in meeting market demand according to a predetermined schedule so that there is no shortage of products in the market. A good and growing business is a business framework whose business activities are based on customer/consumer needs. In addition, a good business is also able to create a harmonious relationship with their customers. Because excellent service is the key to the success of modern business today, the form of service is certainly not only seen at the beginning of the sale but also excellent service when the customer experiences problems after purchasing the goods. This is an implementation of customer orientation (customer orientation).

Second, the success of business activities can not be separated from the orientation to suppliers (supplier orientation). This is urgent because today's modern business requires good cooperation between resellers and suppliers. This is important because both are inseparable units. The cooperation between business partners and suppliers also requires that the foundation of the relationship be built based on mutual positive benefits, considering that product suppliers must also provide education and information for their resellers/partners regarding new products that are trendy/latest. So that both business partners and suppliers, both must understand the market needs and consumer trends today.

Third, industrial orientation (industrial orientation). To create a healthy business cycle, the industry as a producer of a product must maintain market balance, so that competition between suppliers or sellers becomes healthy. Apart from that, the industry-based orientation aims to overcome the void in demand for goods and uncertainty in the supply of goods. The linkage between entrepreneurship insight and market orientation is to run fully if businesspeople can build the widest possible network. Because the reputation of a business / organization lies in the ability of a leader to manage the organization / business.

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