

ENTREPRENEURIAL ORIENTATION AND MARKET ORIENTATION ON THE PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

Muhammad Yunanto
Gunadarma University, Indonesia
(myunanto@staff.gunadarma.ac.id)

Henny Medyawati*
Gunadarma University, Indonesia
(henmedya@staff.gunadarma.ac.id)

Sri Hermawati
Gunadarma University, Indonesia

Estiningsih
Gunadarma University, Indonesia

*Presented at the: 2012 SIBR Conference on Interdisciplinary
Business and Economics Research, 7th-9th June 2012, Bangkok*

ABSTRACT

The aim of the study to determine the effect of entrepreneurial Orientation and market orientation of small micro and medium enterprises (MSMEs) manufacturers exporters in the area of Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek). The three variables analyzed in this study are: entrepreneurial orientation, market orientation, and unit performance MSMEs. The result of linear regression and correlation show that the relationship between entrepreneurial orientation variables and market orientation on MSMEs performance is positive and significant. The results of path analysis, show that the strength of the effect of partial orientation MSMEs entrepreneurs against the unit's performance was positive by 19%. The partial effect of market orientation on performance is positive for MSMEs. The strength of the influence of these two variables, entrepreneurial orientation and market orientation jointly (simultaneously) on the performance of SMEs is 51.9%, equal to the value of the coefficient of determination.

The magnitude level of influence of entrepreneurial orientation directly to the performance of MSMEs is 19%, if coupled with the relationship with market orientation will increased to 29.4%. The magnitude effect of market orientation directly to the performance of MSMEs is 11.7% and the influence through entrepreneurial orientation is 22.3%.

Key words: entrepreneurial orientation, market orientation, firm performance, path analysis

1. INTRODUCTION

The global financial crisis has dragged the sector of large enterprises that rely on sources of financing and foreign markets suffered tremendous setbacks impact. In the uncertain conditions that result in large companies to bankruptcy and ruin. MSMEs Manufacturer exporters and Indirect Exporter, can survive and generate foreign exchange. Empowerment of Micro, Small and Medium Enterprises (MSMEs) to be very strategic, because of a large potential in moving the economic activities of society, and become a mainstay source of income most

people in improving their welfare. The existence and role of MSMEs which in 2008 reached 51.26 million units, and is 99.99 percent of the national business, in the order of the national economy is no doubt, by looking at its contribution in employment, the establishment of the Gross Domestic Product (GDP) national, the national foreign exchange and national investment. The contribution of MSMEs to the formation of the total national export value in 2007 reached Rp. 143.01 billion or 16.01 percent, the contribution of Micro was recorded at Rp. 15.02 billion or 1.68 per cent and small was recorded at Rp. 34.66 billion or 3.88 percent. The medium enterprises reached Rp. 93.33 billion or 10.45 percent, the rest is the large business of Rp. 750.00 billion or 83.99 percent. In 2008, the role of SMEs to the formation of the national total export value increased by Rp. 40.75 billion or 28.49 percent of the achievement rate of Rp. 183.76 billion or 16.72 percent of total national export value. Micro contribution was recorded at Rp. 20.25 billion or 1.84 per cent and Small was recorded at Rp. 44.15 billion or 4.02 percent. While Medium Enterprises reached Rp. 119.36 billion or 10.86 percent, the rest is big business. (Small and Medium Enterprise Statistics 2007-2008)

Shift in the composition of national production is characterized by drastically decreased until cessation of production of goods and services that use a lot of raw materials/auxiliary materials/spare parts imported, although this kind of industry has a significant role in Indonesia's economy during this time. Most of the mainstay of export commodities such as textiles and textile products, apparel, and footwear are highly dependent on raw materials/auxiliary materials imported and the jobs that have been relied on to push the unemployment rate. Activities of land, sea and air which is the backbone of the distribution system is also highly dependent on imported spare parts, so that a continuous supply of services is very hard hit by the slump in the rupiah against the US\$. Overall this has resulted in reduction of supply of goods and services overall (aggregate supply shifts to the left above), which raises the pressure of inflation (cost push inflation) and termination of employment as a result of widespread decline in national production.

The diversity of products from the unit of MSMEs based on the object of research in the area of Jabodetabek, covering three of the Province, namely Jakarta, West Java and Banten can be displayed in Table 1.

Table 1. Number of MSME ready for export DKI Jakarta, Banten and West Java

No.	Produk UMKM	Province		
		DKI Jakarta	West Java	Banten
1.	Accessories	11	10	3
2.	Agriculture	8	1	2
3.	Food	16	13	1
4.	Furniture	22	95	0
5.	Garment	40	110	4
6.	Handicraft	31	109	3
7.	Houseware	20	49	0
8.	Leather, Bag, Footwear	24	110	1
9.	Others	21	26	1

Source: <http://depkop.go.id/ukm-siapekspor/download1des2009>

Entrepreneurship related to management entrepreneurship process includes the methods, practices and styles that managers use

to act entrepreneurship (Lumpkin & DESS 1996). By describing the expansion of the concept in the management process in general, in the literature found several different terms,

such as entrepreneurial proclivity (Matsuno, Mentzer and Ozsomer, 2002), entrepreneurial orientation (Lumpkin and DESS, 1996), entrepreneurial management (Stevenson and Jarillo, 1990) and corporate entrepreneurship (Liu, Luo and Shi, 2002).

In the literature of strategic management and entrepreneur, generally defined three-dimensional of organization underlying trend of entrepreneurial management process are: inovativeness, risk-taking and proactiveness. (Barringer and Bluedon 1999; Covin and Slevin 1989; Miller 1983). Miller (1983) stated that the orientation of the entrepreneur is the orientation of an aggressive emphasis on product and market concerns, the project is risky, and pioneered the trend of innovation and leading the competition. While Covin and Slevin (1989) entrepreneurial orientation has three characteristics: a high degree of innovation, risk-taking and a proactive attitude (proactiveness) entrepreneurial orientation can be described as a mechanism of selection and learning that gave birth to the investigation, daring to risk behavior (risk seeking) in product and process innovation. (Miller, 1983; Lumpkin and Dess, 1996).

Based on some of the literature review above, term orientation of the entrepreneur (entrepreneurial orientation) will be used in this study. The aim of the study to determine the effect of entrepreneurial Orientation and market orientation of small micro and medium enterprises (MSMEs) manufacturers exporters in the area of Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek). The definition of entrepreneur orientation to be used in this study are definitions according to Matsuno, Mentzer and Ozsomer (2002) with the following definition: "the orientation of the entrepreneur is organization tendency to accept process, practices, and entrepreneurial decision-making, which is characterized by a preference for inovativeness, risk taking (the courage to take risks) and proactiveness".

2. RESEARCH METHODOLOGY

2.1 Research Design, Type and Data Sources

The purpose of this study is to determine the effect of entrepreneurial orientation and market orientation on the performance of the unit of MSMEs. This study is a causality study, try to find a causal relationship described descriptively. The steps are performed in this study is to identify the influence between variables, finding the real type of facts to help understand and predict the relationship.

The sample in this study is use the purposive sampling method, determination of sampling techniques for specific purposes only. The sampling of MSMEs export-oriented located in the area of Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek), according to data on the site the Department of Cooperatives and MSMEs. Number of samples taken as many as 42 units of MSMEs export-oriented, spread over as many as 20 respondents of Jakarta, West Java, namely: Depok, Jakarta and Bogor and Jakarta a total of 18 respondents i.e. City and Tangerang Regency area 4 respondents. These groups include the producers of MSMEs units: accessories, agriculture, food, furniture, garment, handicraft, houseware, leather-bag-footwear.

Primary data collection was conducted by a survey based on respondents'

answers on a questionnaire which contains 55 questions and long charging 15-20 minutes. Data processing using regression analysis with the number of samples 42 samples. Primary data obtained by distributing questionnaires and interviews to MSMEs entrepreneurs in Jabodetabek. Secondary data obtained from the Ministry of Cooperatives and MSMEs of the Republic of Indonesia in the form of a written report which was published.

2.2 Research Variables and Description of Operational Variables

In this study, the exogenous variables are the entrepreneurial orientation variable (X1) use the 11 items of statements and the market orientation variable (X2) with 32 item statements. Dependent variable is firm performance (Y) or unit for MSMEs with 12 item statements.

Table 2. Definition of Research Variables

Variables	Description of Operational Variables
Corporate Performance Variables (Y)	Achievements of the company that has been achieved both in the field of financial and sales
Entrepreneurial Orientation Variables (X1)	Is the culture that produces behavioral propensity to bear risk (risk-taking), the desire to innovate (innovativeness) and a proactive attitude (proactiveness)
Market Orientation Variables (X2)	Market orientation as an organizational culture that produces highly effective and efficient conduct of intelligence generation, intelligence dissemination, responsiveness, to create superior value for buyers and ultimately creating a superior performance for the company.

Source: Covin & Slevin (1989); Morris & Paul (1987); Naman & Slevin (1993)

2.3 Research Model

This study analyzes the three variables: the entrepreneurial orientation (X1), market orientation (X2), and the performance of MSMEs units (Y). Coefficient ρ and r is the regression coefficient of weight, while ϵ is the disturbance term (error). This operational model is based on the analysis and synthesis of some of the results of previous studies in the field of entrepreneurial orientation and market orientation. Research model is presented in the following picture.

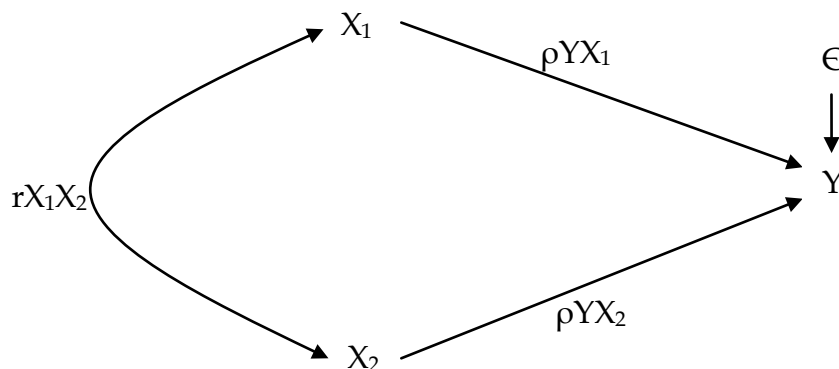


Fig.1. Structural relationship between entrepreneurial orientation (X1), market orientation (X2) and MSME unit performance (Y)

3. RESULT AND DISCUSSION

3.1 Validity and Reliability Test

Based on the results of validity and reliability of 12 items performance MSMEs units, 11 items in the entrepreneurial orientation variables and 32 items in the variable of market orientation gradually do reliability testing as well as the validity of using the corrected item-total correlation of the three elements of the variable results obtained as follows:

Variable performance of MSMEs units, Cronbach Alpha values obtained is 0.888 with 12 questions of items at a significance level of 5% ($p = 0.05$), based on 42 respondents, the value of r table Pearson product-moment, (Sugiyono 2008) $N = 42$, the r table is 0.304; then 12 questions proven reliable ($0.888 > 0.304$), as well as the whole items have a Cronbach alpha greater than the r table (0.304). On the item total statistics, the value of r table for two-sided test at the 95% confidence level ($p = 0.05$), 12 points in the variable performance of MSMEs unit has a value more than r table 0.304 then the whole items in the performance variables MSMEs unit has a valid measurement level.

The entrepreneurial orientation variables, reliability statistics at the first stage of testing, Cronbach Alpha value of 0.780 obtained with 11 item reliable, statistics on the total items, to validity test of the items there are 2 items that have a value smaller coefficient calculated from r tables 0.304 then be tested at the second stage by removing the 2 point item. The next test is reability statistics obtained with reliable with Cronbach Alpha value of 0.780 and a total statistics of all items larger than r table 0.304. Entrepreneurial orientation variables ultimately have reliability and validity with 9 items of questionnaire.

The market orientation variable performed 2 times of testing because at the first stage of testing, found three items of 32 items total statistics are smaller than r table 0.304. In the second phase of testing with 29 items produced value of cronbach's alpha is 0.906, so it is reliable. The total value items have a value greater than r table 0.304 so that the validity of market orientation items is valid and reliable.

3.2 Normality Test

Results of testing for normality with a normal QQ plot graphs, show that the performance variable data of MSMEs unit has normal distribution. Based on the analysis scatterplot on the graph to see the feasibility of the regression model, the dots of distributed residuals data do not form a specific pattern. The resulting regression model has the feasibility to use and is not detected its presence heteroskedastisitas thus meeting the requirements of the classical assumptions. Variable entrepreneurial orientation and market orientation happen to have the same value for $VIF = 2.032$ and tolerance = 0.492. Both from the VIF and tolerance value away from 1 so that the regression model was detected multicollinearity. Actually, the above regression models do not

meet the requirements of the classical assumptions of multicollinearity. Autocorrelation is also known as serial correlation, found in time series data. Regression of the detected autocorrelation can result in bias and inaccuracy confidence interval applying the F test and t test DW Table at $p = 0.05$, $N = 40$ and K (independent variable) = 2 is $dL = 1.391$ $dU = 1.600$. Therefore, $DW = 1.353$ thus occur autocorrelation regression model.

3.3. Analysis of Variable Relationships with Path Analysis

Proposition put forward to be tested empirically through a model of entrepreneurial orientation relationship and market orientation to firm performance of MSMEs. Market orientation and entrepreneurial orientation has a linear relationship and significant impact on company performance, (Ichyudin 2008; Narver and Slatter 1990; Slatter and Naver 1994; Han, Kim and Srivastava 1998). All three constructs were measured using the measurement instrument that can provide an ordinal scale scores.

Table. 3 Correlation test between entrepreneurial orientation and market orientation on the performance of MSMEs units

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.721 ^a	.519	.495	5.129	1.353

- a. Predictors: (Constant), Orientasi Pasar, Orientasi Wirausaha
 b. Dependent Variable: Kinerja Unit UMKM

The influence of entrepreneurial orientation and the overall market orientation of the unit's performance of MSMEs, through the r-square (coefficient of determination) is 0.519 indicates that the influence of entrepreneurial orientation and market orientation on performance of MSMEs units jointly (simultaneously) of 51.9%. In other words, the variability of the performance of MSMEs affected unit or can be explained by the entrepreneurial orientation and market orientation of 51.9%. When the entrepreneurial orientation and market orientation changes by 100% together the MSMEs unit performance will change the direction of 51.9%. For example, develop the innovative products or diversify their products, services as well as sensitivity to changes in business environment on the client/customer.

Table. 4 Test results entrepreneurial orientation and market orientation variable on the performance of MSMEs units

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1108.315	2	554.158	21.068	.000 ^a
	Residual	1025.804	39	26.303		
	Total	2134.119	41			

- a. Predictors: (Constant), Orientasi Pasar, Orientasi Wirausaha
 b. Dependent Variable: Kinerja Unit UMKM

Based on the calculated F value of 21.068 and Table F for $df = N - 2 = 42 - 2 = 40$, it was found that $F \text{ table} = 2.45$, F is calculated, ie $21.068 > 2.45$ from (Table F), then the linear relationship between above variables significant at the 95% confidence level. Regression model above shows a linear relationship between entrepreneurial orientation and market orientation on firm performance of MSMEs.

Table 5. Variable influence of entrepreneurial orientation and market orientation on firm performance of SMEs

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.360	11.549		-.204	.839
	Orientasi Wirasaha	.683	.248	.436	2.757	.009
	Orientasi Pasar	.188	.087	.342	2.158	.037

a. Dependent Variable: Kinerja Unit UMKM

The magnitude of the influence of entrepreneurial orientation on performance of MSMEs in partial units amounted to 43.6%. The significance level of entrepreneurial orientation variables on the performance of MSMEs units, using the t test, significance level of 5% then $df = n - 2 = 42 - 2 = 40$, t table of 1.684. The amount of t count is $2.757 > 1.684$ from t Table or significantly use $p = 0.009 < 0.05$. The relationship between entrepreneurial orientation and the performance of MSMEs units have demonstrated a linear relationship. In the calculation of market orientation on performance variables MSMEs units, indicated by the magnitude of t count is $2.158 > 1.684$ from (t Table) or significant $p = 0.037 < 0.05$. The effect of market orientation on the performance of MSME units amount to 34.2%. The relationship between market orientation on performance MSMEs unit also proved a linear relationship.

Proposition above translated into a variable path coefficients entrepreneurial orientation (X1) and market orientation (X2), based on the above calculation can be arranged matrix of path coefficients as follows:

$$\begin{pmatrix} \rho_{YX1} \\ \rho_{YX2} \end{pmatrix} = \begin{pmatrix} 0,436 \\ 0,342 \end{pmatrix} \quad (1)$$

From the summary of the output model show that r^2 (coefficient of determination) is equal to 0.519, determine the path coefficients of other variables or residue (the factors outside the entrepreneurial orientation and market orientation), ϵ or $\rho_{Y\epsilon}$ model, obtained by calculating:

$$\begin{aligned} \rho_{Y\epsilon} &= \sqrt{(1 - 0,519)} \\ \text{or } \epsilon &= 0,694 \end{aligned} \quad (2)$$

1. Correlation analysis

The relationship between entrepreneurial orientation, market orientation and performance of MSME units, obtained from the calculation of the relationship (correlation) between entrepreneurial orientation to market orientation, equal to 0.713, which means a very close relationship and the direction of the 1% significance level.

Table. 6 The relationships between variables: entrepreneurial orientation, market orientation and performance of MSMEs unit

		Orientasi Wirausaha	Orientasi Pasar	Kinerja Unit UMKM
Orientasi Wirausaha	Pearson Correlation	1	.713**	.680**
	Sig. (2-tailed)		.000	.000
	N	42	42	42
Orientasi Pasar	Pearson Correlation	.713**	1	.652**
	Sig. (2-tailed)	.000		.000
	N	42	42	42
Kinerja Unit UMKM	Pearson Correlation	.680**	.652**	1
	Sig. (2-tailed)	.000	.000	
	N	42	42	42

** . Correlation is significant at the 0.01 level (2-tailed).

Proposition above translated into a variable path coefficients entrepreneurial orientation (X1) and market orientation (X2) path diagram as follows:

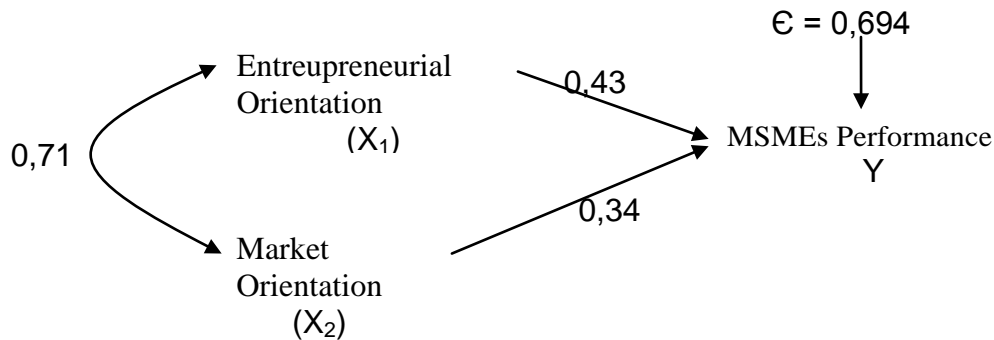


Fig. 2 Structural Relationship between Entrepreneurial Orientation, Market Orientation and Performance MSME units

Picture above shows that diagram consists of two exogenous variables; entrepreneurial orientation (X1) and market orientation (X2) with an endogenous variable, namely the performance of MSME units (Y). The structural equation path:

$$Y = 0.436X1 + 0.342X2 + 0,694 \quad (3)$$

Proposition models obtained have been acceptable on the basis of test, the statistical coefficient of the variable path entrepreneurial orientation on performance of MSMEs units with market orientation on performance MSME unit can be meaningful. This explanation gives an indication that the effects of the performance of MSMEs units proved, the entrepreneurial orientation greater influence evidenced by the coefficient of 0.436 with t count value of 27.57% (Table 6) compared with the market orientation coefficient of 0.342 evidenced by table t count value by 21,58% (Table 5).

The magnitude proportional influence of each exogenous variable, prove the value of variables influence entrepreneurial orientation and market orientation partially, through the calculation of the coefficient is found below:

The influence of entrepreneurial orientation variables:

- a. The value of the direct influence of entrepreneurial orientation variables partially on the performance of MSME units, indicated by the beta coefficient squared of entrepreneurial orientation on performance MSME units (ρ_{YX1})²; the amount of direct influence is at 0.4362 or 0.190 or 19%.
- b. The value of variables that affect the performance of SMEs with the unit through the correlative relationship between entrepreneurial orientation and market orientation, value (r_{X1X2}) multiplied by the value of exogenous variable coefficient second Beta (ρ_{YX1} and ρ_{YX2}) of the obtained results with the calculation: $0.436 \times 0.713 \times 0.342$ is 0.106 or 10.6%.
- c. The value of the total effect of the variable orientation of entrepreneurs through market orientation variables on the performance of MSMEs unit, obtained from the addition between the magnitude of the direct influence of entrepreneurial orientation on the performance of MSME units by unit size of the effect on performance of MSMEs through the correlative relationship (r_{X1X2}), namely: $0.190 + 0.106 = 0.296$ or 29.6%.

The value of the variable effect of market orientation with the entrepreneurial orientation variables on the performance of MSME units, obtained from the addition between the magnitude of the direct influence of market orientation on the performance of SME units by unit size of the effect on performance of SMEs through the correlative relationship (r_{X1X2}), namely: $0.117 + 0.106 = 0.223$ or 22.3%.

To prove the levels of the effects of both exogenous variables, namely entrepreneurial orientation and market orientation together (simultaneous) is to add the total of the magnitude of the influence of entrepreneurial orientation partially variable and partially market-oriented variables, namely: $29.6\% + 22, 3\% = 51.9\%$, the value of such calculations prove the magnitude of the coefficient of determination (r^2) of 0.519 in the calculation of SPSS.

3.4 Tests of Hypotheses

The results of hypothesis testing by multiple regression, correlation and path analysis showed that the independent variable, ie entrepreneurial orientation and market orientation and bound variables are endogenous, ie the performance of MSMEs unit receives all the results can be hypothesized. The third linear relationship variables in regression testing have a very strong level of correlation (r) 0.721. Entrepreneurial orientation and market orientation may explain its effect on the performance of MSME units with a coefficient of determination (r^2) of 0.519.

Result for all hypotheses:

- H1: Positive and significant relationship between entrepreneurial orientation and market orientation on the Micro, Small and Medium Enterprises. Based on the results of linear regression and correlation demonstrated that the relationship between entrepreneurial orientation variables on the performance of MSME units is positive and significant based on $p = 0.009 < 0.05$. Similarly, the relationship between the variables of market orientation on performance of MSME units is positive and significant based on $p = 0.037 < 0.05$.

- H2: Entrepreneurial orientation and export market orientation has positive and significant, partially or together (simultaneously) on the performance of the unit, Micro, Small and Medium Enterprises. Based on path analysis, the strength of the partial influence of entrepreneurial orientation of MSMEs is a positive unit performance by 19%. While the partial effect of market orientation on performance of MSMEs is a positive unit of 11.7%. Strength of the influence of these two variables, entrepreneurial orientation and market orientation together (simultaneously) on the performance of MSMEs units amounting to 51.9% this value is equal to the value of the coefficient of determination.
- H3: Entrepreneurial orientation is greater than the effect of market orientation on the performance of Micro, Small and Medium units. To determine the degree of influence over both variables is evident in the Standardized Coefficients (Beta), entrepreneurial orientation has a coefficient value greater than the value of the coefficient of market orientation, ie $0.436 > 0.342$. The level of influence of entrepreneurial orientation directly to the performance of MSMEs is 19% when coupled with the relationship with market orientation will increase to 29.4%. While the magnitude of the effect of market orientation directly to the performance of MSMEs is 11.7% and if through entrepreneurial orientation the influence level is 22.3%.

3.5 Performance Analysis of Power Relationships In MSMEs exporters

One of the government's efforts to promote economic growth is to increase non-oil exports gradually. The statement should be a positive signal for business, especially MSMEs who had been engaged in export trade as well as for those just starting their business in the field of exports. High government commitment should be an opportunity and challenge to the export players in Indonesia to boost marketing of its products to global markets, including business people from the group of MSMEs.

For those MSMEs that are scattered throughout Indonesia and conduct activities in various sectors and fields of business, take advantage of opportunities to be pursued and it is very likely to be developed given the very large number of MSMEs. Challenges and opportunities that can capture by MSMEs entrepreneur by enhancing entrepreneurial orientation and market orientation are very realistic. When the United States, Europe and Japan are experiencing a crisis and recession, it's time working on other markets that are categorized as rising (emerging markets), such as the Middle East. UAE as a center of services and economic relations in the Middle East as an export destination is still prospective and potential sources of investment. The main commodities Indonesia to the UAE include textiles and textile products (TPT), jewelry, electronics, plywood, automobile, paper products, rubber/tires, steel, footwear, cocoa and furniture.

In terms of exports, the overall share of exports of MSMEs should experience growth each year, including an increase in administrative and management quality. MSMEs export weakness perceived primarily on the ability to enter the export market with diverse products. The introduction of export markets, the diversity of products and the ability to access foreign markets is a challenge for MSMEs. The improved export performance of MSMEs in Indonesia is described by Tambunan (2003), that

export value of MSMEs in period 1993-1997 (prior to before Asian Financial Crisis) experienced an average growth of around 8% per year.

Views of the leaders of the market orientation of MSMEs, especially the export market, regardless of the aspect of technology, funding and ability of entrepreneur adjust to market demand, the ability of MSMEs entrepreneurs can be achieved by find market gaps that are still open and adjust production costs and quality to market demand. Other aspects market orientation is a reflection of the increasing role of MSMEs products are mostly indirectly through subcontracting systems with commercial intermediaries such as exporters or trading companies. Besides, the export performance of MSMEs in Indonesia is also determined by the development or market conditions that are served, whether producing and exporting products overseas market is rapidly growing, or are stagnating (declining world demand) and or manufactured products decreased power competitiveness or have good prospects.

In reaching the export performance of MSMEs, the constraints faced by MSMEs in particular is about diversity products that have been experienced to penetrate the global market. Some managed to overcome because the flow of a wide range of products imported into Indonesia, ease of access of MSMEs to obtain product information, increasing innovation of MSMEs in developing the design, quality and type of export product. Similarly, the fact the former professional layoffs from big companies are turning into entrepreneurs of MSMEs. Nevertheless, the ability of MSMEs to diversify their products in relatively still fairly slow and lagging behind the progress of most MSMEs in the ASEAN region, while the products developed are generally based on a simple technology with more priority to labor-intensive.

MSMEs can be substantially improved their performance, especially taking into account to the still large share of exports has been supplied by large business groups and non optimal capacity of MSMEs in export marketing. Optimizing the ability of MSMEs in exports should be supported with increased resources and management development of MSMEs to be able to adapt to the global environment. Besides, encouraging MSMEs to enhance their own ability to export directly that in fact provide value added to the MSMEs themselves such as; experience in direct communication with buyers, understanding the export procedures, market knowledge, increased in revenue of MSMEs from product sales price greater than exports through third parties (intermediaries) in the country.

Even a picture of Indonesia's export opportunities in the above gives signs of improving, but remains to be seen some of the obstacles experienced by MSMEs in accessing global markets in the future. Prospects and performance of MSMEs in foreign markets (exports), related to entrepreneurial orientation and market orientation, some of MSMEs export barriers, can be explain below:

1. The increasing globalization of trade demanding business response to market changes and consumer behavior in particular. Speed changing market demands and tastes of consumers are demanding products offered must be innovative, diverse and product cycles become shorter relative. The ability to access global markets, product innovation or even adopt appropriate product innovations according to market needs, are a collection of weaknesses that are owned by MSMEs in general.
2. In general, MSMEs in producing goods and services is only concentrated on a number of products or services that have traditionally been dealt with certain business groups and in certain markets only. This condition, less encouraging diversification of products or services of MSMEs good design, form and function of the resulting product. The low level

of diversification of MSMEs, giving the impression that MSMEs only specialize in products/services that traditionally have a comparative advantage such as apparel and some other textile products, manufactured goods such as footwear of leather and wood, including furniture and handicrafts.

3. The low accessibility to productive resources, especially those related to financing, information, promotion, technology and business networking products export.

MSMEs development directed at the driver supply strategy should be directed to the development of market-oriented MSMEs program, and based on efficiency considerations and the needs of MSMEs riel, which market orientation and programs that create market needs (demand-driven programs).

The entrepreneurs and MSMEs leaders make the formation of strategic alliances between MSMEs with foreign businesses. This alliance forms the most important mechanisms and effective for the transfer of business information, technological, managerial and organizational capabilities, as well as access to export markets for MSMEs based on the assistance provided by government agencies. In this alliance of MSMEs or foreign enterprises and domestic enterprises to cooperation based on the will and common interests.

3.6 Further Research

1. The results of this study are expected to provide input for subsequent researchers in explaining the pattern of relationships between entrepreneurial orientation variables, market orientation variables and company performance variables MSMEs. Researchers then expected to add another variable that could affect the company's performance of MSMEs, such as the impact of declining exchange rate, competitor orientation, corporate culture that affect corporate performance.
2. The respondents for the research is not limited only by the owner or head of MSMEs companies alone, the attitudes of the MSMEs company employees give an idea the company's efforts to achieve its objectives.
3. The result of this study has limitation because of the company's performance measurement indicators of MSMEs using the respondent's perception and not refer to the balanced scorecard approach that uses real data from company financial statements. Further research is expected to use the balance scorecard in determining corporate performance indicators of MSMEs so that the outcome is closer to the actual reality.

REFERENCES

- Barringer & Bluedorn. 1999."The Relationship between Corporate Entrepreneurship and Strategic Management," *Strategic Management Journal*, 20, (5), 421-444
- Covin, J.G., dan D.P. Slevin 1989. "Strategic management of Small Firms in Hostile and Benign Environments" . *Strategic Management Journal*, 10 (1), 75-87

- Departemen Koperasi dan UKM RI, “Kriteria Usaha”, <http://depkop.go.id/kriteria-usaha.html>, download July 1 2009
- Departemen Koperasi dan UKM RI, “UKM Siap Ekspor”, <http://depkop.go.id/ukm-siap-ekspor.html>, download on July 1 2009
- Han, Jin K, Kim, Namwoon & Srivastava, Rajendra K .1998. “Marketing Orientation and Organizational Performance: Is Innovation a Missing Link?”. *Journal of marketing*, 62, Oktober, 30-45.
- Ichyudin, Zuhad. 2008. “Pengaruh Orientasi Pasar, Orientasi Enterpreneur dan Inovasi Organisasi Terhadap Kinerja Finansial Perusahaan Periklanan di Indonesia”. *Dissertation, unpublished*.
- Lestari. 2010. “Pengaruh Orientasi Wirausaha terhadap Kinerja UMKM Eksportir Kerajinan Keramik di Plered, Kabupaten Purwakarta, Jawa Barat”. *Thesis, unpublished*.
- Liu, SS., Luo, X., & Shi, Y. 2002. “Integrating Customer orientation, Corporate Entrepreneurship and Learning Orientation in Organization Transition: Empirical Study”. *International Journal of Research in Marketing*, 19, 367-382.
- Lumpkin, G.T. & Gregory G. Dess 1996. “Clarifying the Entrepreneurial Orientation Construct and Linking It to Performance”. *Academy of Management Review*, 21, 1, 137-172.
- Matsuno, K., Mentzer J.T. & Ozsomer, A. 2002. “The effect of Entrepreneurial Proclivity and Market Orientation on Business Performance”. *Journal of Marketing*, 66 (3), 18-33
- Miler, Danny Friesen (1983). The Correlate of Entrepreneurship in Three Types of Firms. **Management Science**, 29, 770-791.
- Samosir, Agunan P. (2000). Faktor-Faktor Penghambat UKM Produsen Eksportir dan UKM Indirect Eksportir di Sub Sektor Industri Keramik Dalam Melakukan Ekspor. Merupakan hasil penelitian di Sentra Industri Kasongan, Kabupaten Bantul, Provinsi D.I. Yogyakarta, Tahun Anggaran 2000.
- Statistik Usaha Kecil Menengah Tahun 2007-2008 <http://www.scribd.com/doc/37755956/Statistik-Ukm-2009-Final-20091005> (accessed on December 2011)
- Moris, Michael H., Gordon W. Paul 1987. “The Relationship between Entrepreneurship and Marketing Established Firms”. *Journal of Business Venturing*, 2 (3), 247-259.
- Moris, M.H. & Kuratko, D.F, 2002. *Corporate Entrepreneurship*. New York, Harcourt College Publisher.

- Naman, John L. and Dennis P. Slevin .1993. "Entrepreneurship and the Concept of Fit: A Model of Empirical Test". *Strategic Management Journal*. 14 (2), 137-53.
- Riswido, Heribertus .2007. Faktor-faktor yang Mempengaruhi Orientasi Pasar Pengembangan Usaha Kecil dan Menengah (Studi di Industri Kerajinan Tenun dan Anyaman Kecamatan Minggir dan Moyudan Kabupaten Sleman), *Parallel Session IIIA: Agriculture & Rural Economy 13 Desember 2007*.
- Sarwono, Jonathan. 2008. *Analisis Jalur Riset Bisnis Dengan SPSS*. Penerbit Andi, Yogyakarta
- Simatupang, Pantjar, M.H. Togatorop, Rudy P. Sitompul, Tulus Tambunan (eds.) 1994, *Prosiding Seminar Nasional Peranan Strategis Industri Kecil dalam Pembangunan Jangka Panjang Tahap II, U KI-Press, Jakarta*.
- Slater, Stanley F. and Narver, John C. 199). "Does Competitive Environment Moderate the Market Orientation Performance Relationship". *Journal of Marketing* (January), 46-55.
- Sugiyono. 2008. *Metode Penelitian Bisnis*, Penerbit Alfabeta, Bandung
- Stevenson & Jarillo. 1990. "Paradigm of Entrepreneurship: Entrepreneurial Management". *Strategic Management Journal* 11 (S1), 17-27
- Tambunan, Tulus. 2003. "Globalisasi Ekonomi dan Ekspor Usaha kecil dan Menengah Indonesia". Infokop. No. 23, 2003.
- Venkatraman .1989. "Strategic Orientation of Business Enterprises: The Construct, Dimensionality, and Measurement". *Management Science*, 35 (8), 942-962
- Weijland, H. 1999. "Microenterprise Clusters in Rural Indonesia: Industrial Seedbed and Policy Target". *World Development*, 27(9), 1515-30.