Majority Science Journal (MSJ) Vol. 2 No. 3, August 2024
P-ISSN: 0000-0000; E-ISSN: 3025-1990
Available : https://jurnalhafasy.com/index.php/msj DOI: https://doi.org/10.61942/msj.235

# The Influence Of Entrepreneurial Orientation And Market Orientation On The Performance Of Tempe Micro Small And Medium Enterprises (Umkm) In Langsa City

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**Abstract**

*This research aims to identify and analyze the influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City. This research was conducted for two months, namely from February to March 2024, with a quantitative approach. The population studied included all tempeh MSME business actors in Langsa City, totaling 118 MSMEs. From this sample population, 54 MSMEs were selected purposively to ensure that the sample used was relevant and could provide significant information in the context of this research. The data collected in this research is primary data, obtained directly from the original source through various methods, including interviews, questionnaires and opinion polls. Apart from that, the results of direct observations of related objects or events are also used as part of primary data. This data was then analyzed to understand which entrepreneurial orientation, which includes innovation, proactivity, and the courage to take risks, as well as market orientation, which includes understanding consumer needs and preferences, can influence the performance of tempeh MSMEs in Langsa City. It is hoped that the results of this research will provide in-depth insight into the importance of entrepreneurial orientation and market orientation in improving MSME business performance. Thus, it is hoped that these findings can become the basis for formulating more effective business strategies, to support the development and sustainability of tempeh MSMEs in Langsa City, especially in facing increasingly competitive market challenges.*

***Keywords:*** *Entrepreneurial Orientation, Market Orientation, Performance, Tempe Msmes*

Citation:
Iskandar Saputra[1] , Fajri Jakfar[2] , Lukman Hakim[2] 2024. *MSJ: Majority Science Journal* , 2 (3), 173-192.
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## 1. Introduction

Micro, Small and Medium Enterprises (MSMEs) have a very important role in involving the community in economic activities. MSMEs operate in a business environment that is very dynamic and full of uncertainty, including challenges from suppliers, customers and competitors. In general, MSMEs make a significant contribution to economic growth, both in developed countries and throughout the world, by contributing large amounts to Gross Domestic Product (GDP) (Wardi, 2017). However, according to Elvina (2020), the aggregate contribution of MSMEs does not yet reflect the best performance of Indonesian MSMEs in domestic market competition. This is caused by various problems faced by MSME players in Indonesia, such as low quality of human resources, lack of product innovation, lagging behind in competing with products from large companies in terms of product innovation, quality and distribution, as well as low entrepreneurial orientation, mastery of technology, management, and attention to market orientation.

Tempe is a traditional food product made from soybeans which has a significant contribution to the micro, small and medium sectors (MSMEs) in Indonesia, including in Langsa City. Tempe MSMEs in this area play an important role in creating jobs and supporting people's income. However, a number of challenges are still faced by Tempe MSMEs in improving their performance optimally. In the context of MSMEs, entrepreneurial orientation and market orientation play a crucial role in determining business performance.

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Entrepreneurial orientation includes various dimensions such as innovation, proactivity, risk taking, competitive aggressiveness, and autonomy. These dimensions help MSMEs recognize new opportunities, develop creative ideas, and implement strategies that can provide competitive advantages. Meanwhile, market orientation is related to the ability to understand and meet consumer needs and preferences, as well as implementing effective marketing strategies to increase competitiveness in the market. In this context, two strategic concepts that influence MSME performance are entrepreneurial orientation and market orientation. Entrepreneurial orientation includes critical dimensions such as innovation, proactivity, risk taking, competitive aggressiveness, and autonomy. These dimensions enable business actors to recognize and exploit market opportunities, implement new ideas, and take strategic steps to differentiate themselves from competitors. In contrast, market orientation focuses on a deep understanding of consumer needs and preferences and the adaptation of effective marketing strategies to respond to market changes and increase product competitiveness.

MSMEs have a very strategic role in the Indonesian economy, not only as the main driver in job creation, but also as a driver of income distribution and poverty alleviation. The widespread existence of MSMEs throughout Indonesia makes them the backbone of the national economy, especially in encouraging economic activity in areas far from urban centers. With their ability to absorb local workers, MSMEs make a significant contribution to reducing the unemployment rate, thereby playing a role in improving community welfare. With increasingly fierce competition and ever-changing market dynamics, MSMEs often face significant challenges. Increasingly tight competition, both from domestic and foreign business actors, requires MSMEs to continue to improve their efficiency, innovation and competitiveness. This challenge is increasingly complex with changes in consumer preferences, rapid technological developments, and continually evolving regulations. MSMEs that are unable to adapt quickly to these changes are at risk of experiencing stagnation, or even a decline in business performance.

Limited access to resources such as capital, technology and markets is the main obstacle often faced by MSMEs. Capital problems often limit MSMEs' ability to expand and innovate, while limited access to technology prevents them from increasing productivity and operational efficiency. Limited access to markets, both local and international, often becomes a barrier for MSMEs to expand their business reach and increase their competitiveness on the global stage. To survive in the midst of increasingly fierce competition, MSMEs need to develop adaptive and innovative business strategies. They must strengthen entrepreneurial orientation and market orientation as a basis for facing changing market dynamics. MSMEs can continue to play their strategic role in the Indonesian economy, and increase their contribution to inclusive and sustainable economic growth.

Important aspects in business development include innovation, proactivity and courage in taking risks, all of which have a crucial role in encouraging business actors to continue to adapt to market dynamics. Innovation allows MSMEs to create new products and services that are able to meet unmet market needs. A proactive attitude encourages MSMEs to take early initiative in responding to changes, so they can stay ahead amidst competition. Courage in taking risks is a determining factor that allows business actors to make strategic decisions that can produce significant profits, even though they are accompanied by uncertainty. A company's ability to understand and respond to consumer needs and preferences, which is often referred to as market orientation, has an important role in maintaining close relationships with consumers, monitoring market trends, and adjusting business strategies according to changes that occur. The ability to innovate and a proactive attitude combined with a strong market orientation, MSMEs can improve business performance significantly. This synergy allows MSMEs to continue to innovate and remain responsive to consumer needs, which in turn increases competitiveness and business sustainability. With good integration between these aspects, MSMEs are able to create sustainable added value for consumers, maintain market share, and achieve stable business growth amidst increasingly fierce competition.

The difficulties currently faced by MSMEs can impede their ability to compete effectively and manage their operations, leading to reduced revenue performance. To address these

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challenges, MSMEs need to focus on enhancing their business performance through strategic improvements. A key approach is strengthening both entrepreneurial orientation and market orientation. Entrepreneurial orientation includes five essential dimensions: innovation, proactiveness, risk-taking, competitive aggressiveness, and autonomy. Each of these dimensions plays a crucial role in helping MSMEs thrive in a competitive environment (Prasetyo & Wijaya, 2020). **Innovation** facilitates the creation of new products and services, enabling businesses to meet market demands and stand out from competitors. **Proactiveness** allows entrepreneurs to anticipate market trends and act ahead of rivals, positioning their businesses to seize opportunities before others do. **Risk-taking** involves exploring new ventures and pursuing innovative ideas, even when outcomes are uncertain, which can lead to significant advancements and rewards. **Competitive aggressiveness** drives businesses to adopt assertive strategies that challenge competitors and aim for market leadership. Lastly, **autonomy** provides entrepreneurs with the freedom to make independent decisions, fostering an environment where strategic and creative ideas can be implemented effectively. By bolstering these aspects of entrepreneurial orientation, MSMEs can improve their performance, enhance their competitive edge, and achieve greater success in the market.

Market orientation is essential for MSMEs, as it focuses on comprehending and addressing customer needs and preferences. This approach involves employing marketing strategies that aid in the business's development and enhancement of overall performance. By grasping consumer preferences and market trends, MSMEs can create more effective responses to market fluctuations and boost their competitive edge.Research by Ahmatang and Sari (2022) underscores the importance of entrepreneurial orientation for achieving success in business. Entrepreneurial orientation, which includes elements like innovation, proactivity, and risk-taking, not only supports business performance and resilience but also enhances the entrepreneur's capability to effectively manage and grow their enterprise. In summary, both market orientation and entrepreneurial orientation are vital for MSMEs striving to excel in a competitive landscape. Market orientation helps businesses align their strategies with customer demands and market shifts, while entrepreneurial orientation equips them with the necessary skills for successful management and business expansion. Together, these approaches enable MSMEs to strengthen their market position and drive sustained success.

Regions with significant MSME potential in the tempe sector, such as Langsa, are strategic locations to study the impact of entrepreneurial orientation and market orientation on business performance. The huge potential in the tempe industry in this area makes it an ideal focus for this research. Entrepreneurial orientation, which includes innovation, proactivity, and courage in taking risks, as well as market orientation, which includes understanding consumer needs and responding to market changes, play an important role in determining the success of MSMEs. This research aims to explore the extent to which these two orientations influence the performance of tempeh MSMEs in Langsa. In-depth analysis, it is hoped that this research can provide a clearer understanding of the relationship between entrepreneurial orientation, market orientation and business performance. It is hoped that the results of this research will produce useful strategic recommendations for business actors to improve their performance and competitiveness in an increasingly competitive market. It is hoped that this research will not only provide in-depth insight into the influence of these two orientations, but also become an important reference for policy makers and business actors in formulating more effective and sustainable business strategies. Strong analysis of business actors can develop more adaptive and innovative strategies, while policy makers can design support programs that suit the needs of MSMEs. This research aims to help tempeh MSMEs in Langsa strengthen their position in the market, increase competitiveness, and achieve sustainable growth.

The tempeh industry is currently one of the focuses of attention in the MSME sector. Tempeh production is generally still carried out using traditional methods, where recipes are passed down from generation to generation and production facilities are not adequately planned. Based on data from DISPERINDAGKOP and UKM Langsa City (2020), the number of MSMEs in Langsa City reached 34,029 units. Data on the development of the number of MSMEs in the last four years shows significant fluctuations: in 2015, there was an increase of

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3.5%, followed by growth of 2.83% in 2016. However, in 2017, the number of MSMEs decreased by 0.56 %, and a sharper decline occurred in 2018, namely -0.69%. However, in 2019, the number of MSMEs again increased substantially by 8.21%. With this background, this research aims to explore the influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City. This research is entitled "The Influence of Entrepreneurial Orientation and Market Orientation on the Performance of Tempe Micro, Small and Medium Enterprises (MSMEs) in Langsa City". The main focus of this research is to understand how aspects of entrepreneurial orientation—such as innovation, proactivity, and courage in taking risks—as well as market orientation—which involves understanding consumer needs and responding to market changes—impact the performance of tempe MSMEs. It is hoped that the results of this research will provide in-depth insight into the factors that influence the performance of tempeh MSMEs and offer strategic recommendations to increase the competitiveness and sustainability of the tempeh industry in Langsa City. In this way, MSME players can optimize their strategies, increase operational efficiency, and take advantage of existing market potential.

## 2. Method

### Place and Time of Research

This research was carried out in Langsa City, which was chosen based on the consideration that this city has great potential in the MSME sector, especially in the tempe industry. According to a report from Radio Republik Indonesia (RRI) in 2023, Langsa City is known as a service city with various potentials in creative industries that have not yet been fully developed. The existence of MSMEs and creative industries in this city offers significant opportunities for further development and increased contribution to the local economy. This research lasted for two months, from February to March 2024, to ensure comprehensive data collection and in-depth analysis regarding the influence of entrepreneurial orientation and market orientation on the performance of tempe MSMEs in Langsa. During this period, researchers will carry out surveys, interviews and field observations to obtain an accurate picture of the conditions and challenges faced by Tempe MSMEs. It is hoped that the results of this research will provide valuable information for business actors and policy makers in formulating more effective and sustainable development strategies.

### Research Approach

This research applies a quantitative approach that focuses on hypothesis testing and data analysis using statistical methods. This approach emphasizes measuring the variables involved, so that the results can be analyzed statistically. With a quantitative approach, researchers can describe the cause-and-effect relationships between existing variables, allowing problem formulation to be resolved within a clear framework regarding cause-effect relationships. In the context of this research, a quantitative approach is used to evaluate the influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City. The data collected will be analyzed using SPSS version 26 software, which is a statistical analysis tool that has been proven reliable in social research. SPSS version 26 will assist in data processing, hypothesis testing, and interpretation of results, so that research results can be presented accurately and can be accounted for. With this approach, it is hoped that this research can provide an in-depth understanding of how entrepreneurial orientation and market orientation influence the performance of Tempe MSMEs. The quantitative approach makes it easier to identify important patterns and relationships between the variables studied, which in turn can produce data-based strategic recommendations to improve the performance and competitiveness of tempeh MSMEs in Langsa City. This approach also provides a solid basis for analyzing trends and interconnected variables in the context of MSME business strategy.

### Research Object and Scope

This research highlights Tempe MSME entrepreneurs and individuals who have an understanding of entrepreneurial orientation and market orientation in Langsa City. The focus of this study is Tempe MSME during 2024, and is limited to three main aspects: entrepreneurial

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orientation, market orientation, and MSME performance. Entrepreneurial orientation includes elements such as innovation, proactivity, and courage in taking risks, which influence the way Tempe MSME entrepreneurs run and develop their businesses. Meanwhile, market orientation is related to the ability to understand and respond to consumer needs and preferences and adapt to market changes. MSME performance is measured based on indicators such as sales growth, profitability and customer satisfaction. In this study, the measurement instruments for the variables studied have been summarized in Table 1. The table provides details about the measuring instruments used as well as the relevant indicators for each variable. This table helps in understanding the measurement methods, types of data collected, and analysis techniques applied. With Table 1, an assessment of the influence of entrepreneurial orientation and market orientation on the performance of Tempe MSMEs can be carried out accurately. Table 1 presents complete information regarding data collection and analysis techniques used, as well as parameters for measuring research variables. This provides a strong basis for evaluating the relationship between entrepreneurial orientation, market orientation, and tempe MSME performance. With the data obtained and the analysis techniques applied, this research aims to provide in-depth insights that can be used to formulate better business strategies and decision making in the future.

**Table 1. Research Variable Measurement Instruments**

| Variable | Indicators/Statement items | Indicator/Item Code |
|---|---|---|
| Entrepreneurial Orientation (Al Mamun et al., 2017) | 1. I have the ability to come up with ideas | OK1 |
| | 2. I like trying new things in running a business | OK2 |
| | 3. I dare to take risks on the decisions made | OK3 |
| | 4. The uncertainty of the business environment makes me even more motivated to succeed | OK4 |
| | 5. I can identify and capture business opportunities | OK5 |
| | 6. I always think hard to find information about business | OK6 |
| Market Orientation (Tomášková, 2009) and (Ospina and Perez, 2013) | 1. We always pay attention to competitors' policies | OP1 |
| | 2. Attention to customers to create competitiveness | OP2 |
| | 3. We always provide customer attention and satisfaction | OP3 |
| | 4. We always provide the best value to customers | OP4 |
| | 5. We are always responsive to customer complaints | OP5 |
| | 6. Presenting new products to satisfy customers | OP6 |

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| Variable | Indicators/Statement items | Indicator/Item Code |
|---|---|---|
| MSME performance (Darroch, 2005) and Butler, (2006.p. 49). | 1. Our business has always experienced profits in the last three years | K1 |
| | 2. Personal income from this business is growing | K2 |
| | 3. In the last 12 months, the business has achieved its goals | K3 |
| | 4. Product sales experienced growth | K4 |

**Population and Sample**

The population of this research consists of MSME tempeh business actors in Langsa City, which includes 118 business units. To select the sample, this study used a "purposive sampling" technique, which allows researchers to determine the sample based on specific criteria relevant to the research objectives. This technique ensures that the samples taken can provide significant and precise information. This study selected 54 tempeh MSMEs as samples from the total population. Sample selection considered factors such as business size, level of experience, and suitability to the research focus. By using a purposive sampling technique, the researcher ensured that the selected sample was able to reflect relevant characteristics to assess the influence of entrepreneurial orientation and market orientation on the performance of Tempe MSMEs. Determining the sample size aims to obtain representative data and support in-depth analysis. This is important so that the research results can provide accurate insight into the performance of tempeh MSMEs in Langsa City. The purposive sampling technique helps researchers select relevant and effective samples, so that the data obtained can be used to formulate better business strategies and performance evaluations in the future.

**Methods and Data Collection**

This research utilizes primary data as the main source of information. Primary data is obtained directly from the source through various techniques, such as interviews, questionnaires, or individual or group opinions. Apart from that, primary data also includes the results of observations of objects, events or test results (Sugiyono, 2016). In this research, primary data collection was carried out using several approaches. The interview method was used to explore in-depth information regarding the entrepreneurial orientation and market orientation of MSME Tempe business actors. This approach provides an opportunity for researchers to gain a more detailed and direct understanding of business actors. In addition, questionnaires were used to collect quantitative data related to research variables such as innovation, proactivity, market understanding, and MSME performance. The questionnaire is designed to obtain data that can be analyzed statistically.

Observations are also carried out to record conditions and practices that occur directly in the field. Through observation, researchers can collect empirical data that complements the results of interviews and questionnaires and provides a more concrete picture of activities in the field. According to Sugiyono (2016), primary data is very valuable because it is obtained directly from the source, thus providing an accurate and relevant picture of the phenomenon being studied. By relying on primary data, this research aims to obtain valid and accountable results and provide in-depth insight into the influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City. Diverse data collection methods ensure that the information obtained is complete and supports comprehensive analysis, increasing the reliability and accuracy of research results.

**Data Analysis Methods**

**Validation Test**

Validity testing is a crucial step in research that aims to expand the extent to which a measurement instrument is able to measure the concept or variable to be studied accurately. Validity shows the precision and accuracy of the measuring instrument in capturing the

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essence of what is to be measured, so that the results can be used to make correct and accountable conclusions. In its implementation, there are various types of validity that can be tested, including content validity, construct validity, criterion validity, external validity, and display validity. Validity is assessing whether the items in the instrument have covered all relevant aspects or dimensions of the concept being measured, often carried out by involving assessments from experts in related fields. Construct validity tests whether the items truly reflect the expected theoretical construct, usually through techniques such as factor analysis. Criterion validity looks at the extent to which the measurement results are measured by relevant external criteria, either in the form of predictions or simultaneously. External validity ensures that research findings can be generalized to a wider population, outside the sample used in the study. Display validity, although subjective, assesses whether the instrument appears valid and appropriate to use according to the perceptions of respondents. Validity testing is often carried out using statistical approaches, such as correlation analysis or factor analysis, to ensure that the instrument is valid and reliable in the context of the research being conducted.

**Reliability Test**

Reliability testing aims to assess the consistency and reliability of a research instrument, such as a questionnaire or list of questions in interviews. This process ensures that the instrument provides stable and consistent results over time. A questionnaire is said to be reliable if the respondent's answers remain consistent when answering the same questions at different times or under different conditions. Reliability measurements are generally carried out using Cronbach's Alpha, which measures the extent to which the items in a questionnaire correlate with each other and contribute to the measurement of the same variable. Cronbach's Alpha values range from 0 to 1, with values close to 1 indicating a high level of reliability. By using reliability testing, researchers can ensure that the questionnaire or list of questions used in research can provide consistent and reliable results, which in turn strengthens the validity of research findings. :

$$r_{11} = \left(\frac{n}{n-a}\right)\left(1 - \frac{\sum \sigma_{t^2}}{\sigma_{t^2}}\right)$$

information:

$r_{11}$ = the reliability sought
n = number of question items tested
$\Sigma\sigma_t^2$ = total variance in scores for each item
$\sigma_t^2$ = total variance

Calculation of reliability test results is carried out using Cronbach's Alpha value. This value functions as the main indicator in assessing the reliability of a research instrument. In general, if the Cronbach's Alpha value is greater than 0.7, then the research data is considered to have fairly good reliability. This shows that the questionnaire or instrument used provides consistent and reliable results to explain research results accurately. The Cronbach's Alpha value is less than 0.6, so the research data is considered not to meet adequate reliability standards. In this situation, the research instrument may not provide consistent results, so the data obtained is not strong enough to support the research conclusions. A low Cronbach's Alpha value indicates instability in responses to questionnaire items, which can affect the accuracy of research results. The higher the Cronbach's Alpha value, the higher the level of reliability of the research data. A value close to 1 indicates that the items in the questionnaire correlate well with each other and consistently measure the same variable. The use of Cronbach's Alpha values in reliability tests helps researchers ensure that the research instruments used can produce valid and reliable data, thereby increasing the accuracy and validity of research findings.

**Classical Assumption Test**

The classical assumption test is an important procedure in evaluating a regression model to ensure that the model meets the basic conditions necessary for the estimation results to be considered valid and reliable. This procedure includes checking four key assumptions: residual

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normality, multicollinearity, autocorrelation, and heteroscedasticity. Residual normality refers to the requirement that the residuals, namely the difference between the values predicted by the model and the actual observed values, should be normally distributed. If the residuals do not follow a normal distribution, the results of the regression model can be inaccurate. Multicollinearity refers to the presence of a strong linear relationship between the independent variables in the model. The presence of multicollinearity can interfere with the interpretation of regression coefficients because independent variables influence each other. Autocorrelation occurs when the residuals from one observation are correlated with the residuals from another observation, indicating that the model may not fully reflect patterns in the data. This can affect the accuracy of parameter estimates. Heteroscedasticity refers to the condition in which the residual variance is inconsistent across the range of values of the independent variable, which can reduce the efficiency of the model and make the variance estimates inaccurate. A regression model is said to be good if it meets the requirements of the classical assumption test, namely normally distributed residuals, no multicollinearity, no autocorrelation, and no heteroscedasticity . Conditions that are not met, the regression model cannot be considered as BLUE (Best Linear Unbiased Estimator). BLUE indicates that the regression model provides the most efficient, unbiased, and accurate parameter estimates, as long as all classical assumptions are met. Ensuring that the regression model meets these assumptions is key to obtaining valid and reliable regression analysis results.

**Normality Test**

Normality test is an important procedure to assess whether the collected data follows a normal distribution. This process ensures that the basic assumptions for parametric statistical methods can be met. One method used is the Kolmogorov-Smirnov test, which is usually applied to large samples. In this test, data is compared with a normal distribution using Kolmogorov-Smirnov statistics. The significance level (p-value) is greater than $\alpha = 0.05$, then the data is considered normally distributed. Conversely, if the p-value is less than 0.05, then the data does not follow a normal distribution. Another method is the Shapiro-Wilk test, which is more suitable for small to medium samples, generally up to 2000 observations. This test measures how well the data follows a normal distribution by comparing the observed data distribution with the expected normal distribution. In statistical software such as SPSS, data is considered normally distributed if the p-value is greater than $\alpha = 0.05$. If the p-value is less than 0.05, then the data is considered not to follow a normal distribution. This method provides an important assessment to determine whether the data meets the assumption of normality, which in turn influences the selection of appropriate statistical methods for further analysis. From the results of the normality test, researchers can ensure that the statistical analysis carried out is valid and accurate.

**Multicollinearity Test**

The multicollinearity test is an important procedure in regression analysis to detect a strong relationship between two or more independent variables in a model. The presence of multicollinearity can cause uncertainty in parameter estimates, so that the analysis results become unstable and difficult to interpret. In this condition, the regression coefficient can change significantly with slight changes in the data, which has the potential to cause errors in measuring the influence of the independent variable on the dependent variable. Several techniques commonly used to identify multicollinearity include Variance Inflation Factor (VIF) and tolerance. VIF helps evaluate the extent to which one independent variable can be explained by another independent variable, with values above 10 often considered to indicate multicollinearity problems. On the other hand, low tolerance (usually below 0.1 or 0.2) also indicates this problem. If multicollinearity is found, various steps can be taken, such as eliminating variables that are highly correlated with each other, applying transformation to the variables, or using ridge regression to reduce the impact of multicollinearity. Thus, this test plays a crucial role in ensuring that the regression model built has reliable results and can be interpreted well.

**Heteroscedasticity Test**

The heteroscedasticity test is an important step in regression analysis which aims to detect whether the variance of the residual or error of the regression model is constant or not.

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When the residual variance varies depending on the value of the independent variable, this condition is called heteroscedasticity, which can result in parameter estimates being inefficient, standard errors being inaccurate, and significance tests being misleading. In an ideal regression model, the homoscedasticity assumption must be met, where the residual variance remains constant for all predicted values. To detect heteroscedasticity, several methods that are often used include the Park test and the Glejser test, which involve regression of the absolute value of the residual on the independent variable; as well as the Breusch-Pagan test and White's test, which are formal statistical methods for testing the relationship between residual variance and independent variables. In addition, residual plots against predicted values or independent variables can also be used as a visual tool to detect heteroscedasticity patterns. If heteroscedasticity is found, researchers can take steps such as carrying out variable transformations, using robust standard errors estimates, or applying more complex regression models such as Generalized Least Squares (GLS) to overcome this problem. The heteroscedasticity test is very important to ensure that the regression results can be interpreted correctly and have high validity.

**Simultaneous Significance Test (F Test)**

The heteroscedasticity test is an important step in regression analysis which aims to detect whether the variance of the residual or error of the regression model is constant or not. When the residual variance varies depending on the value of the independent variable, this condition is called heteroscedasticity, which can result in parameter estimates being inefficient, standard errors being inaccurate, and significance tests being misleading. In an ideal regression model, the homoscedasticity assumption must be met, where the residual variance remains constant for all predicted values. To detect heteroscedasticity, several methods that are often used include the Park test and the Glejser test, which involve regression of the absolute value of the residual on the independent variable; as well as the Breusch-Pagan test and White's test, which are formal statistical methods for testing the relationship between residual variance and independent variables. In addition, residual plots against predicted values or independent variables can also be used as a visual tool to detect heteroscedasticity patterns. If heteroscedasticity is found, researchers can take steps such as carrying out variable transformations, using robust standard errors estimates, or applying more complex regression models such as Generalized Least Squares (GLS) to overcome this problem. The heteroscedasticity test is very important to ensure that the regression results can be interpreted correctly and have high validity.

## Results and Discussion

### Data Quality Test

#### a. Validity Test

Validity testing is a crucial step in research to ensure that each question item in a research instrument, such as a questionnaire, is truly capable of measuring the variable in question. The validity of a question item shows the extent to which the question accurately represents the concept to be measured. In this case, the validity test is carried out by comparing the calculated r value from the test results with the predetermined r table value. The calculated r value was obtained through a correlation test using the bivariate Pearson method in SPSS software. This method tests the relationship between each question item and the total score of the variable being measured. If the calculated r value is greater than the table r value, the question item is declared valid, which means that the question has a significant correlation with the total score of the variable and is reliable in measuring the concept in question. The r table value is determined based on the degrees of freedom (df) which are calculated using the formula df = N - 2, where N is the number of respondents in the study. In this study, with a total of 54 respondents, df was calculated as 54 - 2 = 52. With a significance level (alpha) of 5% and df of 52, the r table value was 0.268. A reference value of 0.268 is used to determine the validity of question items. If the calculated r value of a question item exceeds this number, then the item is considered valid and relevant for measuring the variable in question. Conversely, if the calculated r value is less than 0.268, the question item is considered invalid and may need to be corrected or deleted from the questionnaire. After the validity testing process is carried

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Available : https://jurnalhafasy.com/index.php/msj DOI: https://doi.org/10.61942/msj.235

out, the results will provide an overview of the validity of each question item on all the variables tested.

The results of this validity test are very important because they guarantee that the research instruments used can produce accurate and reliable data, thereby supporting valid research conclusions. The validity of question items ensures that the research instrument appropriately measures the variables to be analyzed, in accordance with the research objectives.The results of the validity test will be presented in table form which displays the calculated r value for each question item and compares it with the table r value as a validity reference. Presentation in table format makes it easier to identify items that meet the validity criteria and items that require adjustment.The importance of validity testing lies in its ability to ensure that the data obtained truly represents the variable being measured. High validity of question items ensures that the research instrument is a reliable tool and provides relevant information, so that conclusions drawn from research data are more accurate and based on solid evidence. With the validity test results presented in the table, researchers can clearly determine valid items and make revisions if necessary, thereby improving the quality and reliability of the research instrument as a whole.

**Table 2. Validity Test Results**

| No | Variable | | r count | r table | Information |
|---|---|---|---|---|---|
| 1. | Entrepreneurial Orientation ($X_1$) | $X_1$.1 | 0.583 | 0.268 | Valid |
| | | $X_1$.2 | 0.657 | 0.268 | Valid |
| | | $X_1$.3 | 0.714 | 0.268 | Valid |
| | | $X_1$.4 | 0.768 | 0.268 | Valid |
| | | $X_1$.5 | 0.835 | 0.268 | Valid |
| | | $X_1$.6 | 0.795 | 0.268 | Valid |
| | | $X_1$.7 | 0.723 | 0.268 | Valid |
| | | $X_1$.8 | 0.782 | 0.268 | Valid |
| | | $X_1$.9 | 0.807 | 0.268 | Valid |
| | | $X_1$.10 | 0.623 | 0.268 | Valid |
| 2. | Market Orientation (X2) | $X_2$.1 | 0.705 | 0.268 | Valid |
| | | $X_2$.2 | 0.687 | 0.268 | Valid |
| | | $X_3$.3 | 0.687 | 0.268 | Valid |
| | | $X_2$.4 | 0.775 | 0.268 | Valid |
| | | $X_2$.5 | 0.768 | 0.268 | Valid |
| | | $X_3$.6 | 0.894 | 0.268 | Valid |
| | | $X_2$.7 | 0.875 | 0.268 | Valid |
| | | $X_2$.8 | 0.889 | 0.268 | Valid |
| | | $X_3$.9 | 0.883 | 0.268 | Valid |
| | | $X_2$.10 | 0.887 | 0.268 | Valid |
| | | $X_2$.11 | 0.817 | 0.268 | Valid |
| | | $X_3$.12 | 0.723 | 0.268 | Valid |
| 3. | Performance (Y) | Y.1 | 0.740 | 0.268 | Valid |
| | | Y.2 | 0.854 | 0.268 | Valid |
| | | Y.3 | 0.880 | 0.268 | Valid |

Source: Primary data processed (2024)

The results of the validity test show that each question item on the variable being tested has a calculated r value that exceeds the r table value. Thus, it can be concluded that all question items on the variables market orientation (X1), entrepreneurial orientation (X2), and performance (Y) are declared valid. This means that the measurement instruments used in this research accurately reflect the variables to be measured and the concept in question. For the market orientation variable (X1), the validity of the question items shows that this instrument is effective in assessing the extent to which business actors can understand and respond to market dynamics and consumer needs. Accurate evaluation of market orientation is very important because it allows businesses to adapt their strategies to changes in the market and consumer demands, which can potentially impact the success of their businesses. Entrepreneurial orientation variable (X2), this validity ensures that the questions asked

P-ISSN: 0000-0000; E-ISSN: 3025-1990
Available : https://jurnalhafasy.com/index.php/msj DOI: https://doi.org/10.61942/msj.235

accurately reflect the level of innovation, proactivity and risk-taking ability of business actors. This validity is important to ensure that the instrument is able to accurately measure the entrepreneurial attributes needed to drive business growth and success.

Performance variable (Y), the validity of the question items confirms that the instrument used can accurately assess business performance achievements. In other words, this instrument is able to provide an accurate picture of how well business actors achieve the goals and targets that have been set. This high validity increases the overall reliability of the study. Instruments that have been tested for validity provide assurance that the data obtained is an accurate representation of the variables being measured, so that research results can be interpreted more precisely. Good validity also ensures that research results can be used as a solid and reliable reference in formulating business strategies and making decisions in the future. Valid measurement instruments enable researchers to draw more precise and relevant conclusions, which ultimately helps in developing effective business strategies and more informed decision making. High validity ensures that each question item contributes significantly to the understanding of the variables studied, making research results more reliable and more applicable.

**b. Reliability Test**

Reliability testing is a procedure used to assess the consistency and stability of a measurement instrument in measuring certain constructs. Reliability relates to the extent to which the measurement results of an instrument can be relied upon if the measurements are repeated under similar conditions. Methods commonly used in reliability testing include Cronbach's Alpha, which measures internal consistency between items in an instrument, with values above 0.7 considered to indicate good reliability. In addition, the Split-Half Reliability method is also used by dividing the instrument items into two groups and calculating the correlation between the two sets of results. Test-Retest Reliability measures the stability of an instrument by taking measurements at two different times, where a high correlation indicates good stability. Another method, Inter-Rater Reliability, assesses the consistency between raters or observers in measuring a phenomenon, which is often applied in qualitative research. High reliability of the instrument is important to ensure that the measurement results obtained are consistent and reliable, thereby increasing confidence in the validity of research results.The results of the reliability test in this research show that all variables, including market orientation, entrepreneurial orientation, and business performance, have a good level of reliability. This instrument was declared suitable for use for accurate and consistent data collection. Success in this reliability test provides a strong basis for researchers to continue the analysis with the confidence that the data obtained reflects actual conditions and can be relied upon in making decisions based on research results. Adequate reliability test results ensure that the research instrument is not only relevant for collecting quality data but also provides confidence that the research findings and conclusions can be applied more widely, and used as a basis for developing strategies related to the field being researched.

**Table 3. Reliability Test Results**

| Variable | Cronbach Alpha | Information |
|---|---|---|
| Entrepreneurial Orientation | 0.765 | Reliable |
| Market Orientation | 0.899 | Reliable |
| Performance | 0.948 | Reliable |

Source: Primary data processed, 2024

Based on the research results, all the variables studied—namely entrepreneurial orientation, market orientation, and performance—have been proven to be reliable. This is indicated by the Cronbach's Alpha values obtained, all of which are more than 0.6. Reliability refers to the ability of a measuring instrument to provide consistent and stable results when repeated under the same conditions. The Cronbach's Alpha value exceeds 0.6, it can be said that this research instrument shows a good level of reliability. This means that the instrument is able to measure the variables studied consistently, so that the data obtained is reliable. High reliability guarantees that research results are not influenced by chance or random variation,

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but rather reflect the actual conditions of the phenomenon being measured. The measuring instruments used in this research are of sufficient quality to provide valid and reliable results.

**c. Classical Assumption Test**

The classical assumption test is a crucial stage in linear regression analysis to ensure the reliability and validity of the model used. A linear regression model is considered good if it meets the three main requirements of the classical assumption test: normal distribution of residuals, absence of multicollinearity, and absence of heteroscedasticity. First, the residuals or residuals from the model predictions must be normally distributed, which indicates that the model can capture the relationship between the dependent and independent variables well. Residual normality can be tested via graphical methods such as QQ plots or statistical tests such as Kolmogorov-Smirnov and Shapiro-Wilk. Second, the absence of multicollinearity, that is, the absence of high correlation between independent variables, is also important. Multicollinearity can interfere with the model's ability to determine the contribution of each independent variable to the dependent variable. Multicollinearity measurement can be done with the Variance Inflation Factor (VIF) or examining the correlation between independent variables. The linear regression model must be free from heteroscedasticity, where the residual variance does not vary at various levels of the independent variable. Heteroskedasticity can be identified via the Breusch-Pagan test, White's test, or by analyzing residual plots. Ensuring that the model meets these three assumptions is critical for the results of the regression analysis to be reliable and valid. If one of these assumptions is not met, then the analysis results can be inaccurate and misleading.

**Normality Test**

The normality test is an important step in statistical analysis used to determine whether the data used in research follows a normal distribution. The normal distribution is a basic assumption in many statistical methods, including linear regression and other parametric tests. The normality test aims to ensure the validity and reliability of the analysis results by checking whether the data is distributed symmetrically around the mean, with a typical bell-shaped curve. Some methods commonly used in normality tests include the Kolmogorov-Smirnov test, Shapiro-Wilk test, and graphic analysis such as histograms and Q-Q (Quantile-Quantile) plots. If data proves to be non-normal, researchers may need to consider data transformation or use non-parametric statistical methods that do not rely on the assumption of normality.

**Table 4. Normality Test Results**

| Sample | *Kolmogorov-Smirnov* value | Significance | Conclusion |
|---|---|---|---|
| 54 | 0.102 | 0.200 | Free from Normality |

Source: Primary data processed, 2024

Based on the results of statistical tests using the Kolmogorov-Smirnov test, a significance value of 0.200 was obtained. This value is greater than the commonly used significance level, namely 0.05, which indicates that the data in this study is normally distributed. The deviation between the sample cumulative distribution and the normal cumulative distribution is not statistically significant, so the null hypothesis, which states that the data is normally distributed, is not rejected. This confirms that the variables analyzed have met the assumption of normality, which is an important requirement for the validity of the regression model. Residual normality ensures that the regression model used is valid and the analysis results can be relied on to draw conclusions and make accurate predictions. The results of the Kolmogorov-Smirnov test with a significance value of 0.200 strengthen that the regression model in this study meets the assumptions of normality, providing a solid basis for further analysis and interpretation.

**Multicollinearity Test**

The multicollinearity test was carried out to identify the existence of a strong relationship between the independent variables in the regression model. The presence of multicollinearity can interfere with the estimation of regression parameters and affect the reliability of the analysis results. To detect multicollinearity, the two main indicators used are the tolerance

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value and the Variance Inflation Factor (VIF). The tolerance value measures the extent to which the variability of an independent variable can be explained by other independent variables in the model. A low tolerance value indicates multicollinearity. Generally, a tolerance value greater than 0.01 is considered to indicate that there is no multicollinearity problem. Meanwhile, VIF measures the extent to which the variance of the estimated regression coefficients increases due to the correlation between independent variables. A high VIF value indicates a significant correlation with other independent variables. In general, a VIF value of less than 10.00 indicates that there is no serious multicollinearity problem.

Using the SPSS program allows calculating tolerance and VIF values for each independent variable in the model. Data is said to be free from multicollinearity if the tolerance value is greater than 0.01 and the VIF value is less than 10.00. Based on the multicollinearity test results listed in Table 5, all independent variables in the model show adequate tolerance values and VIF values that are within acceptable limits. Thus, the regression model can be considered not to experience significant multicollinearity, so that the analysis results can be considered valid and reliable.

**Table 5. Multicollinearity Test Results**

| Variable | *Tolerance* Value | VIF value | Information |
|---|---|---|---|
| Entrepreneurial Orientation | 0.970 | 1,031 | Multicollinearity Free |
| Market Orientation | 0.970 | 1,031 | Multicollinearity Free |

Source: Primary data processed, 2024

The multicollinearity test results obtained from the SPSS output show that there is no multicollinearity problem in the independent variables analyzed, namely entrepreneurial orientation and market orientation. The tolerance values for these two variables are each greater than 0.01, which indicates that there is no strong indication of correlation between the independent variables in the model. This shows that the variability of the independent variables can be explained well without significant multicollinearity. The Variance Inflation Factor (VIF) values for entrepreneurial orientation and market orientation are each below 10.00, which indicates that the correlation between these independent variables is not high enough to significantly influence the stability of the regression model. The results of this multicollinearity test confirm that the regression model used in this research does not experience serious multicollinearity problems, so that the regression parameter estimates obtained can be considered stable and valid.

**Heteroscedasticity Test**

The heteroscedasticity test aims to evaluate whether there is inequality of residual variance between observations in the regression model. In models that do not experience heteroscedasticity, the residual variance tends to be the same for each level of predictor, which is known as homoscedasticity. The H eteroscedasticity test occurs if the residual variance varies between observations. To detect heteroscedasticity, pattern analysis on the residual scatterplot can be carried out. In regression that is free from heteroscedasticity, the residual points are distributed randomly above and below the zero line, without a systematic pattern such as a wavy pattern or a spread that widens then narrows and widens again. If the residual points only gather above or below the zero line or show a certain pattern, this indicates heteroscedasticity. The results of the heteroscedasticity test in Figure 2 show the distribution pattern of the residuals used to assess the model experiencing heteroscedasticity problems. If the scatterplot shows a random distribution of residual points and does not form a clear pattern, the regression model is considered not to experience heteroscedasticity. However, if there is a systematic pattern or uneven distribution, this indicates the need for adjustments or transformation to overcome the detected heteroscedasticity.

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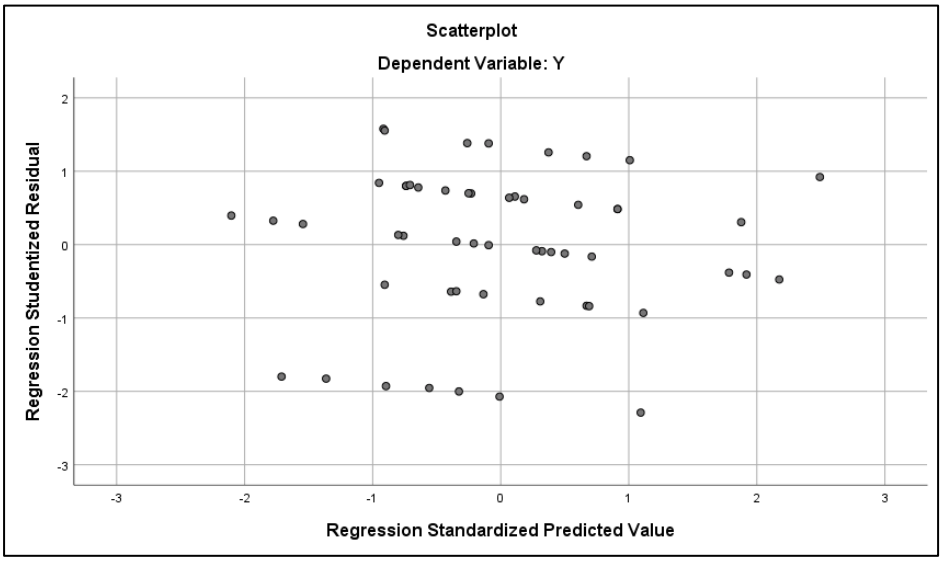


**Figure 1. Heteroscedasticity Test Results**

The analysis results for the heteroscedasticity test show that the residual points are randomly distributed around the zero line, with an even distribution both above and below the line. There is no concentration of data points that accumulate in one area, either above or below the zero line. In addition, no systematic patterns emerge in the residual distribution, such as wavy patterns or other patterns that indicate non-uniform variance. This random and patternless distribution of residuals shows that the regression model does not experience heteroscedasticity. This finding confirms that the residual variance in the model remains consistent across the range of predictor values. In other words, there is no indication that the residual variance changes as the predictor values change, which means that the assumption of homoscedasticity can be considered fulfilled. Assessing the residual distribution pattern is a crucial step in evaluating the reliability of a regression model. When the residuals are distributed randomly without showing a particular pattern, this indicates that the model complies with one of the important assumptions in linear regression, namely homoscedasticity. Homoscedasticity means that the residual variance remains stable regardless of changes in predictor values, so the regression model is reliable in terms of the stability of the residual variance it is important to continuously monitor residuals at various stages of the analysis to ensure that these assumptions remain valid. If patterns or changes in the distribution of residuals are found, adjustments may need to be made to the model or analysis method. Based on the results of the current heteroscedasticity test, the regression model used appears to meet the homoscedasticity assumption well.

## Simultaneous Significance Test (F Test)

The F test is used to determine whether the independent variable simultaneously influences the dependent variable. In this test, decision making is based on two main criteria. If the significance value of the F test is less than 0.05 or the calculated F value is greater than the F table value, then it can be concluded that the independent variable has a significant influence on the dependent variable simultaneously. This shows that the independent variables collectively make a significant contribution to the variation in the dependent variable. If the significance value is greater than 0.05 or the calculated F value is smaller than the table F value, then there is no significant influence of the independent variable on the dependent variable simultaneously. In this condition, the independent variable does not make a significant contribution to the dependent variable, indicating that the relationship between these variables is not strong enough in the regression model. The F test helps assess the extent to which a regression model is effective in explaining changes in the dependent variable and measuring the collective impact of the independent variables.

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**Table 6. F Test Results**

ANOVA [a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 4,251 | 2 | 2,125 | ,954 | ,392 [b] |
| | Residual | 113,675 | 51 | 2,229 | | |
| | Total | 117,926 | 53 | | | |

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: Primary data processed (2024)

The table above presents the results of the F test carried out using the SPSS program. The F table value for this research data is F (k; nk) = F (2; 52) = 3.18. Based on the output obtained, the significance value for the influence of the entrepreneurial orientation and market orientation variables on the performance variable is 0.392, which is greater than the significance limit of 0.05. This shows that these independent variables do not have a significant influence on performance variables at the generally accepted level of confidence. The calculated F value obtained is 0.954, which is smaller than the table F value of 3.18. This indicates that, simultaneously, entrepreneurial orientation and market orientation do not have a significant influence on the performance of tempeh MSMEs in Banda Aceh City. In other words, the results of this test show that the contribution of these two variables to the performance of Tempe MSMEs is not strong enough to be considered significant in this regression model. The results of this F test are that entrepreneurial orientation and market orientation, in the context of this research, do not have a significant impact on the performance of tempeh MSMEs in Banda Aceh City. These findings indicate the need to consider other variables that may have an influence, or additional research to understand the factors that are more relevant in influencing the performance of MSMEs in the region.

**The influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City**

The results of data analysis and hypothesis testing show that the entrepreneurial orientation and market orientation variables have a negative impact on the performance of tempeh MSMEs in Langsa City. Based on the F test results, the calculated F value obtained is 0.954, which is lower than the table F value of 3.18. This means that the first hypothesis (H1), which states that there is an influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City, is not accepted. On the other hand, the second hypothesis (H2), which states that there is no influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs in Langsa City, is accepted. This research shows that entrepreneurial orientation and market orientation do not have a significant impact on the performance of tempeh MSMEs in Langsa City. Explanations for this finding could include several factors, such as a lack of proactivity from business actors in decision making. Many MSME players seem hesitant to take big risks without first evaluating the results of their business achievements. They prefer to wait and monitor business developments before making risky decisions. Business owners also have not demonstrated an adequate level of commitment to developing new products, improving product quality, or operational efficiency. This lack of commitment affects business performance, because entrepreneurial orientation and market orientation are not implemented properly. As a result, the inability to implement entrepreneurial and market strategies effectively results in less than optimal business performance. There is a need to increase proactivity and commitment from business owners in terms of product development and operational efficiency to improve the performance of MSMEs. Further research is recommended to explore other factors that might influence MSME performance and look for more effective strategies in implementing entrepreneurial and market orientation.

P-ISSN: 0000-0000; E-ISSN: 3025-1990
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Entrepreneurial orientation describes a company's ability to utilize resources effectively in order to implement entrepreneurial strategies that can provide competitive advantages. Industries with a strong entrepreneurial orientation are usually more innovative, support creative ideas, and are open to experimentation that can produce new products. However, findings from research on tempeh MSMEs show that generally business actors in this sector do not innovate in the products they offer. To increase entrepreneurial orientation and encourage innovation among Tempe MSMEs, several strategic steps are needed. First, increase business actors' understanding of the importance of innovation through comprehensive training programs, including knowledge about product innovation and effective marketing strategies. Second, expanding access to resources and financing must be a focus, by taking advantage of assistance programs from the government or financial institutions that offer special support for MSMEs. Technical support such as guidance and consultation in product development and marketing strategies is also very necessary. By having experts and mentors who provide guidance, business people can gain useful insights to implement innovative strategies and improve the quality of their products. Finally, it is important to build a culture of innovation within MSME organizations. Encouraging management to support creativity and experimentation, as well as providing incentives for new ideas, can help spark positive change in the way the business is run. Through these steps, it is hoped that tempeh MSMEs in Langsa City can increase their entrepreneurial orientation, encourage sustainable innovation, and ultimately, improve their competitiveness and performance in the market.

The lack of innovation in Tempe MSMEs can be caused by various interrelated factors. First, limited production budgets are often the main obstacle for business actors to carry out research and development of new products. Without adequate funding, it is difficult for businesses to invest in the latest technology or conduct the research needed to create innovative products. These limitations hinder their ability to compete in an increasingly competitive marketplace, where innovation is often the key to capturing consumer attention. Understanding of how to implement innovation and effective marketing strategies also plays a major role in the lack of innovation. Without adequate knowledge about how to develop and market new products, businesses may find it difficult to create products that stand out in the market. Education and training in terms of product innovation and marketing strategies are very important to overcome this problem and help businesses understand the right way to introduce new products. Tendency to run a business from generation to generation or on a family basis can result in practices that are less flexible towards change and innovation. Business models that are too traditional often hinder the implementation of new ideas or the adoption of technology needed to increase competitiveness. Family-run businesses may be more likely to stick to old, familiar ways, making it difficult to adopt new methods or adapt to rapid market changes. Fourth, conservative business management can hinder the process of exploring new ideas and adopting the latest technology. Businesses that stick to tradition often lack the courage to take the risks necessary to try new innovations. This can lead to stagnation in product development and reduced competitiveness in the market. To overcome this shortcoming, businesses need to adopt a more proactive approach to innovation. They should look for ways to increase research and development budgets, gain better access to the latest resources and technologies, and develop a deeper understanding of innovation and marketing. Training and consulting programs can also help businesses to expand their knowledge of innovation and marketing strategies, while financial and technical support from relevant institutions can reduce cost barriers. By encouraging changes in the way business is run and introducing a culture of innovation, businesses can more effectively face market challenges and increase the competitiveness of their products. It is hoped that these steps will help tempe MSMEs to develop and adapt to ever-changing market dynamics.

Market orientation refers to the way companies understand and meet consumer needs through the effective application of marketing concepts to create value in their products and services. In this study, it was found that all respondents were married people. This condition shows that business actors in industrial centers have additional responsibilities to meet the daily economic needs of themselves and their families. This marital status can influence the way entrepreneurs run their businesses. With family obligations, they tend to focus more on

P-ISSN: 0000-0000; E-ISSN: 3025-1990
Available : https://jurnalhafasy.com/index.php/msj DOI: https://doi.org/10.61942/msj.235

achieving financial stability. Therefore, they may be more selective in choosing marketing strategies that can ensure consistent revenue. The need to meet family demands can encourage business actors to pay more attention to important aspects such as product quality, pricing and customer service. All of these elements are integral to successful market orientation. Understanding the marital status of business people provides insight into their motivations for doing business. This suggests that married entrepreneurs may be more motivated to adopt strategies that ensure adequate income, so that they can meet family needs and achieve financial prosperity.

This condition influences the sales methods applied by MSMEs in the tempe industrial center, where they tend to sell directly to consumers or through intermediaries. Tempe is their main livelihood, and many business actors focus more on meeting their daily needs rather than pursuing competitive advantages. MSME players generally do not apply market orientation in their business strategy, feeling that the tempe sales they make are enough to meet their living needs without trying to outperform competitors. Responsibilities, business people often prefer to maintain stable income rather than explore marketing strategies that can provide a competitive advantage. They may feel that focusing on basic needs and fulfilling the family economy is more important than efforts to expand markets or increase product competitiveness. This results in a marketing approach that is less aggressive and tends to be conservative. To increase market orientation among Tempe MSMEs, a more integrated and strategic approach is needed. Business actors must be encouraged to understand the importance of market orientation in increasing the competitiveness of their products, even with family responsibilities. Training and support in terms of marketing strategies, product innovation and effective pricing techniques can help them overcome these challenges. In addition, a better understanding of consumer needs and preferences can help businesses adapt their products and services to meet market expectations and achieve better growth.

The lack of implementation of market orientation shows that the market-focused marketing concept has not been implemented optimally, resulting in difficulties in achieving sustainable competitive advantage. This finding is supported by research by Rini et al. (2011), which shows that the majority of business actors in industrial centers show disagreement or doubt regarding the market orientation variable. Research by Nugroho et al. (2021) also confirms that market orientation does not have a significant impact on competitive advantage in the Bagusari tempe industrial center in Lumajang. This research emphasizes the importance of increasing the understanding and application of market orientation among Tempe MSME players. To achieve competitive advantage, business actors need to implement more proactive marketing strategies. This includes adapting products to market needs, developing competitive pricing strategies, and improving the quality of customer service. Without implementing an effective market orientation, tempe MSME players will continue to face challenges in improving their position in the market and competing more effectively.

Adapting products to market needs is very important to ensure that the products offered meet consumer demand. Business actors must actively monitor market trends and preferences, as well as carry out relevant product innovations. This not only helps attract more customers but also differentiates the product from competitors. Developing a competitive pricing strategy also plays a key role in market orientation. Business actors need to consider various factors such as production costs, market prices, and consumer purchasing power to set appropriate prices. An effective pricing strategy can increase a product's attractiveness in the eyes of consumers and provide added value compared to competitors. Improving the quality of customer service can strengthen relationships with customers and increase their loyalty. Good service includes responding quickly to customer questions and complaints, as well as providing a satisfying experience. This can improve the company's image and encourage customers to continue purchasing the product. Implementing these strategies requires commitment and investment from business actors, as well as support from various parties such as the government and financial institutions. Training and consulting programs can help MSMEs develop and implement effective marketing strategies. In addition, financial support for product innovation and service improvement can help businesses become more competitive. Strengthening market orientation, tempe MSME players can increase their

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competitiveness, improve their position in the market, and achieve more sustainable growth. Implementing market-focused marketing strategies will enable them to better face challenges and create added value for consumers.

The role of these two orientations in improving MSME business performance, especially in the tempe production sector in the region. MSMEs are one of the crucial sectors in the Indonesian economy, including in Langsa City, where many small and medium business units are engaged in tempeh production. However, MSMEs often face challenges such as intense competition, changes in consumer preferences, and limitations in terms of innovation and courage to take risks. Entrepreneurial orientation, which includes aspects of innovation, proactivity, risk taking, competitive aggressiveness and autonomy, is an important element in helping MSMEs remain competitive and able to adapt to changes in the business environment. With innovation, MSMEs can develop new products and services that are more relevant to market needs. Proactivity encourages business actors to continue looking for opportunities and act faster than competitors. Risk-taking allows the exploration of new opportunities that, although risky, can provide significant benefits. Meanwhile, competitive aggressiveness and autonomy help MSMEs to compete more aggressively and make independent and fast business decisions. Market orientation focuses on the ability of MSMEs to understand consumer needs and preferences, and respond appropriately to market changes. By implementing effective marketing strategies, MSMEs can increase their competitiveness by adapting products and services to better suit market demand. Market orientation also involves the ability to build and maintain strong relationships with customers, which can ultimately increase customer satisfaction and loyalty and drive business growth. The title of this research is very relevant because it highlights the importance of these two orientations in the context of tempe MSMEs in Langsa, which may face specific challenges related to tradition, technology and limited resources. By exploring the influence of entrepreneurial orientation and market orientation on the performance of tempeh MSMEs, this research is expected to provide valuable insight for tempeh entrepreneurs in Langsa in an effort to improve their business performance. Apart from that, the results of this research can also provide recommendations to the government and other stakeholders in designing policies and programs that support the development of tempe MSMEs in Langsa City.

## 3. **Conclusions**

Based on the results of the analysis regarding the influence of entrepreneurial orientation and market orientation on the performance of tempe MSMEs in Langsa City, it is known that the calculated F value is 0.954 smaller than the F table value which reaches 3.18. This shows that neither entrepreneurial orientation nor market orientation has a significant impact on the performance of Tempe MSMEs in the region. This result is likely caused by several factors. First, business owners do not appear to have demonstrated sufficient commitment to product innovation, improving quality, or improving operational efficiency. The absence of innovation and improvement in production processes can hinder business performance because stagnant products and inefficient processes reduce competitiveness. Tempe MSMEs in industrial centers tend to make the tempe business their main livelihood to meet their daily needs. They do not adopt the market orientation necessary to achieve competitive advantage, because they feel that existing tempe sales are sufficient for their subsistence needs. The lack of encouragement to compete and the absence of an effective marketing strategy shows that they are not exploiting market potential optimally. This research requires changes in the approach of MSME actors towards their business. To improve performance and competitiveness, business actors must make a greater commitment to product innovation and quality improvement. In addition, implementing a more market-oriented marketing strategy is very important. Business actors need to understand consumer needs, develop effective pricing and promotion strategies, and improve operational efficiency. Support from the government or related institutions in the form of training and additional resources can also help in implementing this strategy. With these steps, tempe MSMEs can increase their competitiveness and achieve better business performance.

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