Market Orientation and Entrepreneurial Competence towards Competitive Advantage and Marketing Performance on Micro Small and Medium Enterprises (MSMEs) On Seaweed Processing

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ABSTRACT: This research aims to test and investigate the influence of market orientation and entrepreneurial competencies toward competitive advantage and marketing performance on Micro Small and Medium Enterprises (MSMEs) on seaweed processing in South Sulawesi. The unit of analysis is the whole owner and manager of small and medium enterprises on seaweed processing in South Sulawesi. The selection of owner and Manager as the unit of analysis was justified because they (owner/ manager) are the main resources that belong to small and medium enterprises. In addition, the owner and the manager is an individual that is able to explain variable-variables analyzed. The samples in this research are MSMEs on Seaweed Processing on South Sulawesi as many as 158 respondents. Data analysis techniques used in explaining the phenomenon in this research are descriptive statistics analysis techniques and analysis of Structural Equation Modeling (SEM) with AMOS 24 computer program statistic. The research result found that market orientation has a positive significant influence Orientation toward competitive advantage with P value = 0.040 < 0.05 with coefficients value 0.285, Entrepreneurial Competence has a positive significant influence toward competitive advantage with P value = 0.045 < 0.05 with coefficient 0.226. Market Orientation has positive insignificant influence on performance marketing with P = 0.524 > 0.05 with coefficient value of 0.190. Entrepreneurship competence have a positive insignificant influence on marketing performance with P = 0.435 > 0.05 with coefficient value of 0.105.

Keywords: Market Orientation, Entrepreneurial Competence, Competitive Advantage, Marketing Performance

I. INTRODUCTION

The wealth of the sea of Indonesia has not fully utilized on the right way and this impact the national economy. With an area of the waters of the 6,315,222 km² with 99,093 kilometer of coastline and 13,466 Island, it is ensured that Indonesian has very rich resources of and is a major producer of seaweed in the world. Seaweed is one of the country's foreign exchange resources and source of income for coastal communities. There are 500 high-value products that can be produced from seaweed. But Indonesia more likely to sell the unprocessed seaweed. Only sell dry seaweed whose value is very low compared to when they have been processed. This make seaweed could potentially become the mainstay commodity of Indonesia. When processed properly, the potential of seaweed can reach hundreds of trillion rupiah. Seaweed is one of high class products which the consumers come from all over the world. In addition not only can be use as food ingredients, drink and drugs, some processed seaweed such as gelatin, alginate and carrageenan are important compound in the industry.

Micro Small and Medium Enterprises (MSEMs) have an important role as the backbone of the economy in almost all countries. In Indonesia, Micro Small and Medium Enterprises contributed significantly to Gross Domestic Product (GDP), as much as 60 % with the amount of absorption of labor reaches 97% of the total work force (BPS, 2015).

South Sulawesi province was recorded as the largest producer of seaweed in Indonesia with a potential 250 thousand hectares of land on the seashore and 98 thousand hectares of cultivated acreage. That area of South
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Sulawesi, produce about 25 thousand tons per year. South Sulawesi is the 3rd largest producer of seaweed-two in the world after Chile which is capable of producing about 50 thousand tons per year.

Marketing Performance is a measure of the achievement of the overall marketing process activities of a company or organization. In addition, the performance of marketing can also be seen as a concept that is used to measure the extent to which market accomplishments that have been achieved by a company's products. Marketing performance is a factor that is often used to measure the impact of the strategy that is applied to the company. The company's strategy has always been geared to produce performance marketing (such as sales volume and sales growth rate) is good and also good financial performance. High performance marketing is expressed in three main quantity value, namely the value of sales, sales growth, and a portion of the market (Ferdinand, 2000:23).

Market orientation is very effective in gaining and maintaining competitive advantage, starting with planning and coordination with all parts that are in the Organization to satisfy the needs and desires of consumers.

Inconsistency of findings in analyzing the influence of market orientation towards a competitive advantage shown in the studies conducted Mengucet al. (2007:314) provide new evidence, that a significant market orientation towards a competitive advantage on differentiate dimensions of innovation and differential of the market., but not significantly to low-cost strategy.

Entrepreneurial competency is a representation of the managerial ability to explain the relationship between the attributes and behavior of the owner/ manager of business success (against Bird, 1995; Manet al., 2002). Ahmad et al. (2010) defines competence as the entrepreneurial characteristics to individuals who include attitude and behaviors (attitudes) (behavior), which became the trigger for the entrepreneurs could get and sustain success/business performance, business performance is determined from the relationship between the attributes of the behavior through the ability of owners/managers behave in the conduct of its business and entrepreneurial behavior is a representation of aspects to implement strategy in entrepreneurship.

The most important thing in achieving the success of the strategy that is applied is to identify the real company asset in this case it is the tangible and intangible resources that make the organization unique (Porter, 1993). There are two footing in achieving competitive advantage, namely, the primacy of the resources and the primacy of the position, that the competitive advantage of companies affected by the performance of the (Day and Wensley, 1988). RBV stated as a strategy approach with two different views, that is, a tendency that leads to the view that a capability is a core position of competition but still influenced by market forces (Barney, 1991:100). RBV indirectly recommend to company (small and medium enterprises) to focus on the utilization of the resources more efficiently.

Based on the results of a review of empirical research, then this was done to test and explain the influence of market orientation, entrepreneur competence, towards competitive advantage and performance marketing small and medium enterprises Seaweed of processing in South Sulawesi Province.

II. LITERATURE REVIEW

Entrepreneurship

The term entrepreneurship comes from the translation of the entrepreneur means ability in creative thinking and behaving innovative resource basis, propulsion, goals, strategy, tips and processes in the face of life's challenges (Alma, 2000). View other explains that entrepreneurship is the ability of creative and innovative basis, tips, and resources for finding opportunities to success (Suryana, 2003:12).

Entrepreneurship is the process of creating something new on the value using the time and effort required, run the risk of financial, physical, as well as the risk of a failed action. Receive rewards monetary is generated, as well as satisfaction and personal freedom. That entrepreneurship as a process of creating something new with courage in taking the risk to get the yield (Kearney et al., 2008:301).

Kotey (2005:8) States that entrepreneurs are the ones who have the ability to view and assess the business opportunity, gathering the resources needed to take advantage of them and take appropriate action to ensure success. The entrepreneur is a calculated risk taker. They are passionate about. facing challenges.

The Theory of The Resource-Based View of The Firm (RBV Theory)

Various views in the outlines and classify resources that exist in the company. Company resources can include: entire assets, capabilities, processes, organization, information, company attributes, knowledge, and other controlled companies and allowing companies to formulate and implement strategies that will increase efficiency and effectiveness

RBV theory is usually stated as a strategy approach with two different views, that is, a tendency that leads to the view that a capability is a core position of competition but still influenced by market forces (Barney, 1991:100). RBV indirectly advise the company to focus on the utilization of the resources more efficiently

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Liao and Hu (2007:404) in his research stating that the resource-based view (Resources-based View/ RBV) is defined as a strategic asset, valuable, inimitable but just are not perfect (imperfectly imitable) and cannot be replaced (non-substitutable). The same view approach States that the RBV looked at that organizational knowledge has an important position as the primary source of the competence of the company. If the company executes value creating strategy not implemented simultaneously by existing competitors or potential competitors as well as when other companies were not able to replicate the advantages of the strategy in question, that in order to create a sustainable competitive advantage, the company depends on strategic resources (strategic resources/strategic assets) is characterized by: worth (valuable), rare (rare), cannot be imitated (imperfectly imitable) and not replaceable (non-substitutable) known as the VRIN condition (Barney, 1991:102)

Market Orientation

The orientation of the market is something that is important to small and medium enterprises in line with the increasing global competition and changes in customer requirements where the small and medium enterprises realize that their efforts should always be close to the market. Market orientation is a business culture where organizations have committed to continue to be creative in creating superior value for customers. Studies conducted Akimova (2000:1129) proved that the market orientation has a positive and significant influence towards a competitive advantage. Companies that implement a market orientation has advantages in terms of customer knowledge and the excess can be used as the source for creating a product that is in accordance with the wishes and needs of customers.

Ferdinand (2000:11) looked at that marketing and market orientation as one center of attention marketing management to articulate strategies that are developed. Slater and Olson (2001:1056) stated that a market-oriented company is a company that understands the needs of the customer, very well the needs revealed or not revealed (expressed and unexpressed need) is referred to as the market orientation of second generation (second generation of market orientation) to meet the needs of market orientation, the second generation is also looking for potential customers.

Entrepreneurial Competence

Entrepreneurship competence is an important factor in advancing the effort. The dominant contributor factor on the success of the effort include: personality traits (49%), the ability of dealing with customers (17%), the ability to understand the business environment (15%), orientation to the future and flexibility (11%), personal awareness (4%) and other factors (4%) Dewi Riyanti, (2003:52): in Hasan, (2015:42). The success or failure of the effort will be influenced by the skill and the ability (competence) of the owner/ manager. Understand the role of entrepreneur gives a better insight about what competencies needed by entrepreneurs to ensure business viability and the success of the effort.

Kiggundu ( 2002: 239 ) said competence entrepreneurship as a whole attribute entrepreneur like a, confidence , knowledge, skill, the ability , personality, expertise and trends behavior that required to maintain and success business .Entrepreneurial traits that success is entrepreneurial traits that having competence: someone who have the science , skill and the quality of individual which includes attitude , motivation , value and behaviors that it takes to execute the job or activities

Competitive Advantage

Basically, every company competing in an industry environment has a desire to be more superior to its competitors. Generally the company implement’s a strategy to compete this explicitly through activity of various functional departments of the company. The basic idea of a creation of competitive strategy of the development of the general formula about how a business will be developed, whether in fact, that became the goal and policy of what will be needed to achieve that goal.

Understanding competitive advantage (competitive advantage) itself has two different meanings but are related. The first sense emphasizes excellence or superior in terms of resources and expertise of the firm. Companies that have competence in the field of manufacturing, marketing, and innovation can make it as sources to achieve competitive advantage. Through these three fields of competence, the company can develop a strategy so that it can produce a product that is sold in the market. While the second sense emphasizes excellence in achievement during this performance.

The term competitive advantage according to the Day and Wensley (1988:5) has at least two different but related meanings, that a competitive advantage can be defined on a focus on excellence (superiority) in a skill or resource (resource), while the second meaning is about the competitive advantage of performance results.
Marketing Performance

Performance marketing is an invalid constructs (factors) are commonly used to measure the impact of a company's strategy. The company's strategy has always been directed to produce a good performance, performance marketing as well as financial performance. Performance marketing is a concept for measuring the achievement of a market a product Ferdinand (2000:23).

Barney (1991:103) says that the company can have a competitive performance if: (1) they know how to expand, interpret and exploiting knowledge internally; (2) if they know how to protect knowledge of competitors’ imitation; (3) if they know how to share (share/transfer) and receive knowledge from its business partners (partners). So it can be concluded that the main role of the company/organization is managing the assets of the knowledge to be able to improve its performance.

Performance refers to the level of achievement or achievements of the company in a given period. The company's performance was crucial in the development of the company. The purpose of the company to still exist, gain, growth and can be achieved when the company has a good performance. Performance of the company can be seen from the level of sales, profitability, rate of return of capital, the rate of turn-over and the market share achieved Jauch and Glueck (1998:65).

III. METHODOLOGY

Population and Sample

The source of the data in this study consists of primary and secondary data. Primary data, namely data obtained from the results of observation, dissemination of the questionnaire and interviews. Secondary data, namely data obtained from data of Micro Small and Medium Enterprises (MSMEs) on seaweed processing in South Sulawesi.

The unit of analysis is the whole owner and manager of small and medium enterprises on seaweed processing in South Sulawesi. The selection of owner and Manager as the unit of analysis was justified because they (owner/manager) are the main resources that belong to small and medium enterprises. In addition, the owner and the manager is an individual that is able to explain variable-variables analyzed. This Research use Probability Sampling. Total samples for researches are 158 respondents.

Analysis of Data

Data analysis techniques used in explaining the phenomenon in this research is descriptive statistics analysis techniques and analysis of Structural Equation Modeling (SEM). The calculation in the descriptive statistical analysis was performed with the help of a computer using the AMOS program and SPSS version 22.

IV. RESULT & DISCUSSION

The result of model test showed on table above was evaluated based on goodness of fit indices on table below which presented with model criteria and critical value that have suitability with the data.

<table>
<thead>
<tr>
<th>Goodness of Fit Index</th>
<th>Cut-off Value</th>
<th>Model Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ – Chi-square</td>
<td>Expected to be small</td>
<td>$150.005 &lt; (0.05:128=155.405)$</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Probability</td>
<td>$\geq 0.05$</td>
<td>0.052</td>
<td>Good Fit</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>$\leq 2.00$</td>
<td>1.617</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>$\leq 0.08$</td>
<td>0.040</td>
<td>Good Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>$\geq 0.90$</td>
<td>0.948</td>
<td>Good Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>$\geq 0.90$</td>
<td>0.915</td>
<td>Good Fit</td>
</tr>
<tr>
<td>TLI</td>
<td>$\geq 0.95$</td>
<td>0.953</td>
<td>Good Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>$\geq 0.95$</td>
<td>0.969</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>


Model evaluation showed that from eight proposed criteria, there are all which meet the criteria. Thus, the model above indicates a good acceptance rate and to be concluded that the model is acceptable, and model as a whole is considered in accordance with facts and may have a further analysis.

The empirical model is proposed in this research a testing of hypothesis proposed can be done based on an empirical model proposed. In this research through the coefficient paths. Testing on structural equation
models. Hypothesis testing by viewing the P-Value, value. If P-Value is < 0.05 then the relationship between the variables was significant.

<table>
<thead>
<tr>
<th>H1</th>
<th>Exogenous Variable</th>
<th>Endogenous Variable</th>
<th>Coefficient</th>
<th>CR</th>
<th>P-value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>Entrepreneurial Competence</td>
<td>Competitive Advantage</td>
<td>0.266</td>
<td>2.005</td>
<td>0.045</td>
<td>(+) Significant</td>
</tr>
<tr>
<td>H3</td>
<td>Market Orientation</td>
<td>Performance Marketing</td>
<td>0.190</td>
<td>0.637</td>
<td>0.524</td>
<td>(+) Not Significant</td>
</tr>
<tr>
<td>H4</td>
<td>Entrepreneurial Competence</td>
<td>Performance Marketing</td>
<td>0.105</td>
<td>0.746</td>
<td>0.455</td>
<td>(+) Not Significant</td>
</tr>
</tbody>
</table>

From four direct path makes hypothesized, two are theme paths which are significant and two insignificant path as for the interpretation of the table above can be explained as follows:

1. **The influence of Market Orientation towards Competitive Advantage on Micro Small and Medium Enterprises (MSMEs) on Seaweed Processing**

   Market orientation has a positive significant influence Orientation toward competitive advantage with P value = 0.040 < 0.05 with coefficients value 0.285, this coefficient indicates that the application of market orientation increase the competitive advantage of the product.

   Based on the results of the Research proved that market orientation has directly positive Influence and significant Influence competitive advantage on Micro Small and Medium Enterprises on seaweed processing. Market orientation is an important effort in growing market sensitivity or passion in developing a wide range of interests related to customers, the competition and institutional market in the face of challenges and a standing rivalry requires each offender attempts to have a competitive advantage. Given the importance of it, the orientation of the market necessary to realize a competitive advantage.

2. **The Influence of the Entrepreneurial Competence towards Competitive Advantage on Micro Small and Medium Enterprises (MSMEs) on Seaweed Processing**

   Entrepreneurial Competence has a positive significant influence toward competitive advantage with P value = 0.045 < 0.05 with coefficient 0.226. This coefficient suggests that the better the competence of entrepreneurship an entrepreneur it will further improve the competitive advantage.

   Results of the study proved that directly positive effect of entrepreneurial competencies and significantly to the competitive advantage on micro, small and medium enterprises (MSMEs) processing of seaweed. Entrepreneurial competence is the ability possessed by the perpetrator’s efforts in running its business in accordance with the potential he has. The competence of a principal effort MSMEs judged from its ability in building concept, take advantage of opportunities, build relationships, have the potential of learning, personal and have the ability in trying to realize a competitive advantage.

3. **The Influence of Market Orientation toward Marketing Performance at Micro Small and Medium Enterprises (MSMEs) on Seaweed Processing**

   Market Orientation has positive insignificant influence on performance marketing with P = 0.524 > 0.05 with coefficient value of 0.190, this coefficient indicates that the application of market orientation does not give influence on the marketing performance. This indicates that the application of market orientation encouraged the increasing competitive advantage so as to have an impact on the growing marketing performance.

   The results of the study proved that directly positive and influential market orientation does not significantly to performance marketing on small and medium enterprises processing of seaweed. Market orientation is an important effort in growing market sensitivity or passion in developing a wide range of interests related to customers, the competition and institutional market in the face of challenges and a standing rivalry wants any businessmen are able to improve the performance of the game, but in fact the market orientation of the applied less actualized in support of improved performance marketing, because the orientation of the market applied only to penetrate a market that is seasonal depending on stock production of seaweed, so the marketing performance depends greatly on the level of sales volumes, the growth rate of subscribers and Profitability over the processing of seaweed.

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4. Influence of Entrepreneurial Competencies toward Marketing Performance at Micro Small and Medium Enterprises on Seaweed Processing

Entrepreneurship competence have a positive insignificant influence on marketing performance with P = 0.455 > 0.05 with coefficient value of 0.105 . This coefficient shows that the entrepreneurial owned by a businessman cannot improve the marketing performance yet. This shows that the entrepreneurial competence that owned by a businessman pushing an increasing of competitive advantage so as to have an impact on the growing of marketing performance.

Based on the results of the study proved that directly positive effect of entrepreneurship and competence are not significantly to performance marketing on Micro, Small and Medium Enterprises on seaweed processing. This is because it's still the low ability of the capacity of individuals and organizations that are owned by businessmen in running its business in accordance with the potential he has. The competence of a principal building capability in the form of small and medium enterprises business concept, take advantage of opportunities, build relationships, learning potential, and personal ability in trying to support marketing performance.

V. CONCLUSION

Based on the formulation of the problems raised and supported from theoretical and empirical studies, then summed up the results of research are as follows:

Customer Orientation and competitor orientation, provision of market information is an indicator of market orientation has been applied to enhance competitive advantage. Application of market orientation increases the competitive advantage of the product.

Build the concepts, take advantage of opportunities, build relationships and learning ability and personnel ability have been run as entrepreneurial competencies in improving increase competitive advantage the batter entrepreneurial competencies Increasingly entrepreneurial of businessman further improve competitive advantage.

Market orientation is less realized in improving marketing performance to increase sales volumes, customer growth and the ability of the company. Because the entrepreneurial competence that owned a businessman pushing an increasing competitive advantage so as to have an impact on the growing marketing performance.

Marketing orientation of the through competitive advantage is already running well to improve the performance of marketing small and medium enterprises processing of seaweed. The better market orientation through competitive advantage then the performance marketing will increase.

Entrepreneurial Competence through competitive advantage already supports improved performance marketing micro small and medium enterprises on seaweed processing. The better the entrepreneurial competence through competitive advantage then marketing performance will increase.

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