

Determinants Of Micro, Small And Medium Enterprises (Msmes) Performance In Palopo City

Adam Pratama^{1*}, Hapid², Altri Wahida³

¹Faculty of Economics and Business, University of Muhammadiyah Palopo, 91922, Indonesia

²Faculty of Economics and Business, University of Muhammadiyah Palopo, 91922, Indonesia

³Faculty of Economics and Business, University of Muhammadiyah Palopo, 91922, Indonesia

Corresponding Author Email: 201110048@student.umpalopo.ac.id

Abstract

This research aims to find out how much influence learning orientation, innovation orientation and technology orientation have on the performance of Micro, Small and Medium Enterprises (MSMEs). The data source in this research comes from primary data. Primary data is data collected for research from an accurate place where an event occurred. Primary data in this research was collected using survey techniques, namely by distributing questionnaires to respondents. The population in this research is all owners of micro, small and medium enterprises (MSMEs) in Palopo City with a total of 15,669 businesses. Determining the sample in this study used a purposive sampling technique. The purposive sampling technique was carried out by determining several criteria for the respondents to be observed. The criteria for respondents used as samples in this research are: 1) respondents are owners or managers, 2) the business organizations used are MSMEs in Palopo City, 3) MSMEs carry out production activities and marketing activities during the research period. From these results, 107 samples were determined. The test results of the instruments in this research are valid and reliable. The data analysis technique used is multiple linear regression analysis using the SPSS version 22 program. The results of this research show that the Adjusted RSquare value is 0.128. So it can be concluded that the influence of learning orientation, innovation orientation, technology orientation on MSME performance is 12.8% and the remaining 87.2% is influenced by other factors outside the research model.

Keywords: Learning Orientation; Innovation Orientation; Technology Orientation; MSMEs

1. Introduction

The crisis that hit Indonesia in 1998 began with the rupiah exchange rate crisis against the US dollar and the monetary crisis that affected the Indonesian economy, namely the economic recession. In general, economic recession can be interpreted as a condition where a country's economy experiences a decline based on gross domestic product (GDP), unemployment and negative economic growth for 2 consecutive quarters. Experience has proven that during previous difficult times, such as the 1998 crisis and the Covid-19 pandemic, Micro, Small and Medium Enterprises (MSMEs) became the frontline that could survive and become a solution in facing economic problems. In recent years, micro and medium enterprises (MSMEs) have succeeded in transforming into a source of new economic drivers in Indonesia. Micro, small and medium enterprises (MSMEs) are the largest number of business groups that have proven to be resistant to the shocks of the economic crisis that occurs.

In addition, MSMEs are one of the important factors in absorbing labor, especially in Palopo City and are also able to survive the problem of economic crisis that has a direct impact on large businesses. Micro, small and medium enterprises (MSMEs) in Palopo City continue to grow rapidly and significantly [1]. In addition to the positive value of MSMEs, there are also problems that hinder the development of MSMEs themselves. The main

problems are limited capital in developing businesses, the high level of competition between MSMEs themselves and most importantly the low quality of human resources. Therefore, researchers are interested in conducting this research because there are still many Micro, Small and Medium Enterprises (MSMEs) in Palopo City who have not realized the importance of MSME performance and how to innovate products so that they can be marketed according to market wants and needs. This study is also intended to determine how much influence variables such as learning organization, innovation orientation and technology orientation on the performance of Micro, Small and Medium Enterprises (MSMEs). This research is a development of several previous studies such as conducted by [2], [3], [4], [5]. In research [5], there are several factors that affect the performance of MSMEs, learning orientation, innovation, and technology orientation.

Learning orientation is a collective ability derived from cognitive processes, experiences and involves the acquisition, sharing, and utilization of knowledge [6]. Learning orientation is conceptualized as a basic attitude towards learning, namely organizational and managerial characteristics that facilitate the organizational learning process [7].

Product innovation orientation is no less important for the performance of MSMEs, products produced by an MSME must have innovation. Product innovation is made in order to meet consumer demand, which means MSMEs must design their products like consumer desires so that the products produced can attract consumers to buy and this improves business performance. [8] states that innovation as the creation of novelty in the creation of products or services, the application of a production technology system, administrative structures and systems, or plans and programs for companies.

Technology Orientation is one of the key factors in Micro, Small and Medium Enterprises (MSMEs) in creating advantages to compete in the current state of technology and information which is very rapidly developing and is unstoppable. This is in accordance with the opinion [9] which states that companies with high technological capabilities have the ability to exploit various competencies in order to continuously improve technology and products to respond to market changes.

This study aims to determine how much influence learning orientation, innovation orientation and technology orientation have on the performance of Micro, Small and Medium Enterprises (MSMEs), so the title of this study is "Determinants of Micro, Small and Medium Enterprises (MSMEs) Performance in Palopo City".

2. Methodology

This research is an explanatory research. Classified as explanatory research because this study tries to explain something through testing hypotheses about the causality relationship between one variable and another variable studied. Therefore, this study used a quantitative approach.

The population used in this study is all MSMEs in Palopo City which amounted to 15,669. Sample determination in this study used purposive sampling techniques. Purposive sampling technique is carried out by establishing several criteria of observed respondents. The criteria of respondents used as samples in this study are: 1) respondents are owners or managers, 2) the business organizations used are MSMEs in Palopo City, 3) MSMEs carry

out production activities that produce goods / services and sales activities during the research period. From these results determined 107 samples.

The source of data in this study comes from primary data. Primary data is data collected for research from where accurate events occur. Primary data in this study was collected by survey techniques, namely by distributing questionnaires to respondents. The data collection method used in this study is the survey method. The survey method is a primary data collection method that uses oral or written questions to obtain information from respondents in the sense of reports about their person or things they know.

The performance of Micro, Small and Medium Enterprises (MSMEs) is the dependent variable in this study. The independent variables in this study are the influence of Learning Orientation, Innovation Orientation and Technology Orientation. Statistical method to describe the pattern of relationships between independent variables and dependent variables. Multiple linear regression analysis is used to determine the relationship between the influence of learning orientation (LO), innovation orientation (IN), and innovation orientation (TO) on the Performance of Micro, Small and Medium Enterprises (KU)

Multiple linear regression equations in this study:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y = MSME Performance

A = Constant

β_1 - β_2 = Coefficient

X1 = Learning Orientation

X2 = Innovation Orientation

X3 = Technology Orientation

The effect of the independent variable on the partially related variable (Test T) is determined through hypothesis testing. Decisions made during hypothesis testing contain uncertainty that can mean that the decision can or cannot be done correctly, so causing probability is a way of describing how big or small the risk is. The steps of the process of testing this research hypothesis are as follows:

The statistical test t basically shows how much influence the independent variable has. How much influence one independent variable has on the dependent variable can be seen using the t. test to find out whether the independent variable (X) in a particular variable (Y) affects the individual significantly or not. The statistical test f basically shows whether each independent (independent) variable of the model affects the dependent variable as a whole (bound).

3. Result and Discussion

3.1. Research result

Coefficient of Determination Test

A test coefficient of determination (R²) close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. The results of the R² test are presented in the following table:

Table 3.1: Results of the Coefficient of Determination

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	,391 ^a	,153	,128	,559	,153	6,129

a. Predictors: (Constant), Technology Orientation, Innovation Orientation, Learning Orientation

b. Dependent Variable: MSME Performance

Source: Data processed on SPSS 22

Based on the table above, it shows that the Adjusted RSquare value is 0.128. So it can be concluded that the influence of learning orientation, innovation orientation, technology orientation on MSME performance is 12.8% and the remaining 87.2% is influenced by other factors outside the research model.

Multiple Linear Regression Analysis

Hypothesis testing of this study was carried out using the Multiple Linear Regression method. Based on data processing using the SPSS program, an equation is obtained which can be seen in table 3.2

Table 3.2 Multiple Linear Regression Results Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	
		Std. Error		t	
		B		Beta	
1	(Constant)	1,196	,733		1,631
	Learning Orientation	,125	,106	,108	1,174
	Innovation Orientation	,261	,093	,257	2,807
	Technology Orientation	,280	,107	,241	2,621

Source: Data processed on SPSS 22

The above data can be made multiple linear regression equations as follows:

$$Y = 1.196 + 0.125 + 0.261 + 0.280$$

Based on each value of the coefficient in the multiple linear regression equation above, it can be interpreted as follows.

- The positive value constant is 1.196, this shows that if the variables of learning orientation, innovation orientation and technology orientation are considered 0, the performance value of MSMEs is 1.196.
- The coefficient of the learning orientation variable is 0.125, meaning that if there is an increase in the value of the learning orientation variable by 1 point, it will increase the performance of MSMEs by 0.125.
- The coefficient of the innovation orientation variable is 0.261, meaning that if there is an increase in the value of the innovation orientation variable by 1 point, it will increase the performance of MSMEs by 0.261.
- The coefficient of the technology orientation variable is 0.280, meaning that if there is an increase in the value of the technology orientation variable by 1 point, it will increase the performance of MSMEs by 0.280.

T Test

The individual parameter significance test (statistical test t) is intended to see whether individual variables have an influence on the non-free variable assuming the other independent variable is constant.

Table 3.3: Hypothesis Test Results

Number	Model	Coefficient	T count	Significance	Information
1	(Constant)	1,196	1,631	0,106	
2	Learning Orientation (X1)	0,125	1,174	0,243	Rejected
3	Innovation Orientation (X2)	0,261	2,807	0,006	Accepted
4	Technology Orientation (X3)	0,280	2,621	0,010	Accepted

Dependent Variable: MSME Performance

F count : 6,129

Significance F : 0,001

a = 0,05

Source: Data processed on SPSS 22

Proof of the hypothesis is carried out using the t test, and the test results can be seen from the table of coefficients in the t and sig columns. and the t-value of the table is 1.659 (df = 103 (n-k-1 = 107-3-1)). Using a significant 0.05 t-test result can be seen in table 6. Based on the data of table 6, it can be explained using significant tests as follows.

- The significant value of learning orientation towards MSME performance is 0.243, so it is not significant above 0.05. The calculated value of $1.174 < 1.659$ ttable, then H1

is rejected, so that the learning orientation variable has no effect and is not significant on MSME performance.

- b. The significant value of Innovation Orientation on MSME performance is 0.006 so that it is significantly below 0.05. The calculated value of $2.807 > 1.659$ ttable, then H2 is accepted, so that the innovation orientation variable has an effect and is significant on the performance of MSMEs.
- c. The significant value of technology orientation towards MSME performance is 0.010 so that it is significantly below 0.05. The calculated value of $2.621 > 1.659$ ttable, then H2 is accepted, so that the technology orientation variable has an effect and is significant on the performance of MSMEs.

Test F

According to [10]S states that the value F is a joint test of the dependent variable carried out to see the independent variable as a whole against the dependent variable.

Based on table 3.3 above, it shows that, the Fcalculate value is greater than the Ftable value, which is $6.129 > 2.69$ and the values (df N1 = $k-1 = 4-1 = 3$) and (df N2 = $n-k = 107-3=104$) or the significance is less than 0.05, which is $0.000 < 0.05$. So it can be concluded that the variables of learning orientation, innovation orientation and technology orientation simultaneously have a significant effect on the performance of MSMEs

3.2 Discussion

The Effect of Learning Orientation on the Performance of Micro, Small and Medium Enterprises (MSMEs)

The results of the first hypothesis testing of this study showed that learning orientation had a calculated value of $< t_{table}$, which was $1.174 < 1.659$ and a significant value of $0.243 > 0.005$ so that H1 was rejected. So from the research conducted in the study, it means that there is no significant relationship and no effect between the Learning Orientation and the performance of MSMEs, if the worse the learning orientation carried out by MSME owners towards employees, the performance of these MSMEs will decrease.

This research supports research [5] which says that Learning orientation is not a factor that can determine the performance of MSMEs. This means that MSME actors tend not to pay attention to the learning orientation within their MSMEs. In fact, learning-oriented businesses believe that by being learning-oriented, employees who work in a business can develop their ideas so that it will indirectly have an impact on improving the performance of MSMEs.

The Influence of Innovation Orientation on the Performance of Micro, Small and Medium Enterprises (MSMEs)

The results of testing the second hypothesis of this study show that the innovation orientation variable has a calculated value of $< t_{table}$, which is $2.807 > 1.659$ and a significant value of $0.006 < 0.005$ with a positive value, the innovation orientation towards MSME performance is influential and significant, so that H2 is accepted. The results showed that the high Innovation Orientation can improve the performance of MSMEs. This is supported by the results of empirical studies from [11] which states that there is a positive and significant influence of innovation on the performance of a business. Confirmed by the results of

empirical studies from [12] which states that there is a significant influence of innovation variables on company or business performance.

The Effect of Technology Orientation on the Performance of Micro, Small and Medium Enterprises (MSMEs)

The results of testing the second hypothesis of this study show that the technology orientation variable has a calculated value of t_{table} , which is $2.621 > 1.659$ and a significant value of $0.010 < 0.005$ with a positive value, the orientation of innovation towards MSME performance is influential and significant, so that H2 is accepted. The results showed that the high orientation of technology can improve the performance of MSMEs. So we can conclude that an excellent technology orientation in MSMEs can improve the performance of MSMEs. The foundation of technology-oriented business is considered a critical determinant of innovation or strategic mechanism that helps create innovative ideas for business [13]. Emphasized by the results of empirical studies from [12] which states that technology has a positive and significant effect on the performance of MSMEs

4. Conclusion

Based on the results of the research described earlier, it can be concluded that:

- a. Learning Orientation, H1 rejected. This shows that the Learning Orientation variable has no effect and is significant on the Performance of MSMEs in Palopo City.
- b. Innovation Orientation, H2 is accepted. This shows that the Innovation Orientation variable has an effect and is significant on the Performance of MSMEs in Palopo City.
- c. Technology Orientation, H3 is accepted. This shows that the Technology Orientation variable has an effect and is significant on the performance of MSMEs in Palopo City.

Learning Orientation, Innovation Orientation and Technology Orientation are accepted. This shows that the variables Learning Orientation, Innovation Orientation and Technology Orientation simultaneously affect the Performance of MSMEs in Palopo City.

5. Acknowledgement

Based on the conclusions above, it shows that Learning Orientation, Innovation Orientation and Technology Orientation affect the Performance of MSMEs in Palopo City, therefore the author suggests the following:

- a. It is recommended that the government take more serious action to improve the quality of MSMEs, especially in Palopo City
- b. For the community and MSME actors who read this research, in order to better improve the performance of the business being run.
- c. Then suggestions can be given to further researchers to expand the scope of research objects and add independent variables as variations in variables that can affect the performance of MSMEs, especially in Palopo City

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