The Effect of Market Orientation and Entrepreneurial Orientation on Business Performance of Dairy Cattle Breeders in DKI Jakarta Province through Dynamic Capabilities as Intervening Variables

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This research aims to determine and to analyze the effect of market orientation and entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities in DKI Jakarta Province. This study uses an explanatory analysis approach, where each variable stated in the hypothesis is observed through testing the causal relationship between the independent variables and the dependent variable. It also tests the mediating variable, in this case the dynamic capability, as the observed variable to mediate a direct relationship between variables; the independent (market orientation and entrepreneurial orientation) on the dependent variable (dairy cattle business performance). The result of the study shows that market orientation has a direct positive effect on improving the business performance of dairy farmers in DKI Jakarta Province.

Keywords: Market orientation; entrepreneur orientation; performance; farm

I. Introduction

The Indonesian economy in 2020 compared to 2019 (year-on-year) experienced a growth contraction of 3.49%. This figure is much lower than in 2019 at 5.02% (BPS, 2020). This is the impact of the Corona Virus Disease 2019 (Covid-19) pandemic which is hitting the whole world, including Indonesia. As a result of the Covid-19 pandemic, almost all sectors experienced contractions, but agriculture was one of the sectors that experienced positive growth of 2.15%. This shows that business in the agricultural sector is one of the businesses that can be a savior and a driving force for the national economy.

The agricultural sector itself consists of plantations, forestry, horticulture and livestock. According to Arifin (2010), livestock-based agribusiness is a phenomenon that grows rapidly when land availability is limited, because the farming system requires large land but limited land availability will trigger the efficiency and effectiveness of land use. Therefore, livestock business can be used as an alternative that promises future profits.
One of the very strategic livestock business to be developed is the people's dairy cattle business. This business is included in the Micro, Small and Medium Enterprises (MSME) sector. MSMEs play an important role in overcoming unemployment problems in Indonesia, as quoted from Uma's research (2013), which states, "Small and medium enterprises are the backbone of industrial development. This is very important for both developed and developing countries. Small and medium enterprises always represent the model of economic development, which emphasizes a high contribution to domestic production, job creation."

The people's dairy farming business as a representative of the SME sector in Indonesia is a type of agricultural business that has the potential to be developed. From this effort, not only milk is obtained, but meat and feces can also be used to meet human needs. In addition to promising economic value, the dairy cattle business can also assist the government in fulfilling community nutrition. Geographical conditions, ecology and land fertility in several parts of Indonesia also support the development of dairy farming businesses. However, most of the dairy farming business in Indonesia is still included in the people's livestock business. Dairy cattle business in Indonesia is still relatively small, ranging from 1-3 heads per farmer, so the opportunity for dairy cattle business in Indonesia is still large if managed properly (Damayanti et.al. 2020).

Dairy farming business as one of the SME actors who seek to improve the performance of their company needs to pay attention to two things; namely market orientation and entrepreneurial orientation. SME players need to encourage a better understanding of the importance of market orientation and entrepreneurial orientation which improves the company's performance to a competitive position and superior performance (Idar and Mahmood, 2011). Market-oriented companies have better performance than non-market-oriented companies. Market orientation is one of the intangible factors that have an impact on company performance. Market orientation is a business culture that generates performance by creating customer value. Companies must be able to continue to innovate in every aspect of business operations to be able to compete and survive in a competitive market. Entrepreneurial orientation is the ability of an entrepreneur that is used as the basis for seeking opportunities for success. Entrepreneurial orientation is seen as having an important role in improving business performance. Entrepreneurial orientation is an important thing that is useful for increasing the level of competition and company performance.
In an effort to improve the business performance of dairy farmers in DKI Jakarta Province, it is necessary to carry out appropriate strategies carried out by farmers through the proper application of market orientation and entrepreneurial orientation. If the market orientation and entrepreneurial orientation factors have been implemented but bring maximum results, then a dynamic capability factor is needed to optimize the performance of dairy farmers. Dynamic capabilities are needed because it is the ability of an organization to create, extend, or modify its resource base for certain purposes. So the dynamic capability here is the dairy farmer's effort to innovate and diversify his business in order to improve the performance of the business itself.

Based on the description of the background that has been stated, the author is interested in examining the effect of market orientation and entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities in DKI Jakarta Province.

Suhardi (2014: 100), states: “Performance is strongly influenced by the ability, motivation, enthusiasm and expectations of each individual towards a person, group and company. Performance emphasizes the efficiency of saving the use of available resources to achieve the desired goals. In other words, performance is the productivity of a person, group or company, performance is declared good and successful if the desired goals by individuals, groups and companies can be achieved properly.

According to Mangkunegara (2017: 9), performance is work performance or work (output) quality and quality achieved by an employee in accordance with the responsibilities given to him. In terms of business performance, this concept has undergone many developments from conventional concepts to concepts that are considered more modern, and have a better ability to measure the performance of a business.

Market orientation is a business philosophy that refers more to a set of values and beliefs, attitudes and corporate culture, so to contribute to the operational level in the form of a series of business management activities, market orientation is also understood as behavior or activities. There are three types of market orientation perspectives; namely market orientation as a behavior, market orientation as a unique resource, market orientation as a learning ability. The market orientation perspective can be implemented both at the Business Unit Strategy (SBU) level and at the inter-organizational level. Market orientation is an effective and efficient organizational culture to create the behavior needed to create "superior value" for purchasing "superior performance"
(more appearances) for the company, so that a market-oriented company is designed as a significant factor in achieving superior company performance (Saefudin, 2016:5).

Entrepreneurship is a creative and innovative ability that is used as a basis, and a resource to seek opportunities for success. Some management literatures provide three basic dimensions of organizational tendencies for entrepreneurial management processes, namely the ability to innovate, the ability to take risks, and proactive nature (Weerawerdena, 2011:44).

As stated by Simatupang (2012: 25), that the creative industry is faced with a very dynamic situation due to the short product life cycle, high risk, thin margins, high diversity, high competition, and easy to imitate. Meanwhile, according to Fumi et.al (2013: 67), demand planning in the fashion industry is very complex. Companies operate in large variations with short product life cycles, are strongly influenced by seasonal sales, weather conditions, promotions, advertising campaigns and marketing, and is influenced by social and economic factors.

II. Research Method

This study uses an explanatory research approach. According to Sugiyono (2018: 6), explanatory research is a research method that intends to explain the position of the variables studied and the influence between one variable and another. The main reason the researcher uses the explanatory research method is to test the proposed hypothesis. It is hoped that this research can explain the relationship and influence between the independent and dependent variables. It is in the hypothesis.

Path Analysis
Variable Measurement

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Indicators</th>
<th>Statement Number</th>
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<tbody>
<tr>
<td>Dairy Cattle Farmer Business</td>
<td></td>
<td></td>
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<tr>
<td>Performance (Y)</td>
<td>1. Sales increase</td>
<td>1, 2, 3, 4</td>
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<tr>
<td></td>
<td>2. Increased profit</td>
<td>5, 6, 7, 8,</td>
</tr>
<tr>
<td></td>
<td>3. Satisfactory growth</td>
<td>9, 10, 11, 12</td>
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<tr>
<td>Market Orientation (X1)</td>
<td>1. Customer orientation</td>
<td>1, 2, 3, 4</td>
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<td></td>
<td>2. Competitor orientation</td>
<td>5, 6, 7, 8,</td>
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<td></td>
<td>3. Coordination between functions</td>
<td>9, 10, 11, 12</td>
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<tr>
<td>Entrepreneurship Orientation (X2)</td>
<td>1. Need for achievement</td>
<td>1, 2, 3</td>
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<td></td>
<td>2. Self-confidence</td>
<td>4, 5, 6</td>
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<td></td>
<td>3. Independence</td>
<td>7, 8, 9</td>
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<td></td>
<td>4. Extroversion</td>
<td>10, 11, 12</td>
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<tr>
<td>Dynamic Capability (X3)</td>
<td>1. Strategic sensing capacity</td>
<td>1, 2, 3, 4</td>
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<td></td>
<td>2. Timely decision making capacity</td>
<td>5, 6, 7, 8,</td>
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<tr>
<td></td>
<td>3. Capacity for implementing changes</td>
<td>9, 10, 11, 12</td>
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III. Discussion

From the results of research and hypothesis testing that has been done, it can be concluded that:

First, there is an influence between market orientation on the business performance of dairy farmers with a path coefficient value of 0.118. This shows that market orientation has a very low influence on the business performance of dairy farmers in DKI Jakarta Province. Thus, the first hypothesis is proven that there is an influence between market orientation on the business performance of dairy farmers in DKI Jakarta Province.

Second, there is an influence between entrepreneurial orientation on the business performance of dairy farmers with a path coefficient value of 0.407. This shows that entrepreneurial orientation has a moderate influence on the business performance of dairy farmers
in DKI Jakarta Province. Thus the second hypothesis is proven that there is an influence between entrepreneurial orientation on the business performance of dairy farmers in DKI Jakarta Province.

Third, there is an influence between market orientation on dynamic capabilities with a path coefficient value of 0.604. This shows that market orientation has a strong influence on dynamic capabilities in DKI Jakarta Province. Thus the third hypothesis is proven that there is an influence between market orientation on dynamic capabilities in DKI Jakarta Province.

Fourth, there is an influence between entrepreneurial orientation on dynamic capabilities with a path coefficient value of 0.127. This shows that entrepreneurial orientation has a very low influence on dynamic capabilities in DKI Jakarta Province. Thus the fourth hypothesis is proven that there is an influence between entrepreneurial orientation on dynamic capabilities in DKI Jakarta Province.

Fifth, there is an influence between dynamic capability on the business performance of dairy farmers with a path coefficient value of 0.259. This shows that dynamic capability has a low influence on the business performance of dairy farmers in DKI Jakarta Province. Thus, the fifth hypothesis is proven that there is an influence between dynamic capability on the business performance of dairy farmers in DKI Jakarta Province.

Sixth, there is an influence of market orientation and entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities. The value of the path coefficient of the influence of market orientation on the business performance of dairy farmers through dynamic capabilities is 0.156. This shows that the market orientation variable can be through a mediating variable (intervening), namely dynamic capability in influencing the business performance of dairy farmers, because the coefficient value is without going through dynamic capabilities or directly on the business performance of dairy farmers is smaller. While the path
coefficient value of the influence of entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities is 0.032. This shows that the entrepreneurial orientation variable cannot be through a mediating variable (intervening), namely dynamic capability in influencing the business performance of dairy farmers, because the coefficient value is without going through dynamic capabilities or directly on the business performance of dairy farmers is greater. Thus the sixth hypothesis is proven that there is an influence of market orientation and entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities in DKI Jakarta Province.

IV. Conclusion

Based on the results of research that has been conducted on the effect of market orientation and entrepreneurial orientation in improving the business performance of dairy farmers with dynamic capabilities as a mediating variable in DKI Jakarta Province, the following conclusions are obtained:

1. There is an influence between market orientation on the business performance of dairy farmers with a path coefficient value of 0.118. This shows that market orientation has a very low influence on the business performance of dairy farmers in DKI Jakarta Province.

2. There is an influence between entrepreneurial orientation on the business performance of dairy farmers with a path coefficient value of 0.407. This shows that entrepreneurial orientation has a moderate influence on the business performance of dairy farmers in DKI Jakarta Province.
3. There is an influence between market orientation on dynamic capabilities with a path coefficient value of 0.604. This shows that market orientation has a strong influence on dynamic capabilities in DKI Jakarta Province.

4. There is an influence between entrepreneurial orientation on dynamic capabilities with a path coefficient value of 0.127. This shows that entrepreneurial orientation has a very low influence on dynamic capabilities in DKI Jakarta Province.

5. There is an influence between dynamic capability on the business performance of dairy farmers with a path coefficient value of 0.259. This shows that dynamic capability has a low influence on the business performance of dairy farmers in DKI Jakarta Province.

6. There is an influence of market orientation and entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities. The value of the path coefficient of the influence of market orientation on the business performance of dairy farmers through dynamic capabilities is 0.156. This shows that the market orientation variable can be through a mediating variable (intervening), namely dynamic capability in influencing the business performance of dairy farmers, because the coefficient value is without going through dynamic capabilities or directly on the business performance of dairy farmers is smaller. While the path coefficient value of the influence of entrepreneurial orientation on the business performance of dairy farmers through dynamic capabilities is 0.032. This shows that the entrepreneurial orientation variable cannot be through a mediating variable (intervening), namely dynamic capability in influencing the business performance of dairy farmers, because the coefficient value without going through dynamic capabilities or directly on the business performance of dairy farmers is greater.
REFERENCES


