

# DETERMINANT OF ENTREPRENEURIAL ORIENTATION: AN EMPIRICAL INVESTIGATION ON SME

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## Abstract

The aim of this study was to determine the level of interest entrepreneurial orientation criteria on SME in Payakumbuh. This study was conducted in June 2016. The population of this study were Small and Medium Enterprises (SME) in Payakumbuh especially for commodity of eminent goods and service business such as crackers and similar business, embroidery business, cakes and pastries and also furnishing business. The data collection technique is by distributing questionnaires. In this study, the data was processed by using Analytical Hierarchy Process (AHP). After data processing, weight was obtained for each of the criteria in order to know the scale of interest for each criterias of entrepreneurial orientation in Payakumbuh. The results of this study showed that the priorities were used by SME in Payakumbuh for entrepreneurial orientation with highest score among others: proactive, innovation, and risk taking.

*Keywords: Innovativeness, Proactiveness, RiskTaking, Analytical Hierarchy Process (AHP)*

## Introduction

Commonly, the small and medium industries have key position in propping up Asian's economy. In Indonesia, the small and medium industries are getting off the ground in gather way of unit quantity, labour and contribution to PDB in pricing. This is shown on the report of cooperative and small and medium industry ministry of Indonesia. The quantity of trade unit is increased from 55.205.444 in 2011 to 56.534.592 or 2.41% in 2012. Second, the quantity of labour absorption in 2012 is increased from 101.722.458 to 107.509 or about 5.38%. Third, PDB for pricing in 2011 is increased from 4.321.830 to 4.568, 10 or 13.15% in 2012.

However, the contribution of small and medium enterprises (SME) by aggregate is not as decisive the good work yet in Indonesia. The result of report of Indonesian industrialist association (APINDO) in ASEAN industrialist conference in Singapore May 14, 2012 said that the small and medium industries in Indonesia have not competitiveness yet in facing global market because of low entrepreneurship ability especially in product innovation. Second, low level of expertise in facing organisation problem and management, so incompetent in producing efficiently, flexibility and competitiveness. Third, less of networking so it will hindered the information access, market and input than SMEs in the other countries. Fourth, linkage restrictiveness, so it has difficulties to exploitation in national and regional market. Fifth, less of financial access so it will give some difficulties in faster developed. Finally, from the explanations above are the small and medium industries (SME) in Indonesia have not entrepreneurial orientation clearly yet.

The small and medium industry's activity also observable directly in West Sumatera province that small and medium industry as basic economy of them, especially, the scale of industry is source of income about 80% from house hold income in west Sumatera (Indonesia, 2012). Some difficulties involved by the doer of small and medium industry cause the majority of SME unable to increase their income for their needs and development. This was related to industrial characteristic that have done by industrialist till now so much more moved in labour intensive house hold industry with lower rank technology. Agree with the report of Indonesian Bank (Bank Indonesia) about preminent