

The Relationship Between Entrepreneurship Orientation and Organizational Learning Toward Business Strategy and Business Performance of Cocoa's Small and Medium Enterprises (SME) in East Kalimantan

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Abstract

The objective of this research was tested the relationship between entrepreneurship orientation and organizational learning toward business strategy and business performance of cocoa's small and medium enterprises (SME) in East Kalimantan. The study was a confirmatory carries out by testing several hypotheses in order to figure out the causal relationship of all the above variables. All Small and Medium Enterprises (SME) of cocoa in East Kalimantan. A standardized questionnaire was distributed among different people pertinent to cocoa's industry (distributors, whole sellers, retailers, sales force and employees etc). Questionnaires were used by random sampling technique. A model with hypotheses of the relationships between the constructs was built. The technical analysis applied to test the research hypothesis was Structural Equation Modeling (SEM) by AMOS program. The result of research showed that there were direct, significant and positive relationships between entrepreneurship orientation and organizational learning and business strategy; there were direct, significant and positive relationships between organizational learning and business strategy and business performance. There were no relationships between entrepreneurship orientation and business performance and there were no relationships between organizational learning and business strategy at cocoa's small and medium enterprises (SME) in East Kalimantan. Benefit of this research can be used as scientific information regarding the variables of entrepreneurship orientation, organizational learning, business strategy and business performance. It can also be used as a basis to motivate improvement small scale industry.

Keywords: Entrepreneurship orientation, organizational learning, business strategy, business performance

Introduction

East Kalimantan is one cocoa producer in Indonesia, although the area is relatively small compared with the South Sulawesi and Central Sulawesi, but for farmers in several places in East Kalimantan, the commodity is used as the main livelihood. The production of dried cocoa beans with the quality of unfermented East Kalimantan mostly marketed in Sabah Malaysia. Especially those produced by farmers northern part of East Kalimantan. Cocoa farmers more products marketed as inter-island trade to Makassar henceforth be marketed to United States. As well as other agricultural commodities, the prices of dry beans always have ups and downs which depend on the world price. This suggests that the existence of competition in the marketing of cocoa in the world or in Indonesia.

One of effort to overcome the competitive existing is by developing the role of SMEs. Because as known, the role of Small and Medium Enterprises (SMEs) to support the national economic resilience as a form of high competitiveness. In addition, SMEs are also the backbone of the national economy during an economic crisis of 1997/1998. While big businesses out of business, a company based SMEs it can still provide a relatively wide field of work (Study Tim of Potential SME Company To Go Public, 2011).

Great potential of SMEs requires SMEs to keep trying and trying to formulate business strategies, improve the ability to compete in the market and ability to adapt to environmental changes accelerated in the era of globalization in order to improve performance and maintain business. Great potential of SMEs in economic growth in Indonesia is not in spite of the various problems and obstacles. Based on the monitoring of SME Potential Study Team (2011) the constraints faced by SMEs which are fundamental and mental readiness of SMEs is not maximized. Most SMEs are still running the business in conventional and not applying good corporate governance (GCG). In addition, the managerial mindset of managers / owners of small companies still tend to be conservative and not the aspects of the disclosure to the public. The majority of SMEs are running a business management professional and yet have a business plan in the long term, so there is no certainty about the sustainability of its business.

In the framework of sustainability efforts need to increase performance, increase capacity both in terms of management, finance and professionalism. For good or poor condition of a company, visits of performance have been achieved by the company. The performance is the level of effectiveness and efficiency of the efforts undertaken by the organization in achieving organizational goals. Performance measurement is a data analysis and control for businesses (Syarifah, 2012). Successful performance can not be separated from the role of an entrepreneur in running business activities (Lester, 2010). By As'ad (2012) an entrepreneur is a person who

apply its ability to regulate, control the means of production and produce results that are subsequently sold or exchanged and earn income from his business. An entrepreneur is someone who moves economy community to come forward. So an entrepreneur is someone who takes risks, coordinating manages investment or production facilities, one which introduces new functionality factor of production, or someone who has creative and innovative responses. Entrepreneurial oriented companies are company that seeks to be the first to market product innovation, risk-taking and perform proactive actions to be able to beat the competition.

Several studies on entrepreneurial orientation show that entrepreneurship is a major attribute to achieve a high performance company. Approach to explain the entrepreneurial orientation can be viewed from several classifications of reviews, among others in the perspective of the individual, organizational and environmental factors and the study of entrepreneurship continues to thrive in describing the characteristics of the entrepreneur.

Other important factor that may affect the business performance of SMEs is the passion to keep learning so as to form a learning culture in the organization. Entrepreneurs can affect their internal organization, including elements in the organization's efforts to be willing and able to learn in a proactive and not passive. With active learning process at the individual level as well there will be a learning organization, and then the organization will be able to receive and process the information into new knowledge in running a business. In order to achieve and maintain a competitive advantage in the business environment is changing rapidly, organizations must be able to improve the learning capacity and establish appropriate business strategies. The process of organizational learning is a process in which an organization uses existing knowledge and builds new knowledge to shape the development of new competencies which is very important in a constantly changing environment.

Based on the above mentioned conditions, the researchers are interested in discussing how the relationship between entrepreneurship orientation and organizational learning toward business strategy and business performance of cocoa's small and medium enterprises (SME) in East Kalimantan

Literature Review

Business performance

Resources and capabilities are the main source for the company to achieve profitability. Referring to the functional management conception, it is unreasonable to suggest that the actual performance of the company is reflected in the work of various functional management that go well (Ferdinand, 2003). Functionally good performance will be reflected: 1) the level of performance of human resources such as the level of creativity and innovative human resources, the level of productivity of human resources where they are located; 2) the level of performance of production operations management such as the level of efficiency of production processes, product quality and service, the level of processing speed and accuracy of level process; 3) the level of performance marketing management such as the level of sales volume, market share and profitability; 4) the level of financial performance such as availability of funds, the fund's effective and efficient which is reflected in various financial ratios that include: liquidity ratios, solvency, activity and profitability.

Business performance can be perpetuated in a way to leverage strategic assets distinctively firm and has the ability to inhibit competitors (Amit and Schoemaker, 1993). The company's success in providing high quality products (superior product) and succeed in the market (superior market) is a measure of the performance of companies that implement a market-oriented strategy (market orientation) and strategy-oriented technology (technology orientation). Measurement of business performance based on the success in the market and the product is also known as firm performance and product performance (Zhou et al., 2005)

It can be concluded that business performance can be viewed from various perspectives, including the viewpoint of enterprise infrastructure, human resources, organization and company operations. Business performance is the achievement or success of the company to operate its resources in the company. The Company is essentially an organization formed to achieve specific objectives include the profit and ensure business continuity.

In this study the dimensions of business performance that is used is based on the empirical dimension used by research and Sinkula Baker (1999). Based on empirical research is the business performance can be measured from the dimension changes relative market share (relative market share) which was adapted from the Day (1977), the success of new products (new success product) developed by Baker and Sinkula (1999), market and customer growth were adoption of Narver and Slater (1990) and the aggregate performance (aggregative performance) is adopted from Jaworski and Kohli (1993).

Business strategy

Strategic planners Experts believe that the general philosophies that describe the business or the company's business is reflected in the mission statement must be translated on the defined business strategy. Planning strategy that the long-term strategy derived from the company's business to seek a competitive advantage on the basis of the strategy generic (Pearch II and Robinson, 2007), namely:

1. Pursuing to achieve low cost (overall Cost Leadership) in the industry. To control costs in the overall

- cost leadership do cost efficiency to be gained from having experienced employees, ever head cost control, minimize the cost of research and development, service, sales force, advertising and so forth.
2. In pursuit of create unique products for customers varied or differentiation (differentiation). Differentiation can be done through dimensional image of the design or brand, the technology used, the specific characteristics, service to customers and have better distribution. Excellence in the use of differentiation other than the profit above the average is less price sensitivity of consumers against, product differentiation creates barriers to entry are high and the position of the replacement products is also high.
 3. Pursuing a special request to serve on one or multiple groups of consumers or the industry. Focusing at cost or differentiation. Focus strategy is based on the business needs of a particular customer, the product line a bit. All that to escape from consumer products vulnerable to advertising war and the rapid introduction of new products. The third businesses strategies above are also called generic strategies developed by Porter (1980) were used for facing five (5) forces that affect the industry.

Entrepreneurship Orientation

Drucker (2007) suggests that the entrepreneurial orientation as the nature, character or characters is attached to the person who has the willpower to realize innovative ideas into real business world and can develop it tough. Orientation entrepreneurship is the ability to create something new and different (ability to create the new and different thing).

Scarborough and Zimmerer (2012) suggests the following definition of entrepreneurship as someone who creates new business by considering the risks and uncertainties to achieve profit and growth by identifying opportunities and combining it with the resources needed to take advantage of these opportunities.

From some of this opinion, the concept of entrepreneurship orientation can be synthesized as a mental attitude, outlook, insights and thinking and follow someone to tasks that its responsibility and is always oriented to customers. In essence, the entrepreneurial orientations are the nature, characteristics, and the character of the individual who has the will to realize innovative ideas into real world creatively.

Entrepreneurial orientation dimensions according to Lumpkin and Dess (1996) in his article states that there are five (5) dimensions that characterize and distinguish the entrepreneurial orientation, namely; autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. While Miller and Friesen (1982) identified 11 dimensions of the strategy-making process for the entrepreneurial orientation among which adaptiveness, analysis, integration, risk taking and product market innovation. Frederickson (1986) proposed another dimension, namely proactive, rationality, comprehensiveness, risk-taking and assertiveness.

While Hart (1992) develop integrative framework in five dimensions: command, symbolic, rational, transitive and generative and Miles and Snow (1978) consider the multiple dimensions that include prospectors, defenders, analyzers and reactors.

Of the few opinions that the entrepreneurial orientation describe the purpose of an entrepreneur to use opportunity in opening new markets and apply updates from the existing operating with three indicators namely; innovative, proactive and risk considerations.

Organization Learning

Organization Learning is always demand a change towards the better by continuing to conduct self-evaluation and trial. Companies that perform organizational learning is a company that has expertise in creating, retrieving and transferring knowledge, modifying its behavior to reflect new knowledge and experience. Baldwin et al. (2009) states that members of the organization at all levels, not just top management, continues to perform environmental monitoring in an effort to obtain important information. Changes in strategies and programs needed to take advantage of environmental change, and working methods, procedures, evaluation techniques are continuously improved.

A organization learning in several ways, Dixon in Pearn et al. (1995: 180) states stressed the use of organizational learning the learning process at the level of individuals, groups and organizations to transform the organization into various ways to improve the satisfaction of stakeholders. In this case, emphasized the importance of the relationship between individual learning by stating that the organization is mainly to learn from members of the organization, so that the individual learning and organizational learning are inseparable.

Organizations learning in this study refer to the opinions and concepts of interest expressed by Huber (1991), which defines organizational learning is the development of new knowledge derived from the processing of in-depth information that has the potential to affect organizational behavior. Further described are four constructs related organizational learning that knowledge acquisition is a process to obtain information and information distribution concerning how information is disseminated and interpretation information on how to deepen the understanding of information and organizational memory ie how information is stored and used for the next.

While Sinkula et al. (1997) suggested in the study gave rise to three phenomena in organizations learning: organizational values, behaviors organizational information processing and action by developing construct commitment to learning, shared vision, open-mindedness, information generation, information dissemination and Dynamism program.

Dimensional measurement of organizational learning conducted by previous researchers, this study used eight (8) dimensions of learning organization built by Huber (1991) and Sinkula et al. (1997) is a commitment to learning, sharing vision, openness, information, disseminate information, interpret information and dynamic program.

The conceptual framework is structured to explain the variables which serve as an exogenous variable, the intervening variables and endogenous variables. With prepositions is based on theoretical and empirical studies will be known how many hypotheses to be drawn up, the variables contained in each of these hypotheses, and how the influence of the relationship between the variables. Based on these descriptions, it can be prepared the conceptual framework of research that shows the relationship between variables influence in this study as illustrated in Figure 1.1. as follow:

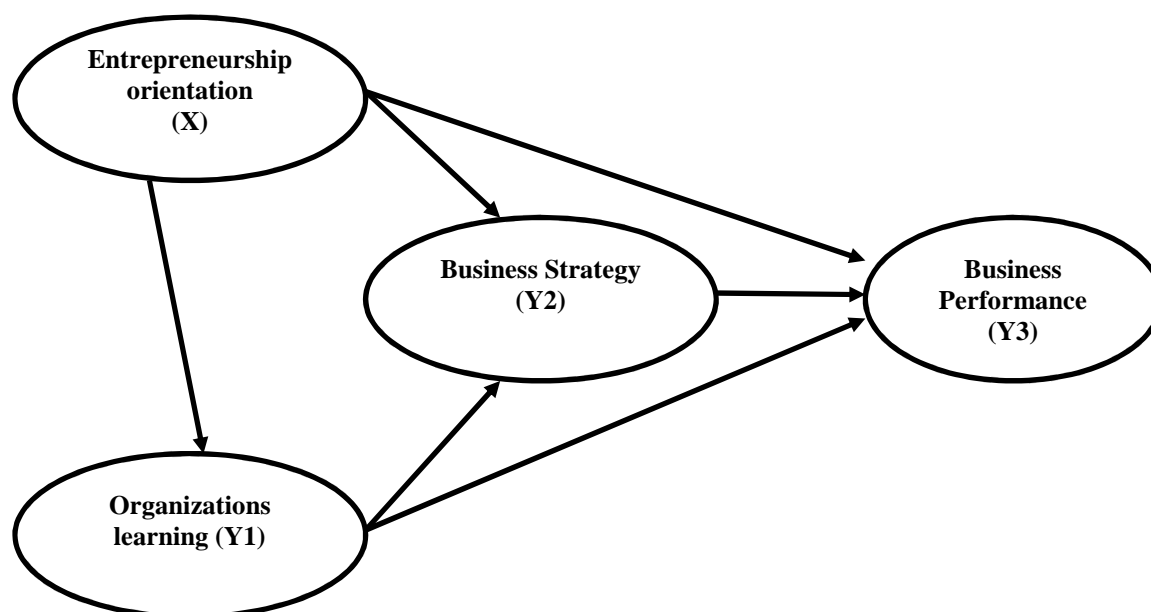


Figure 1. Conceptual framework

Based on the conceptual framework can made some hypothesis as follow:

1. Entrepreneurship orientation significant effect on organization learning of cocoa's small and medium enterprises (SME) in East Kalimantan.
2. Entrepreneurship orientation significant effect on the business strategy of cocoa's small and medium enterprises (SME) in East Kalimantan.
3. Organizations learning have a significant effect on the business strategy of cocoa's small and medium enterprises (SME) in East Kalimantan.
4. Entrepreneurship orientation significant effect on the business performance of cocoa's small and medium enterprises (SME) in East Kalimantan.
5. Organizations learning have a significant effect on the business performance of cocoa's small and medium enterprises (SME) in East Kalimantan.
6. The business strategy has a significant effect on the business performance of cocoa's small and medium enterprises (SME) in East Kalimantan.

Research Method

Population

The population of this research is all SMEs in the area of East Kalimantan. The next SME criteria are based on Law No. 20/2008 and the business is operating a cocoa industries totaled 110 business units. The unit of analysis of this research is the Small and Medium Enterprises (SMEs) or small industry. The respondents of this study focused on a small industry of cocoa (the owner or manager of a major / bosses) in which a small business will be represented by one respondent. This study will describe the perception of the leadership of small and medium enterprises regarding entrepreneurial orientation, organizational learning, and business strategy and business performance. SME leaders chosen as respondents because they were considered the most knowledgeable

organizations that implemented the policy of SMEs in an effort to face the competition, unique competences possessed to gain competitive advantage conducted and the performance obtained SMEs where they work.

Research Instruments

Data were collected using a questionnaire consisting of questions about the characteristics of respondents and questions about the variables studied. Questions are presented in the form of open-ended questions and statements, and scale to express the response. A statement in the list of questions pertaining to the assessment of the influence of the leader or entrepreneur entrepreneurial orientation towards learning ability of organization to sustainable competitiveness and performance of cocoa's small and medium enterprises (SME) in East Kalimantan.

Analysis Technique

The analysis technique used is Structural Equation Modeling (SEM) by using the program package AMOS (Analysis of Moment Structure) version 16 and SPSS (Statistic Packages for Social Sciences) version 17.0.

Result and Discussion

4.1 Result

SEM Analysis Results

The test results with structural equation model (Structural Equation Modeling) with AMOS 16 can be seen in Table 1. This table shows that the model is feasible used for proving the hypothesis.

Table 1. Index of SEM conformity

Criteria	Cut-off Value	Result	Detail
<i>Chi-square</i>	Small expected	183,103	Good
<i>Significance probability</i>	≥ 0,05	0,146	Good
<i>RMSEA</i>	≤ 0,08	0,033	Good
<i>GFI</i>	≥ 0,90	0,832	Marginal
<i>AGFI</i>	≥ 0,90	0,785	Not good
<i>CMIN/DF</i>	≤ 2,00	1,116	Good
<i>TLI</i>	≥ 0,95	0,781	Not good
<i>CFI</i>	≥ 0,95	0,811	Not good

Source: Primary data processing

Based on the analysis of SEM, causal relationships between variables can then test the hypothesis described as follows

Table 2. Result of Analysis SEM .

Variables	Path Coefficients	CR	Prob.	Detail
Entrepreneurial orientation (X) -----> organizational learning (Y1)	0,709	4,290	****	Significant
Entrepreneurial orientation (X) -----> Business strategy (Y2)	0,396	2,458	0,014	Significant
organizational learning (Y1) -----> Business strategy (Y2)	0,220	1,312	0,189	Not Significant
Entrepreneurial orientation (X) -----> Business Performance (Y3)	-0,242	- 1,677	0,094	Not Significant
Organizational learning (Y1) -----> Business Performance (Y3)	0,416	2,647	0,008	Significant
Business strategy (Y2) -----> Business Performance (Y3)	0,745	4,702	****	Significant

Source: Primary data processing

Direct Impact Study between Variables

A significant direct relationship between entrepreneurial orientation exogenous as latent variables (X) with an intervening endogenous latent variable of organizational learning (Y1) and endogenous latent variables is intervening business strategy (Y2). In addition there were significant direct relationship between organizational learning intervening endogenous variable (Y1) and endogenous variables intervening is business performance (Y3) and the business strategy of the variable (Y2) with endogenous latent variable depending on the performance of SME (Y3). 5:37 table presents the results of testing the direct effect that occurs between latent variables exogenous and endogenous intervening and endogenous depending on it.

From result, it can be described much influence directly (direct effects) of the latent variable exogenous to endogenous latent variables. The direct effects are in the business strategy (Y2) on the performance of SME (Y3) that is equal to 0.74. This means that the latent variables contribute most directly to influence the performance of SME (Y3).

Indirect Influence among variables Study

Besides aiming to see the direct effects, the present study also tried to see an indirect relationship that occurs between latent variable exogenous entrepreneurial orientation (X) with a latent variable endogenous intervening organizational learning (Y1) and the business strategy (Y2) and latent variables endogenous depending on performance SME (Y3) in the hope of unknown significance path affects the performance of the material on development strategy planning business performance of SMEs. Testing indirect effect was done by looking at the test results of pathways through which, if all paths through which significant then the indirect effect is also significant.

The results of the indirect relationships that occur between entrepreneurial orientation exogenous latent variables (X), endogenous latent variables intervening organizational learning (Y1) and endogenous variables intervening business strategy (Y2) of the latent dependent variable (Y3). It can be explained much influence indirectly (indirect effects) of the latent variable exogenous to endogenous latent variables. Indirect effects of entrepreneurial orientation (X) on the performance of the business (Y3) through the mediation of business strategy (Y2) and organizational learning (Y1) is of 0.59. From the results of calculations can be seen that the indirect effect of entrepreneurial orientation (X) on the performance of SME (Y3) due to mediation by an intervening variable of organizational learning (Y1) and the business strategy of intervening variables (Y2).

Total inter Variables Influence Study

The net effect is the sum of the direct and indirect effects of the exogenous variables latent entrepreneurial orientation (X) of the intervening endogenous latent variable of organizational learning (Y1) and sustainable competitiveness (Y2) and endogenous latent variable performance of SME (Y3). Table 5 presents the results of a total of the direct and indirect relationships that occur between latent variables exogenous and endogenous.

From Table 5, can be explained much influence the total of the latent variable exogenous to endogenous latent variables. The total effect of entrepreneurial orientation (X) on the performance of SME (Y3) through organizational learning (Y1) and sustainable competitiveness (Y2) is of 0.59. The total effect of sustainable competitiveness (Y2) on the performance of SME (Y3) is 0.74. This means that the latent variables sustainable competitiveness provide a major contribution in influencing the performance of SME (Y3). The whole result of SEM analysis can be seen as follow:

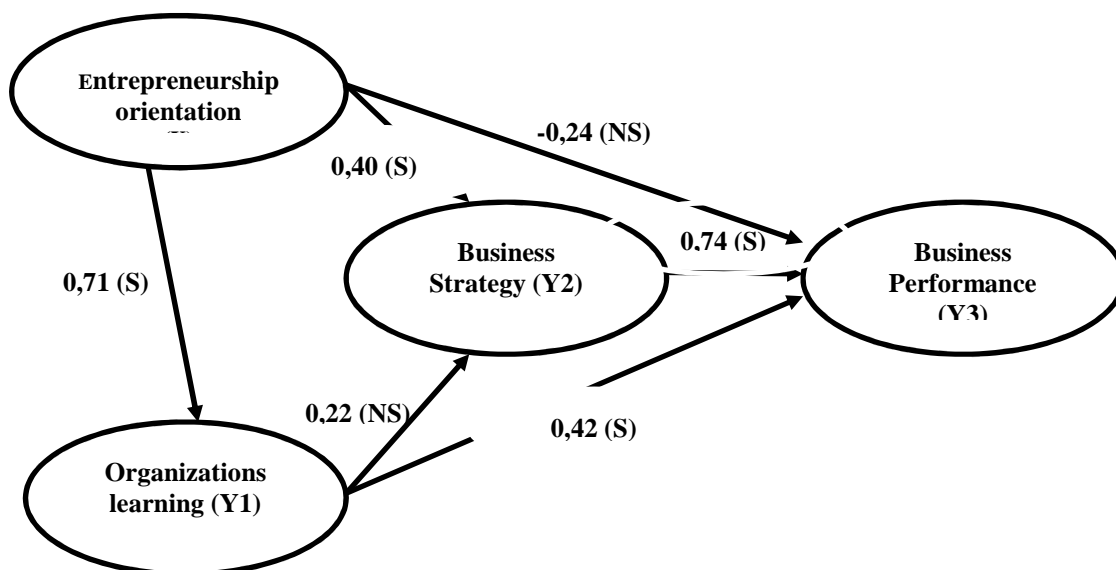


Figure 2. Result of SEM Analysis

4.2 Discussion

Effect of Entrepreneurial Orientation on Organizational Learning.

Based on the test results directly influence the path coefficients are presented in Table 2 shows the effect of entrepreneurial orientation towards learning organizations have a significant positive path coefficients. Hypothesis 1 (a) which states that significantly influence the entrepreneurial orientation of SMEs proved to be a learning organization. These results are analyzed as follows, that the entrepreneurial orientation based on the proactive attitude is the attitude to act ahead of its competitors. Besides that, innovative attitude also led to ways to improve the process and quality of the products according to market demands. These entrepreneurial attitudes will encourage SMEs desire to create a better changes in the organization with increased learning organization.

Increasing entrepreneurial orientation is leading to increased organizational learning. SMEs will be

encouraged more strongly in shaping commitment to learning and active in seeking the information available in the environment. This information can then be transformed to become the new knowledge to be applied in the improvement of operational activities. Operational activity improves with demonstrated production process better, more regular management system and the end product has better quality according to customer wishes. The study found the influence and a significant positive relationship between entrepreneurial orientation with a learning organization. Entrepreneurial orientation will trigger a desire for learning individuals and organizations. It can be concluded that the entrepreneurial orientation function is the antecedent of learning organizations. The higher the entrepreneurial orientation will be higher as a learning organization.

Effect of Entrepreneur orientation on Business strategy.

Based on the test results directly influence the path coefficients showing that the effect of entrepreneurial orientation influence the business strategy to have a significant positive path coefficients. Hypothesis 2 (two) study which states that significantly influence the entrepreneurial orientation of SMEs proved to be a learning organization. These results can be analyzed as follows, that there are significant entrepreneurial orientation that is innovative, proactive and bold in considering the risk of causing an increase in competitiveness position. Entrepreneurial orientation will initiate changes to continue to meet customer desires, including how to use the resources they have either tangible or intangible. Continuous innovation applied impact of usage on these assets are used to form the core competence, which then become a source of competitive advantage.

Effect of the Organizational Learning on business strategy.

Based on the test results directly influence the path coefficient shows the influence of organizational learning on business strategy has no significant coefficients. Hypothesis 3 (three) in this study that organizational learning significantly influence the business strategy is not proven. The finding can be analyzed as follows, organizational learning is strongly influenced by the speed using information from internal and external environment. External information can be harnessed and used to form the organizational knowledge. This knowledge is used to establish the configuration and placement of their resources to establish business competitiveness.

The cause of so little influence organizational learning towards business strategy in this study, due to some theoretical assumptions can not be covered in this study. The tendency of SMEs who do not like formality is considered to limit the freedom and reduce the flexibility causes limitations of SMEs to obtain information from the environment, especially from formal forums. Formal information comes from official activities organized among others by the government or non-government agencies such as training, seminars, and workshops to increase the performance of business-related field.

Limitations get this formal information and culture that exist in SMEs to obtain information on an informal basis sometimes makes the information obtained is not fully accepted. Incomplete information is too difficult to get new knowledge that can be utilized for the improvement of the next activity. The impact of these limitations make the organization's ability in utilizing tangible resources and weak, which in the end was not able to form a competence that can be a source of sustainable competitive advantage. This limitation also led SMEs are not able to configure resources in order to create a good competitiveness and hamper the process of acquisition, integration and application of new knowledge that is unique to cause a business strategy.

Effect of Entrepreneur orientation towards SMEs Business Performance

Based on the test results directly influence the path coefficients showing that the effect of entrepreneurial orientation on business performance of SMEs have no significant coefficients. Hypothesis 4 (four) stating that the entrepreneurial orientation significantly influence the business performance of SMEs is not proven. The study results are no significant influence can be analyzed as follows, that the entrepreneurial orientation based on the innovative attitude which is also influenced by educational background. Existing respondent data by income level (business turnover) in this study when compared to the scale of the definition of SMEs based on Law No. 20/2010 respondents mostly or almost 90% were on a scale of micro enterprises. Enterprises in the daily operations of this scale in a relatively not have the vision and business strategy development plan medium-term or long and is oriented mainly to the operational day-to-day (day-to-day operational oriented) or very short term.

In fact, the performance of the business is a result of the impact of planning and implementing business plans and strategies and to make it happen requires a process and not a short time. Patterns of work without a business development plan are likely to not be able to produce superior performance. The findings of this study indicate no support or reject the theory that the significant effect of entrepreneurial orientation on business performance.

From several previous studies and compared with the study conducted it was concluded that the entrepreneurial orientation in SMEs no significant effect on business performance directly, but if counted together or through the mediation of other factors will have a significant impact factors such as market orientation and organizational learning or with competencies for sustainable competitiveness. Besides the

weakness in the development of the vision and business strategy for medium and long-term business that is associated with short-term activity can be significant improvement solutions of performance.

Effect of Organizational Learning on the Business Performance of SMEs

Based on the test results directly influence the path coefficients showed that the influence of organizational learning on business performance of SMEs have a significant path coefficients. Hypothesis 5 (five) stated that learning organizations significant effect on the performance of SME proven. The results of these studies examined as follows, that the emphasis on the elements of organizational learning enhancement and improvement, this requires the organization to be sensitive to the environment. Environment will give a signal in the form of information that can be utilized as knowledge and information may be sourced either from internal and external environments.

Learning-oriented organization for structuring towards regularity and how to provide value to customers and focus on understanding the efficient and effective in satisfying customers' needs now and your potential customers. The work done as a result of organizational learning is continuous innovation both the technical side and administration by utilizing information obtained from the environment and by utilizing the existing experience of experimentation conducted continuous improvement.

The increasing organizational learning will further enhance the ability to use information derived from the environment, are well informed about the opportunities and threats to the business that is synchronized with the strengths and weaknesses of the business organizations to be developed into a reliable business strategy. Information that is used to strengthen the organization by changing existing business practices with better business practices. The impact is a learning organization ensures the existence of a feedback system (feed back) to the process of continuous improvement (continuous improvement) on the system input, process and output of business.

The study found an association between organizational learning with business performance. Learning organization will lead to increased understanding and knowledge of the source of organizational development effort, marked by an increase in business performance directly. Learning organization is an antecedent of business performance. The higher the organizational learning will lead to higher business performance.

Effect of business strategy on the SME Business Performance

Based on the test results directly influence the path coefficient shows that the competitive effects of its ongoing business performance of SMEs has significant coefficients. Hypothesis 6 (six) in this study suggest that the level of business strategy significantly influence the business performance of SMEs proved. The results of these studies examined as follows, that business strategy is a collection of factors that differentiate a company from its competitors and give it a unique position in the market is crucial to the success of the company. The ability to determine the configuration of the existing resources will have an impact on the level of business efficiency and effectiveness.

Resource use valuable, rare, difficult to imitate, difficult to replace, and by continuing to continuous innovation through competency unique feature will lead to improvements in business management, production processes, cost reduction, the achievement of quality products that comply with the wishes of the customer and have a competitive advantage compared competitor. The impact is demand for the product will increase, existing customers, increased sales, increased profits and the level of overall business performance is increased and this strategy continues to be maintained from the pursuit of sustainable competitors from these advantages.

From analysis and comparison with some previous research results it can be concluded that the application of the right strategy in utilizing the resources of the company will form a competence that is used to generate competitiveness. The next strategy is to maintain a competitive advantage by avoiding the effort and the pursuit of imitating competitors from emerging sustainability competitiveness and performance superiority.

The study found positive associations between the business strategies and business performance. Strategies to obtain and utilize the valuable resource, are rare, difficult to imitate and difficult to replace will bring a competitive advantage, and when it can be maintained and the strategy can not be followed equally by the competitors it will appear in a sustainable condition. The impact is superiority in business performance directly, so that business strategy is an antecedent of business performance in SMEs.

Conclusion and Suggestions

Conclusion

1. Orientation entrepreneurship can improve organizational learning owned SMEs. Entrepreneurial orientation with regard to the basis and foundation work is the tendency for innovative, pro-active and courageous act by considering the risks. Entrepreneurial orientation will create a desire for learning for higher organizational both individual and collective member organizations of SMEs. Entrepreneurial orientation is essential in improving organizational learning.

2. The entrepreneurial orientation can enhance business strategy to the SMEs. Improved ways of thinking and acting pro-actively to integrate with expertise in utilizing its resources either tangible or intangible will enable the company to create a product that is superior to its competitors. Entrepreneurial orientation which is they wish to continue to improve the business strategy, by continuing to develop valuable resource, rare, difficult to imitate and difficult to replace than those of its competitors to gain superiority in results of operations. Entrepreneurial orientation is essential in improving the position of business strategy for SMEs.

3. Organizational learning does not increase business strategy for SMEs. The limited ability of SMEs to obtain information, especially of a formal forum to be the cause of organizational learning is not influential to business strategy. This is due to the inability of SMEs in the form of new knowledge that is useful. The impact is the inability to utilize the resources to establish competences are important factors causing the emergence of a business strategy.

4. The entrepreneurial orientation does not improve business performance of SMEs. Scale enterprises MSMEs are still dominated by micro-enterprises scale, the pattern of work on micro enterprises is relatively not have the vision and the business plan is less clear and still oriented towards operational from day to day (day-to-day operational oriented). The impact is insignificant to the performance of the business, the business performance is actually the result of the impact of planning and implementing business plans mature.

5. Organizational learning improves business performance for SMEs. Organizational learning will provide value to customers because of organizational learning focus on understanding and effectively to be able to satisfy the needs of current customers and potential customers. The impact is the realization of superior performance through growth and higher profit businesses. Organizational learning through knowledge and understanding better established will facilitate a change in behavior that will lead to improvement of business performance. Organizational learning is essential to improve the business performance of SMEs.

6. The business strategy of SMEs improves their business performance. Business strategy can be done by building long-term customer relationships through the creation of customer satisfaction that there are benefits repetition of purchases that increase sales, market share and profitability, because the costs to be down with the customer service to be better, cheaper than the previous conditions. Business strategy is crucial to improve the business performance of SMEs.

Suggestion

1. SMEs should continue to strengthen its business orientation by setting the vision and business objectives clearer by making a business plan with a longer term more clearly, not only focus on the operational activities of day to day or short-term (day to day operation oriented). Improving organizational learning and business strategy in a way is constantly looking for new information, especially from sources formal activities.

2. Innovative indicator is an indicator with the highest loading factor in shaping entrepreneurship. SMEs should always looking for new and innovative ways in the production and marketing of its products by conducting experiments and utilize scarce resources in the form of raw materials and production techniques are difficult to imitate competitors, minimizing residual raw material, avoid the defective products, are new to the old products so impress new (re-invention).

3. Indicators of commitment to learning are an indicator with the highest loading factor in shaping organizational learning. It is therefore recommended to the owners of SMEs in order to become a prime mover in the process of organizational learning. Operationally it can be done by implanting influence and raise awareness for himself and members of his organization the importance of learning as the key to business success. Leaders hold regular meeting forums weekly or monthly to evaluate the activities.

4. Indicators of valuable scarce resource is an indicator with the highest loading factor in shaping the sustainable competitiveness. It is strongly advised to SMEs in order to search for related assets such as machinery production process and rare raw materials that can create a distinguishing element (reliable differentiation) with competitors so as to provide more value for customers. This can be done by creating a network with suppliers with contracts for supply assurance tools with powerful technology and raw materials are scarce.

5. For Local Government can facilitate and assist the development of the SME scale enterprises, especially cocoa industries in organization learning. The government can open a formal access to information. Formal program can through counseling, seminars, workshops and training. The local governments also can entrepreneurs and business communications forum to train SMEs to acquire information more modern with the latest information technology-based activities such as use of the Internet for business information for marketing its products such as the use of social networks (twitter, facebook, blogs and others). Strengthening the organization (capacity building) with develop other training such as production techniques, knowledge of materials, business planning and training aspects of functional foods such as administrative management and financial planning for small businesses.

6. For further research, this study can be used as reference for subsequent theoretical and empirical study on the factors that affect the performance of SME business by connecting with variables beyond the study models

which also determines the success of the business performance of SMEs as other factors which derive from external and internal environment organization that affect performance such as environmental conditions, leadership, organizational structure, and culture that has not been used in this study and conducting a study with a focus on such a scale only just as micro, small or medium alone and this will have implications that are more specific and appropriate to each business scale.

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