
Impact of Entrepreneurship Orientation, Innovation, Market Orientation and Total Quality Management on SME Performance

Impact of
Entrepreneurship

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Abstract

Small and Medium Enterprises (SMEs) have had a very good impact on economic development in Indonesia. In addition, the presence of SMEs also brings many benefits to the welfare of the community, one of which is by absorbing the workforce so that it can reduce the number of unemployment figures. To see the success or failure of a business can be seen from the measurement of performance. Measuring the performance of a business is a very important thing, because by measuring the performance of the company can find out how much reward or salary will be given to employees. This study aims to examine whether entrepreneurial orientation, innovation, market orientation and total quality management affect the performance of SMEs. This study uses primary data with questionnaires as research instruments. The population in this study was 1,599 SMEs located in Kuantan Singingi Regency. The number of samples used was 115 with a purposive sampling method. The test results show that the independent variable entrepreneurial orientation, innovation, market orientation affect the performance of SMEs, while the independent variable total quality management has no influence on the performance of SMEs. This research is expected to be a material consideration for making changes in business for business entities and organizations so that business performance can improve.

Keywords: Entrepreneurship Orientation, Innovation, Market Orientation, Total Quality Management

Introduction

Indonesia's economic growth is currently in a fairly good phase. Small business is one type of business that can increase economic growth. Currently, the government is encouraging people to make small businesses both in the traditional and modern sectors for their welfare. Small and medium businesses that are experiencing development are small and medium enterprises (UKM). SMEs are one of the business sectors that are not affected by the global crisis that has hit the world. Therefore, there is no doubt that SMEs have a big role to play in increasing economic growth in Indonesia and also overcoming it unemployment.

Lionel October in his presentation once mentioned that the main objective of the strategy is to create a good environment and ensure the sustainability of SMEs, as well as increase their contribution to (GDP) (SEDA 2005). In 2018-2019 the SME sector contributed to the Gross Domestic Product (GDP), which increased by 60.34% to 65%, of which the most contributed were startup SMEs who marketed their products through online platforms. However, the contribution of SMEs to total tax revenue is still relatively small, where SME tax payments each year only range between Rp. 5-6 trillion compared to the total tax revenue of around Rp. 1,300 trillion. And only 1.8 million entrepreneurs are active in paying taxes in the SME sector (Bisnis.com). Even though taxes have a very influential role economy, namely being part of the source of government funds for development. Venter et al., (2006: 303) says that companies must deduct employee taxes from the salary of each employee. Administrative requirements of the income tax law that have been established must be complied with because when a business employs people, the income tax will make the business it's master.



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Developing the performance of UKM is quite difficult to do. Therefore it takes various efforts and ways to develop the performance of SMEs. Performance is a form of results achieved for an activity carried out. Barbara (2000) states "problems in management in marketing, finance, and technology are very influential on the development of SME performance". To assess the performance of SMEs as a whole, it is necessary to conduct research that examines the factors that can improve the performance of SMEs. Performance can be measured in several ways, including market effectiveness, such as new product introduction, sales volume, target market share, and sales growth. The performance of a company can be used as a benchmark for the company in achieving its organizational goals. Increased performance can be used as a reference by leaders to provide rewards or salaries to employees.

The goals of the organization in the hope of individual performance are the main goals that must be obtained by the performance to achieve good performance. Currently, there are still very many neglected UKM. So that it experiences limitations in understanding how capabilities especially, such as understanding entrepreneurial orientation and innovation that can affect performance. There are still people who do not know what entrepreneurship and innovation orientation is, especially in developing countries. Whereas entrepreneurship and innovation are one of the capabilities that companies can exploit in pursuit of superior performance (Nasution et al., 2011). To ensure the appropriateness of organizational performance, SMEs need to produce good behavior (Zheng & Bingxin, 2010). Strategic orientation is a well-regarded concept that is widely used in business literature related to company performance. Total quality management (TQM) has been widely accepted as an important quality system approach (Ri et al., 2010). Total Quality Management is one of the efforts made by a company to boost the company's excellence through meeting customer needs and improving quality through continuous improvement.

The definition of UKM mentioned by the Central Statistics Agency (BPS) according to the quantity of its workforce is, a business that has 5-19 employees is called a small business, and a business that has 20-99 employees is called a medium enterprise. Meanwhile, according to Law no. Article 6 of 20 of 2008 states that a small business is a business that can get sales in a year of more than Rp. 300,000,000.00 - Rp. 2,500,000,000.00 is called a small business. And a business that can get sales in a year of more than IDR 2,500,000,000.00 - IDR 50,000,000,000 is said to be a medium-sized business.

In Kuantan Singi Regency itself, the existence of SMEs has not been given good attention, even though SMEs in Kuantan Singi Regency can improve the community's economy because they have enormous power, given the current uncertain economic conditions, it is hoped that this potential can continue to grow because of the turnover obtained from UKM is also quite big. However, there are still problems faced by SMEs, such as lack of business capital, lack of product innovation, and difficulty in marketing when goods are ready to be produced.

Corruption is an example of a case that has a profound impact on performance. Economically, corruption will have an impact on slow development as well as economic growth and investment, reduce productivity, and also lower the quality of goods and services for the public and decrease state income. Even though SMEs have a very important role in overcoming and reducing the problem of unemployment, namely by absorbing a lot of labor, SMEs automatically have encouraged one of the government's efforts to overcome unemployment and poverty. However, the occurrence of corruption causes poverty alleviation to run slowly and leads to higher crime rates. Also, the occurrence of corruption causes limited access for the poor so that it is difficult for people to innovate.

A bad leader is also one of the causes of hampering performance improvement because if a leader cannot provide motivation and direction for his employees it will make performance worse. Employees who have never received direction from their superiors will never think that whether the work they have done has increased or not as long as their work

has been completed. Increased performance is one of the most important things for the company so that leaders who have high responsibility will do various ways to improve their performance. From the explanation above, it can be seen that corruption and lack of attention from leaders is one thing that can hamper performance improvement.

The performance of a business can be influenced by several factors, the first is entrepreneurial orientation. Mahmood & Hanafi (2013) states that the main donor to achieve the success of a company is entrepreneurial orientation. Meanwhile, Carson (2002) describes entrepreneurial orientation as a way to analyze the values, abilities, and behavior of someone who tries to work and create something new or innovate.

The next factor is innovation. Cumming (1998) sees the term innovation as the creation of a new process and new product. Meanwhile, Knox (2002) mentions innovation as a new way of providing better quality or value. The ability to innovate is a characteristic that must be possessed by an entrepreneur (Larsen & Lewis, 2007).

The third factor is the Market Orientation. Becherer et al., (2003) mention market orientation as a way for organizations to stay focused on customer need and long-term profitability, to create superior value for their customers. According to Soehadi (2012:12), market orientation is an activity to find information about the market, such as current and their customers.

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The third factor is the Market Orientation. (Becherer et al., 2003) mention market orientation as a way for organizations to stay focused on customer needs and long-term profitability, to create superior value for their customers. According to Soehadi (2012: 12), market orientation is an activity to find information about the market, such as current and future consumer needs, information is distributed across functions and all organizations respond well to all of this information.

The last factor is Total Quality management. Krajewski & Ritzman (2006) states that total quality management is a new way of how the organization's competitive potential remains maximum by continuing to focus on customer satisfaction, the involvement of all employees, as well as continuous improvement of the quality of products, people, services, processes and the organizational environment with steps or new method. With this research,

it is expected that entrepreneurial orientation, innovation, market orientation, and total quality management can improve the performance of a company.

Research Model

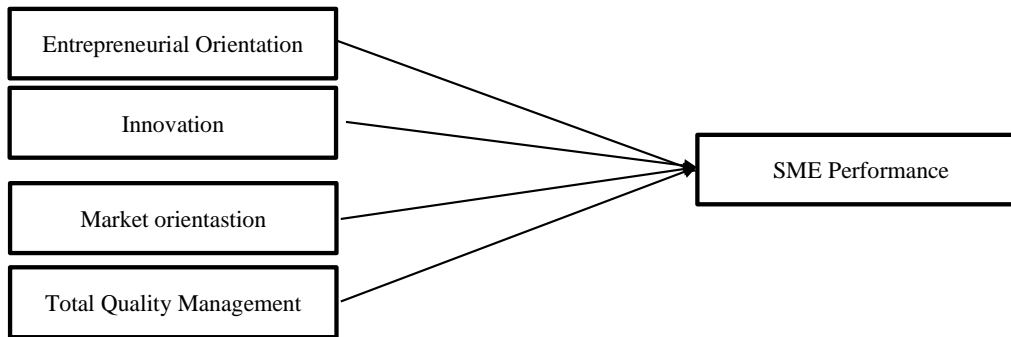


Figure 1. Research Model

Research Method

Research Design

This research is included in quantitative research. This research took place in Kuantan Singingi Regency, Riau Province, carried out from 2020 to completion. This study uses primary data. Where the data source is obtained directly through the results of filling out a questionnaire that has been distributed to each UKM owner. To analyze the data, this study used SPSS version 21.0.

Population and Research Sample

The population in this study were identifiable SMEs in Kuantan Singingi Regency, Small/Medium Enterprises that had employees and SMEs registered at Disperindag Kop in Kuantan Singingi Regency, totaling 1,599 SMEs. So that the total sample size is 115 SMEs. In this study, the authors narrowed the population by calculating the sample size using the Slovin technique, according to Sugiyono (2017; 87) because the sample collection must be representative and the calculation does not require a sample table but can be done with simple formulas and calculations. So that the number of samples is determined using the Slovin formula, namely:

$$n = \frac{N}{1 + Ne^2}$$

So that the total sample size is 115 SMEs. Of these, 35 questionnaires did not return, while 80 questionnaires that returned and could be processed.

Dependent variable

The dependent variable in this study is the performance of SMEs. Performance is "a series of activities carried out by management that can share a prediction about how far the results achieved by management when carrying out their duties and their accountability in public accountability in the form of success or failure in their business" (Ranto, 2007: 19). The indicators in this study are profit growth, capital growth, and sales growth. Which was developed from Lee & Tsang's research from research (Ranto 2016).

Independent Variables

This study uses 4 independent variables, namely entrepreneurial orientation, innovation, market orientation, and total quality management. Entrepreneurial orientation variable is the skill of a worker in creating and discovering and taking advantage of every opportunity

that arises gaining access to the market by deploying innovative methods, practices and making proactive and courageous decisions in taking risks, and the indicators used in this study are *Risk-taking, proactivity, and autonomy* (Lumpkin & Dess, 1996) (Rauch et al., 2009) and (Zahra, 2008).

Innovation variable, innovation is the ability to apply creativity in solving problems and finding opportunities. The point of innovation is the ability to do something new and different. The indicators used in this research are *product/service innovation, process innovation, and administrative innovation* (Baldacchino, 2009).

Market orientation variable, market orientation according to (Kohli & Jaworski, 1990) is how SMEs can get opportunities for conditions that occur in the market with behavior and activities that reflect the implementation of the marketing concept. Based on the operational definition of market orientation in this study, the indicators used are customer orientation, competitor orientation, and function coordination. The last variable is total quality management, According to (Al-Swidi, 2016), (Demirbag et al., 2006) total quality management is how management seeks continuous improvement in all uses of the organization and operations to produce and provide products and services that are customers need and want. Based on the operational definition of total quality management in this study, the indicators used are functional product design, quality of empowerment, quality of management processes, training of employees of the entire organization, and use of quality information.

Data collection methods

Collecting data in this study is by providing a list of questions related to the variables studied. The research is arranged based on the Likert scale. with answers to questions, namely a scale of 1-5 values, which consists of: scale 1 = Strongly Agree, scale 2 = Agree, scale 3 = Enough Agree, scale 4 = Disagree, and scale 5 = Strongly Disagree.

Results and Discussion

Respondent Demographic Data

Table 1. Respondent Demographic Data

	Respondent Characteristics	Total	Percentage %
Age Range	Under 25 years	5	6.25%
	25 - 35 years	26	32.50%
	36 - 45 years	32	40%
	46 - 55 years	13	16.25%
	Over 56 years	4	5%
	Total	80	100%
Status	Married	69	86.25%
	Single	11	13.75%
	Total	80	100%
Gender	Male	52	65%
	Women	28	35%
	Total	80	100%
Education last one	SD	0	0%
	SMK	0	0%
	S1	7	8.75%
	Management Junior High	15	18.75%
	SMA / SLTA	42	52.50%

	S1 Accounting	0	0%
	Others	16	20%
	Total	80	100%
Income / Turnover	<100 million		18.75%
	100 – 300 million	51	63.75%
	300 – 500 million	8	100%
	500-2.5 million	5	6.25%
	2.5 – 50 million	1	1.25%
	> 50 billion	0	0%
	Total	80	100%

Table 1 above shows the demographic data of respondents based on age range, status, gender, latest education, and annual turnover. The number of respondents based on the age range under 25 was 5 (6.25%), ages 25-35 were 26 (32.5%), ages 36-45 were 32 (40%), ages 46-55 were 13 (16, 25%) and over 56 years

of age amounted to 4 respondents (5%). Meanwhile, the number of respondents based on status, respondents who were married were 69 (86.25%) and those who were not married were 11 (13.75%). As well as respondents based on gender are, male respondents amounted to 52 (65%) and female respondents were 28 (35%). And respondents based on the latest education are, SD amounted to 0 (0%), SMK Catering amounted to 0 (0%), S1 Management amounted to 7 (8.5), SMP totaled 15 (18.75%), SMA / SLTA totaled 42 (52.5%), S1 Accounting amounted to 0 (0%) and other respondents amounted to 16 (20%). And the last respondent based on turnover per year is <100 million totaling 15 (18.75%), 100-300 million amounting to 51 (63.75%), 300-500 million amounting to 8 (10%), 500-2.5 billion total 5 (6.25%), 2.5-50 billion amounted to 1 (1.25%), and > 50 billion amounted to 0 (0%).

Descriptive Statistics Results

Table 2. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
SME performance	80	24	35	29.36	2,252
Entrepreneurial Orientation	80	23	45	36.71	4,317
Innovation	80	28	54	39.20	5,517
Market Orientation	80	17	25	22.10	2,374
Total Quality Management	80	28	40	33.27	3,322
Valid N (listwise)	80				

Source: Processed Primary Data, 2020

From the table above, it is known that the research statistics are SME Performance (Y), Entrepreneurship Orientation (X1), Innovation (X2), Market Orientation (X3) and Total Quality Management (X4) have a min value of 24, (X1) of 23, (X2) of 28, (X3) of 17 and (X4) of 28 With a max value (Y) of 35, (X1) of 45, (X2) of 54, (X3) of 25 and (X4) of 40. And the average value (Y) of 29.36 (X1) of 36.71 (X2) of 39.20 (X3) of 22.10 and (X4) of 33.27. And the standard deviation (Y) of 2,252 (X1) of 4,317 (X2) of 5,517 (X3) of 2,374 and (X4) of 3,322.

Data Quality Testing Results

Data Validity Test Results

From the results of data processing, it is known that each statement for each dependent variable of SME performance and the independent variable of entrepreneurial orientation, innovation, market orientation, and total quality management is above the criteria of 0.2199 (r table). So it can be concluded that each statement indicator for the dependent variable of SME performance and the independent variable of entrepreneurial orientation, innovation,

market orientation, and total quality management is valid and can be used to be used as research.

Table 3. Descriptive Statistics

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Variable	Item statement	R count	R table	Status
SME Performance	K1	0,534	0,2199	valid
	K2	0,666	0,2199	valid
	K3	0,675	0,2199	valid
	K4	0,519	0,2199	valid
	K6	0,723	0,2199	valid
Entrepreneurship	K7	0,465	0,2199	valid
	OK1	0,530	0,2199	valid
	OK2	0,766	0,2199	valid
	OK3	0,705	0,2199	valid
	OK4	0,733	0,2199	valid
	OK5	0,613	0,2199	valid
	OK6	0,489	0,2199	valid
	OK7	0,756	0,2199	valid
	OK8	0,532	0,2199	valid
Innovation	OK9	0,537	0,2199	valid
	IV1	0,699	0,2199	valid
	IV2	0,679	0,2199	valid
	IV3	0,556	0,2199	valid
	IV4	0,777	0,2199	valid
	IV5	0,724	0,2199	valid
	IV6	0,607	0,2199	valid
	IV7	0,567	0,2199	valid
	IV8	0,631	0,2199	valid
	IV9	0,527	0,2199	valid
	IV10	0,513	0,2199	valid
Market Orientation	IV11	0,654	0,2199	valid
	OP1	0,631	0,2199	valid
	OP2	0,291	0,2199	valid
	OP3	0,524	0,2199	valid
	OP4	0,580	0,2199	valid
Total Quality Management	OP5	0,494	0,2199	valid
	TQM1	0,599	0,2199	valid
	TQM2	0,507	0,2199	valid
	TQM3	0,414	0,2199	valid
	TQM4	0,481	0,2199	valid
	TQM5	0,607	0,2199	valid
	TQM6	0,300	0,2199	valid
	TQM7	0,441	0,2199	valid
	TQM8	0,581	0,2199	valid

Orientation

Hasil Uji Reliabilitas Data

Tabel 4. Reliability statistics

Variable	Standard	Cronbach's Alpha	Reslut
SMEs Performance (Y)	0,60	0,690	Reliabel
Entrepreneurship Orientation (X1)	0,60	0,799	Reliabel
Innovation (X2) Market Orientation (X3)	0,60	0,848	Reliabel
Total Quality Management (X4)	0,60	0,761	Reliabel

From the table above, it can be seen that the value of the dependent variable and the value of the independent variable proves that the Cronbach's Alpha coefficient is greater than 0.60. So it can be concluded that the instruments contained in this study are reliable or trustworthy.

Normality Test Results

Table 5. Results of Normality Test with One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		80
Normal	Mean	0
Parameters ^{ab}	Std. Deviation	1.42378062
Most	Absolute	0.103
Extreme	Positive	0.084
Differences	Negative	-0.103
Kolmogorov-Smirnov Z		0.923

Based on the results in Table 3 above with the method of *Kolmogorov-Smirnov test* values obtained *Kolmogorov-Smirnov* 0.923 and significant Value *Asymp. Sig (2-tailed)* 0.362. This shows that the research data has a significant probability far above the alpha value of 0.005. The residuals are normally distributed because the significance is above 0.05 or 5%.

Classic Assumption Test

Multicollinearity Test

Table 6. Result of Multicollinearity Test

Model (Constant)	Collinearity Statistics	
	Tolerance	VIF
Entrepreneurship orientation	0.949	1.053
Innovation	0.925	1.081
Market Orientation	0.971	1.03
Total Quality Management	0.942	1.061

Based on the multicollinearity test results in Table 4 above, it was found that the tolerance value was above 0.10. Meanwhile, the VIF value also shows the same thing, in which no single independent variable has a VIF value of more than > 10. Thus, it can be concluded that in the regression model of this study there is no multicollinearity symptom between the independent variables.

Heteroscedasticity Test Results

Table 7. Heteroskedastic Test Results with the Glejser Method

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
Constant	2.153	1.278		1.684	0.096
Entrepreneurship orientation	-0.017	0.2	-0.096	-0.848	0.399
Innovation	0.02	0.016	0.143	1.264	0.21
Market Orientation	-0.086	0.045	-0.27	-1.902	0.061
Total Quality Management	0.24	0.033	0.105	0.741	0.461

From Table 5 above, it can be seen that the significance value between the independent variables and absolute residuals is > 0.05 . So it can be interpreted that there is no heteroscedasticity in the model regression of this study.

Table 8. Linearty test results

Variabel Independen	Sig. of linearity
Entrepreneuship orientation	0.103
Inovation	0.311
Market Orinetation	0.796
Total Quality Management	0.188

From the table above, it is known that the four variables have a sig.of linearity value greater than 0.05. So it can be concluded that all independent variables are linearly related to the dependent variable.

Table 9. Results of Multiple Linear Regression Analysis

Model	Understandardized	Coefficient	Standarized Coefficient
	B	Std. Error	Beta
Constant	2.633	3.291	
Entrepreneuship orientation	0.218	0.037	0.418
Inovation	0.229	0.029	0.562
Market Orinetation	0.271	0.095	0.202
Total Quality Management	0.112	0.062	0.129

From the table above, it is explained in the following equation: The value of the dependent variable for SME Performance (Y) is 2.663 which is seen from its constant value, so it is noted that the independent variable is Entrepreneurial Orientation (X1), Innovation (X2), Market Orientation (X3), and Total Quality Management (X4) do not affect the dependent variable performance of SMEs (Y). The X1 coefficient is 0.218, the X2 coefficient is 0.229, the X3 coefficient is 0.271 and the X4 coefficient is 0.112, resulting in a positive sign on Entrepreneurship Orientation, Innovation, Market Orientation and Total Quality Management it shows that if Entrepreneurship Orientation, Innovation, Market Orientation, and Total Quality Management has increased by 1, the performance of SMEs will increase by 21.8%, 22.9%, 27.1% and 11.2% assuming other variables are constant or fixed.

Hypothesis Test Results

Table 10. Partial Test Result (t)

Model	Unstandardized Coefficient		Standardized Coefficients	T	Sig
	B	Std. error	Beta		
Constant	2.663	3.291		0.809	0.421
Entrepreneuship orientation	0.218	0.037	0.418	5.858	0
Inovation	0.229	0.029	0.562	7.78	0
Market Orinetation	0.271	0.095	0.202	2.856	0.005
Total Quality Management	0.112	0.062	0.192	1.802	0.076

The following is an explanation of the relationship between the independent variable and the dependent variable:

First Hypothesis Test Results

Data processing shows that the value of t count (5.858) $>$ t table (1.992). Thus the independent variable entrepreneurial orientation affects the dependent variable on the performance of SMEs, this explains that companies that apply entrepreneurial orientation in SMEs will increase the performance of SMEs, so hypothesis 1 is **accepted**.

These findings further support the research conducted (IY Sari, 2016), (Bereket Mamo Buli, 2017), and (Sahoo & Yadav, 2017). A company will get a high level of development if it can fight the dynamics of a successful environment and the company has a high entrepreneurial character. The ever-changing economy will affect the condition of the company in the market. This change will have an impact on the performance of a company. This of course will be a challenge for companies to keep looking for something new and different from the others even though it is likely to pose risks. So we need new ideas or ideas that the company will implement later so that they can create new products that the market wants. Purnama and Suyanto (2010) state that the business capability they have will have an impact on business success. Therefore, to improve the performance of the managed business, SMEs do not only rely on hard work but also need to apply work principles. This means that SMEs do not only dare to face challenges and take risks in developing their business but also need creativity in how to market their products.

Second Hypothesis Test Results

Data processing shows that the value of t count (7,780) > t-table (1,992). Thus the independent variable of innovation affects the dependent variable, so it means that companies that innovate in their business can improve their performance, so hypothesis 2 is **accepted**.

These findings further support the research conducted by (Caylina et al., 2019), (Makanyeza & Dzvuke, 2015) and (Ndubisi & Iftikhar, 2012). Innovation is something that needs to be done within a company, given the economy that continues to experience dynamic movements. Innovation is needed to improve the performance of every party involved in a company, so competitive efforts are needed to make it happen. In today's global competition, it is hoped that the company's survival will continue, and for the company's products to be superior, innovation has a very important role. In essence, innovation is very important in improving performance, because through innovation we can find out that a company has experienced an increase in performance, namely through a new product it creates. Innovation is a company mechanism to adapt to a dynamic environment. With innovation, the company should be able to improve its performance to face today's competition. Company performance has a very important role to monitor whether the company's goals are by what was planned. This finding further strengthens the research conducted by (Terziovski, 2010) which reveals that innovation is the main key and the main driver for improving the performance of SMEs. So it can be concluded that a company needs to improve its performance to have a sustainable competitive advantage, of course, this cannot be separated from innovation.

Third Hypothesis Test Results

Data processing shows that the value of t count (2.859) > t-table (1.992). This shows that the independent variable market orientation has an influence on the dependent variable on the performance of SMEs, so it means that hypothesis 3 is **accepted**.

These findings further support research conducted by (Wijesekara et al., 2016) (Li et al., 2008) and Protcko & Dornberger (2014) which states that one of the important keys that can improve business performance is market orientation. The role of market orientation is very important to improve company performance because market orientation can help and motivate in developing new products so that current and future market needs can be met (Jaiyeoba, 2011). The performance will experience a good increase in market orientation. Companies that continue to pay attention to customers and respond quickly to actions from competitors will reflect superior company performance. Kumar (2002) states that market orientation contributes to increasing company competence so that it can encourage high

performance in costs and provide success and new services. Not only that, for the company's performance to continue to improve, but a business must also be able to provide services and delivery of goods on time to consumers and a company must be able to observe competitors' performance and improve its capabilities such as the materials used, design models and technology used. What is no less important that must be considered is that a company must be able to know what management is applied by a competitor so that it can improve managerial ability in managing the company so that it has a good relationship with the company. Thus, it is unlikely that a company will not experience an increase in its performance.

Fourth Hypothesis Test Results

The results of data processing show that t count (1.802) < t table (1.992). Thus the independent variable total quality management does not affect the dependent variable on the performance of SMEs, so it can be concluded that hypothesis 4 is **rejected**.

This finding further supports the research conducted by (Kumentas, 2013) and (DM Sari, 2009) in companies, if the total quality management is ineffective it can obstruct performance improvement. Several factors can cause total quality management not to affect business performance, including the fact that the company is not yet fully able to carry out total quality management and a lack of motivation for employees involved in company activities, resulting in slow improvement and increased performance. According to Blocher (2000), most companies argue that the success of total quality management requires a firm and active leader who continues to supervise employees. Lack of control exercised by leaders is something that can fail to implement total quality management to improve business performance. Total quality management that is implemented properly will result in higher competitiveness so that it will produce a good performance and produce quality products. Companies must pay attention to total quality management properly because total quality management is very useful for improving the performance of a business and developing aspects of business very much depends on the application of total quality management.

Analysis of the Determinant Coefficient

Table 11. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.775	0.6	0.579	1.461

From the table above, the *Adjusted R Square* figure is 0.579 or 57.9%. This means that the percentage contribution of the influence of the independent variable entrepreneurial orientation, innovation, market orientation, and total quality management on the dependent variable performance of SMEs in Kuantan Singi district is 57.9%. Meanwhile, the remaining 42.1% is influenced by other variables, not in this study.

Conclusion

From this research, it is concluded that the independent variables of entrepreneurship orientation, innovation, and market orientation affect the dependent variable of SME performance, while the independent variable total quality management does not affect the dependent variable of SME performance.

From this research, it is concluded that the independent variables of entrepreneurship orientation, innovation, and market orientation affect the dependent variable of SME performance, while the independent variable total quality management does not affect the dependent variable of SME performance.

Implications

The results of research on the influence of the independent variables of entrepreneurship orientation, innovation, and market orientation on the dependent variable of SME performance show a positive or influential relationship, while the independent variable total quality management shows results that do not affect the dependent variable of SME performance. This proves that the independent variables of entrepreneurial orientation, innovation, and market orientation contribute to the performance of SMEs in improving performance. So far, the problem of improving performance is quite difficult to do. To overcome this problem requires effort or effort, motivation, and strict supervision by the leadership so that their performance increases.

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