

## **Entrepreneurial Knowledge and Entrepreneurial Orientation on Enterprises Performance: a Study of Smes in East Java, Indonesia**

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### **ABSTRAK**

Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh Pengetahuan Kewirausahaan, Orientasi Pasar, Orientasi Penjualan, dan Jaringan Terhadap Kinerja Perusahaan. Populasi penelitian ini adalah UKM di Jawa Timur. Jumlah sampel untuk penelitian ini adalah 300 UKM. Metode pengambilan sampel penelitian menggunakan non-probability sampling. Penelitian ini menggunakan data primer yang diperoleh dengan menyebarkan kuesioner secara online menggunakan Google Forms. Metode pengumpulan data menggunakan kuesioner yang disebar melalui Google Forms. Pengukuran data menggunakan skala linier 1 sampai 4 dimana 1 untuk jawaban sangat tidak setuju dan 4 untuk jawaban sangat setuju. Pengolahan data menggunakan aplikasi SmartPLS 3. Hasil penelitian ini menemukan bahwa Pengetahuan Kewirausahaan, Orientasi Pasar, Orientasi Penjualan, dan Jaringan mempengaruhi Pengetahuan Kewirausahaan dan Orientasi Kewirausahaan berpengaruh positif dan signifikan terhadap kinerja perusahaan; Studi tentang UKM di Jawa Timur, Indonesia. Hal ini terlihat dari hasil uji discriminant validity dan hasil akhir pengolahan data SmartPLS 3.

**Kata kunci:** pengetahuan kewirausahaan, orientasi pasar, orientasi penjualan, jaringan, kinerja perusahaan

### **ABSTRACT**

*The research aims to examine and analyze the effect of Entrepreneurial Knowledge, Market Orientation, Sales Orientation, and Networking on Enterprises Performance. The population of this research is SMEs in East Java. The number of samples for this study is 300 SMEs. The research sample collection method uses non – probability sampling. This study uses primary data obtained by distributing questionnaires online using Google Forms. The data collection method uses a questionnaire distributed via Google Forms. Data measurement uses a linear scale of 1 to 4 where 1 is for strongly disagree and 4 is for strongly agree on answers. Data processing uses the SmartPLS 3 application. The results of this study found that Entrepreneurial Knowledge, Market Orientation, Sales Orientation, and Networking influence Entrepreneurial Knowledge and Entrepreneurial Orientation have a positive and significant effect on enterprises performance; Study on SMEs in East Java, Indonesia. This can be seen from the results of the discriminant validity test and the final result of SmartPLS 3 data processing.*

**Keywords:** *entrepreneurial knowledge, market orientation, sales orientation, networking, enterprise performance*

### **INTRODUCTION**

Entrepreneurship is an activity of economic growth and national development seen from the formal and informal sectors (Al Mamun et al., 2016). Small and Medium Enterprises (SMEs) are business activities that have an important role in creating jobs and greatly contributing to social and economic development (Bowen & Richardson, 2016). In particular, SMEs are driving entrepreneurship activities globally and also play an important role in developing technological capabilities, innovation diffusion, and capital mobility (Nabiswa & Mukwa, 2017). To increase the ability of SMEs, this activity is always tied to an entrepreneur who always runs a business by combining human resources with other resources that can create higher value than before (Hirsch et al., 2018).

(Raghuvanshi & Garg, 2018) said that national and international companies experienced many challenges in dealing with market uncertainties such as consumer capital and consumer finance. As well as the many local and international competitors. (Wolcott et al., 2008) said and noted that the types of micro-enterprises or also known as part-time or full-time jobs are housing businesses, street vendors (PKL), or are also based in the agricultural sector. Micro-business activities in Malaysia are businesses with a sales turnover of less than RM 300,000 per year and employees consisting of less

than five employees (Ahmad et al., 2018). (Razavi & Ab Aziz, 2017) More or fewer businesses in Malaysia have small-scale work operations, such as roadside food stalls, night market traders, grocery stalls, and also businesses promoting retail activities in the country.

Entrepreneurial orientation is an important orientation for the establishment of a enterprises so that the enterprises runs according to plan (Covin et al., 2006; Covin & Slevin, 1991; Lumpkin & Dess, 2001; Martens et al., 2011; Miller, 1983; Miller & Friesen, 1982; Rauch et al., 2009; Zahra & George, 2002). (Covin & Slevin, 1991) explains that entrepreneurship at the business level culminates in the concept of an entrepreneurial orientation. Entrepreneurial orientation refers to a series of dimensions that consist of decision-making techniques, and processes in business establishment activities that tend to act independently, innovate, and take risks in activities to seek more challenging opportunities (Lumpkin & Dess, 2001). Entrepreneurial orientation is the distribution of business values originating from the enterprises's top management It can be stated that entrepreneurial orientation starts at the highest level in the enterprises and aims to spread business opportunities (Lumpkin & Dess, 2001). And also (Miller, 1983) explains that entrepreneurial orientation has three dimensions, namely, being innovative, tending to take risks, and also being able to measure the scale of the growth of the business itself. Meanwhile (Lumpkin & Dess, 1996) explains that entrepreneurial orientation has five dimensions, namely, innovative, diligent, willing to take risks, independent, and able to realize business growth.

Entrepreneurial knowledge is very beneficial for small businesses or organizations with minimal technological and financial support (Al Mamun & Fazal, 2018; Đurkin & Perić, 2017). Entrepreneurial activities in new companies refer to a balance of special competencies in operationalizing entrepreneurship (Mitchelmore & Rowley, 2013). According to (Al Mamun et al., 2016) entrepreneurial knowledge is the ability to use natural resources as a reference for the improvement and success of micro-enterprises. Entrepreneurial knowledge is very important in building a business so that the business is successful and successful (Andrews et al., 2011) confirms that identifying other entrepreneurial performances can refer to business success. In the opinion of (Man et al., 2002) individual knowledge is an important reference in improving the behavior of entrepreneurs in managing the enterprises efficiently. (Gerli & Gubitta, 2011) argues that entrepreneurs must be able to increase certain entrepreneurial knowledge to be able to facilitate the performance of the companies they live in. And also the knowledge possessed by an entrepreneur is expected to be able to facilitate enterprises performance, development, and economic growth so that it can grow rapidly (Mitchelmore & Rowley, 2013).

(Gerli & Gubitta, 2011) argues that the role of an entrepreneur can be seen well from the results of the companies they run. And also the results of the enterprises can influence entrepreneurial knowledge on enterprises performance. There is no doubt that entrepreneurial orientation is an important factor in overcoming existing problems among SMEs and entrepreneurship can also build external and internal competencies (Darwis, 2017). (Mitchelmore & Rowley, 2010) emphasized that the success of the business and economic development among SMEs is a success of entrepreneurial competence. Networking is something that is needed by an entrepreneur to run a business because networking aims to be able to run SMEs with external activities that aim to be able to help run a business, necessities of life and also economic growth and external activities will show how important external resources are to be able to help run SMEs so that the business is successful and successful (Taylor & Thorpe, 2004). (Dodd & Patra, 2002) explains that an entrepreneur must have an attachment to networking to be able to fulfill the resources owned by the enterprises. And also networking is something that is needed by companies to be able to get information about business opportunities, ideas, and other resources (Taylor & Thorpe, 2004). Networking success can relate well to the development and success of the enterprises (Brüderl & Preisendörfer, 1998).

(Guyatt et al., 2011) claim that analyzing entrepreneurial knowledge factors is of importance to business success. However, several challenges must be faced and one of them is human knowledge itself. This is a major challenge faced by micro-enterprises to be able to run and survive in the market (Wahid et al., 2017). (Al Mamun et al., 2016) emphasized that an entrepreneur must be able to understand the main factors that affect enterprises performance by looking at entrepreneurial knowledge to be able to achieve micro-business success. Indonesia is a country with a population whose growth in SMEs is increasing every year. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, currently, the growth of SME businesses has reached 60 million,

and this number is still growing along with advances in technology. The Minister of Trade (Mendag) Muhammad Lutfi in signing the Memorandum of Understanding of the Ministry of Cooperatives and SMEs, PT. Sarinah with PT Ina Product Indonesia on Thursday, October 28 2021 said that there are 3 challenges faced by SME business actors, namely the first is experience, which makes it difficult for SME business actors to adapt to changing times. The second is networking, which makes it very difficult for business actors to compete and the third is capital or funding, which makes it difficult for business actors to develop their businesses.

As for what is happening in East Java, Indonesia, the problems related to SMEs that are often faced by business actors are a lack of capital, marketing, sales, and raw materials. From these problems, the result is that business actors engaged in the SME sector will find it difficult to progress and last a long time. In the future, the business will no longer be able to grow and may result in early bankruptcy. Thus, where the factors that determine the success of a business are the ability knowledge, and individual skills it has.

**Table 1**  
**Research Gaps**

No	GAP type	Explanation
1.	Research Controversy (Entrepreneurial Knowledge)	(Dewi, 2019) her research suggested that entrepreneurial knowledge significantly affects the performance of Muslim companies in Surabaya, Sidoarjo, and Gresik. Meanwhile, research conducted by (Yasa et al., 2017) stated that entrepreneurial knowledge did not significantly influence the performance of traditional umbrella crafts in the Province of Bali.
2.	Research Controversy (Market Orientation)	(Abbas, 2018) in his research explained that market orientation has a significant effect on enterprises performance in Makassar. Meanwhile, research conducted by (Setyawati, 2013) explains that market orientation has no significant effect on enterprises performance in the Kebumen district.
3.	Research Controversy (Sales Orientation)	(Rizan & Utama, 2020) in research explains that sales orientation has a significant effect on the performance of SMEs in Jakarta. Meanwhile, research conducted by (Anwar & Ratnasari, 2017) explains that sales orientation has no significant effect on enterprises performance in Surabaya.
4.	Research Controversy (Networking)	(Hendrawan & Wijaya, 2020) in research explains that networking has a significant effect on enterprises performance in West Jakarta. Meanwhile, research conducted by (Parida et al., 2010) says that networking does not affect enterprises performance.

Source: data processed

Based on the problems and research gaps above, this research will examine the gaps in SME businesses in East Java, Indonesia. So this researcher is interested in examining the factors namely Entrepreneurial Knowledge, Market Orientation, Sales Orientation, and Networking (Networking) which influence Entrepreneurial Knowledge and Entrepreneurial Orientation on Enterprises Performance; Study on SMEs in East Java, Indonesia. Thus, the questions that arise in this study are as follows: 1) will entrepreneurial knowledge affect enterprises performance?; 2) will market orientation affect enterprises performance?; 3) will sales orientation affect enterprises performance?; and 4) how can networking affect enterprises performance?. The purpose of writing is to find out whether the variables of Entrepreneurship Knowledge, Market Orientation, Sales Orientation, and Networking (Networking) can affect enterprises performance.

## **METHODS**

This study uses a non-probability sampling method in the form of accidental sampling, which is based on the accidental sampling of respondents such as accidentally meeting respondents who match the source of information, so these respondents can be used as samples in this study. The number of samples in this study amounted to 300 respondents who run SMEs in East Java Province. The data collection method uses distributing questionnaires to research respondents online using Google Forms. The research conducted by the author uses 5 variables measured on a linear scale with

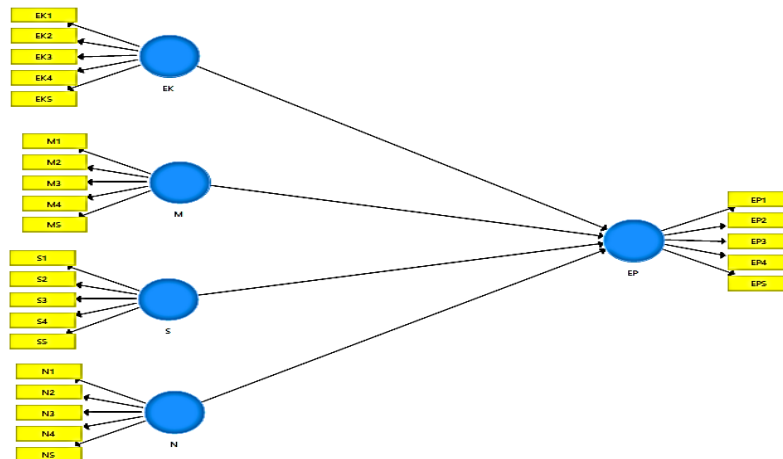
4 points, starting from strongly disagreeing to strongly agreeing. All items are reported and responded to according to the respondent's assessment honestly and without any coercion. The five variables were adapted into a questionnaire with statement items according to the indicators for each variable and also used language that was clear and easily understood by the respondents.

**Table 2**  
**Appendix**

No	Variable	Indicator	Sources
1.	Entrepreneurial Knowledge	<ol style="list-style-type: none"> <li>1. Creating business opportunities to be able to advance the business</li> <li>2. Have the ability to manage the enterprises</li> <li>3. Recommend goods according to consumer needs</li> <li>4. Have the ability to improve and develop business ideas</li> <li>5. Knowing about the aspects of the business is run</li> </ol>	(Ladge et al., 2019; Salhi & Boujelbene, 2012)
2.	Market Orientation	<ol style="list-style-type: none"> <li>1. Gather information about consumer needs</li> <li>2. Provide good service to consumers</li> <li>3. Observing the developments made by competitors</li> <li>4. Making changes for the good of competitors</li> <li>5. Make consumers satisfied with the services provided</li> </ol>	(Abiodun & Mahmood, 2015; Kaaria et al., 2009; Narver & Slater, 1990)
3.	Sales Orientation	<ol style="list-style-type: none"> <li>1. Responsible for service strategy</li> <li>2. Buying and selling to consumers</li> <li>3. Recommend products according to consumer interests</li> <li>4. Providing useful products for consumers</li> <li>5. Identify risks and opportunities for business success</li> </ol>	(Anwar & Ratnasari, 2017; Aqmala, 2019)
4.	Networking	<ol style="list-style-type: none"> <li>1. Networking is needed in the world of entrepreneurship</li> <li>2. Networkings make it easier for companies to do business</li> <li>3. Networkings make production activities efficient</li> <li>4. Networkings make it easier for consumers to obtain the desired product</li> <li>5. Networkings have relationships between companies and consumers to survive</li> </ol>	(George et al., 2001; Holmqvist & Diaz Ruiz, 2017; Huovinen, 2019b; Wahid et al., 2017)
5.	Enterprises Performance	<ol style="list-style-type: none"> <li>1. Doing work that generates growth for the enterprises</li> <li>2. Meet the target consumers as expected by the enterprises</li> <li>3. Maintain and improve product quality according to consumer interests</li> <li>4. Provide the best service according to the standards set by the enterprises</li> <li>5. Fulfill sales profit targets by working according to established rules</li> </ol>	(Jahanshahi et al., 2012; Li et al., 2006; Tumelap et al., 2014; Venkatraman & Ramanujam, 1986a; Wiklund & Shepherd, 2003)

Source: data processed

The method used in research data analysis activities is managed using the Structural Equation Modeling (SEM) analysis tool from the SmartPLS 3 software package for modeling and testing research hypotheses. Structural Equation Modeling (SEM) is a technique for testing and predicting causal relationships using a combination of statistical data and qualitative causal assumptions. The reason for using SEM tools for research conducted is that SEM can simultaneously test a series of relationships between relatively complex constructs and can confirm the dimensions of concepts, factors, and its ability to measure relationships theoretically.



Source: data processed

**Figure 1**  
**Research Framework Model**

**Table 3**  
**Respondent Profile**

Element	Frequency	(%)
<b>Ages</b>		
a. 20 to 30 years	131 respondents	43,7%
b. 31 to 40 years	65 respondents	15,3%
c. 41 to 50 years	58 respondents	21,7%
d. 50 years and over	46 respondents	19,3%
<b>Gender</b>		
a. Male	146 respondents	48,7%
b. Female	154 respondents	51,3%
<b>Work</b>		
a. Culinary	73 respondents	24,3%
b. Service	40 respondents	13,3%
c. Automotive	37 respondents	12,3%
d. Retail	35 respondents	11,7%
e. Fashion	23 respondents	7,7%
f. Beauty	21 respondents	7%
g. Furniture	25 respondents	8,4%
h. Farm	26 respondents	8,7%
i. Tours and travels	10 respondents	3,3%
j. Educational institutions	10 respondents	3,3%
<b>Last education</b>		
a. Senior High School	232 respondents	77,3%
b. D3	15 respondents	5%
c. S1	51 respondents	17%
d. S2	2 respondents	0,7%
<b>Length of Running a Business</b>		
a. 1 – 3 years	109 respondents	36,3%
b. 4 – 6 years	96 respondents	32%
c. 7 – 10 years	63 respondents	21%
d. more than 11 years	32 respondents	10,7%
<b>Marketing Area</b>		
a. Village Level	45 respondents	15%
b. District level	144 respondents	48%
c. Regency level	79 respondents	26,3%
d. Provincial Level	15 respondents	5%
e. National level	17 respondents	5,7%

Note: number of respondents (n= 300)

From the Table 3 we get some respondent data which has become our criteria. Respondents in this study were all entrepreneurs in East Java, Indonesia. We used 300 samples for this study. Of the 300 samples, 51.3% of the respondents were female entrepreneurs compared to 48.7% were male. This is because many women entrepreneurs are interested in running businesses such as culinary, services, fashion, and beauty rather than running businesses such as automotive and furniture. The majority of respondents aged 20-30 years was 43.7% followed by ages 31-40 years at 15.3% followed by respondents aged 41-50 years at 21.7% and also respondents aged > 50 at 19.3%. This can be interpreted that the age of 20-30 years is a very active and productive age, where at that age a person begins to actively look for the job they want. So, most of them try various kinds of jobs that suit their passion. Most of the respondents completed high school 77.3%, followed by 5% completing a Diploma, and also 17% holding a Bachelor's degree. This states that there are more respondents with high school or vocational graduates than Diploma and Bachelor graduates. Most high school/vocational high school graduates do not want to continue or do not have the funds to continue their studies. Because of that, they prefer to work rather than continue to a higher level. Meanwhile, most of the respondents owned 13.3% service business, 24.3% culinary, 11.7% retail, 7.7% fashion, 12.3% automotive, 7% beauty, 8.4% furniture, and the rest other. This suggests that entrepreneurs are more interested in running a culinary business than other businesses. Then the length of the establishment of the business was around 1-3 years of 36.3%, followed by 4-6 years of 32%, and more than 7 years around 31.7%. In addition, the marketing area at the village level is 15%, at the sub-district level is 48%, at the district level is 26.3%, at the provincial level is 5% and at the national level is 5.3%.

## RESULTS

**Table 4**  
**Validity test**

	<b>EK</b>	<b>EP</b>	<b>M</b>	<b>N</b>	<b>S</b>
EK	0.753				
EP	0.707	0.759			
M	0.779	0.690	0.724		
N	0.666	0.690	0.670	0.778	
S	0.750	0.709	0.788	0.770	0.758

Source: data processed

From the results of the discriminant validity test with the SmartPLS 3 software that I use, the data results show that the relationship between variables is valid with a positive number. It can be seen in Table 4 above that with a standard deviation of 0.05, the overall value is not negative or below the standard deviation. Therefore, the questionnaire data that I created can be continued and processed to find the results of the Entrepreneurial Knowledge, Market Orientation, Sales Orientation, and Networking variables on Enterprises Performance; A Study of SMEs in East Java, Indonesia. Entrepreneurial Knowledge has a very high validity value of 0.753 with a standard deviation of 0.05 and also has a positive effect on Enterprises Performance (Dewi, 2019; Kusuma, 2013). This means good performance in managing the enterprises becomes one of the entrepreneurial types of knowledge in business success. And also knowing business aspects can create business opportunities and develop business ideas to be able to provide quality products to consumer needs. Meanwhile, the Market Orientation variable also has a positive effect on Enterprises Performance with a validity value of 0.690 with a standard deviation of 0.05 (Abbas, 2018). This means that market orientation is the most effective and efficient performance in developing a business and gathering information for business progress (Abiodun & Mahmood, 2015; Narver & Slater, 1990).

Collecting information about competitors is an important thing for entrepreneurs to do to be able to develop the business they are running and to be able to provide the best service to consumers (Narver & Slater, 1990). Furthermore, Sales Orientation in Table 4 also has a positive effect on Enterprises Performance (Rizan & Utama, 2020). This means sales performance using sales orientation aims to provide maximum work results to be proven to entrepreneurs or colleagues (Sujan et al., 1994). This research uses indicators that provide information related to products that suit

consumer needs, carries out various ways to convince consumers to buy the products we sell, and also identifies risks and opportunities for business success. Then, the Networking variable also has a positive effect on the Enterprises' Performance of 0.690 with a standard deviation of 0.05 (Dewi, 2019; Hendrawan & Wijaya, 2020). This means that networking is very influential in providing information and knowledge in the business development process as well as strong relationships with consumers (Yoon et al., 2018). In addition, networking can also provide strong relationships with suppliers. This will have a positive impact on the enterprises's performance in running the business. Suppliers can also increase the source of information about market developments and the movements of competitors.

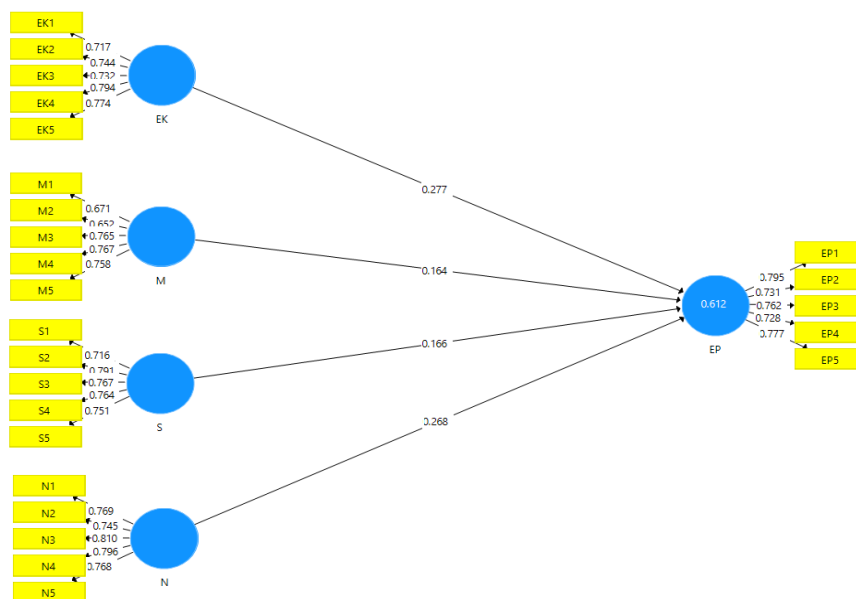
**Table 5**  
**Results ff Testing The Data**

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	hypothesis
EK -> EP	0,277	0,274	0,068	4,061	0,000	accepted
M -> EP	0,164	0,167	0,072	2,292	0,022	accepted
N -> EP	0,268	0,271	0,064	4,188	0,000	accepted
S -> EP	0,166	0,165	0,082	2,028	0,043	accepted

Source: data processed

The results of testing the data with SmartPLS 3 software showed that Entrepreneurial Knowledge had a significant effect of 4.061 from the STDEV results.

The basis for decision making: If the probability value (P) > 0.05 then the hypothesis is rejected and if the probability (P) < 0.05 then the hypothesis is accepted. Based on Table 5 above, the results of hypothesis testing can be obtained as follows: (1) Entrepreneurial Knowledge - Enterprise Performance, it can be seen that the P value is 0.000 < 0.05. This value is far below 0.05, so the hypothesis can be accepted. So it can be concluded that there is a positive and significant influence on enterprises performance. (2) Market Orientation - Enterprises Performance, it can be seen that the P value is 0.022 < 0.05. Then this value is acceptable and it can be concluded that there is a positive and significant influence on enterprises performance. (3) Networking - Enterprises Performance, it can be seen that the P value is 0.000 < 0.05. Then this value can be accepted and it can be concluded that networking has a positive and significant effect on enterprises performance. (4) Sales Orientation - Enterprises Performance, it can be seen that the P value is 0.043 < 0.05. Then this value can be accepted and it can be concluded that sales orientation influences enterprises performance.



Source: data processed

**Figure 2**  
**Data Processing Results**

### *The Effect of Entrepreneurial Knowledge on Enterprises' Performance*

The results of the research that has been done found that entrepreneurial knowledge has a positive and significant influence on enterprises performance. This is because an entrepreneur who knows entrepreneurship will be able to produce a good performance in developing his business. Therefore, entrepreneurs must be able to know aspects of the product, market, organization, and finances of the business (Øystein Widding, 2005). In addition, entrepreneurs who know about doing business can find business ideas to be able to create business opportunities (Ladge et al., 2019; Salhi & Boujelbene, 2012). Then entrepreneurs who can understand the basics of the world of entrepreneurship can make it easier for them to run a business. And also, knowing about business aspects can bring benefits to entrepreneurs to develop and can make it easier for entrepreneurs to be able to find ideas to get quality products to be given to consumers. In addition, to be able to achieve business success is not only being able to understand the basics of entrepreneurship and business aspects but also being able to prepare business proposals. Therefore, entrepreneurs have succeeded in compiling and submitting business proposals to banks or investors who want to capitalize on their businesses. So that entrepreneurs have large capital to be able to develop their businesses to improve enterprises performance.

This is in line with previous research conducted by Kusuma (2013) which stated that entrepreneurial knowledge will have a positive influence on enterprises performance in Surabaya. Based on the theory of Resource-based view (RBV) enterprises performance is knowledge, skills, and competencies that are very important in enterprises growth to produce competitive advantage (Barney, 1991; Grant, 1991; Tehseen & Ramayah, 2015). And also, entrepreneurial knowledge is an understanding of conceptual and activity about the process of entrepreneurial growth, this refers to the level of knowledge of an entrepreneur in the process of business growth (Johannisson, 1991). Therefore, entrepreneurial knowledge greatly influences enterprises performance so that entrepreneurs can run their businesses (Dewi, 2019). This is in line with research conducted by (B. Bird, 2019; Dewi, 2019; Kusuma, 2013; Mitchelmore & Rowley, 2010) which states that entrepreneurial knowledge has a positive and significant effect on enterprises performance. Thusly, it can be said that SMEs in East Java have carried out strategies that are oriented towards entrepreneurial knowledge for successful enterprises performance. This research also contradicts research (Yasa et al., 2017) which states that entrepreneurial knowledge has no significant effect on enterprises performance.

### *Effect of Market Orientation on Enterprises' Performance*

The results of the research that has been done found that market orientation has a positive and significant influence on enterprises performance. This is because if an entrepreneur can master market performance, then this can make it easier for him to develop his business and can create his characteristics regarding the products being marketed. Also, collecting information related to competitors in marketing their products is important so that entrepreneurs can provide good service to consumers. Therefore, entrepreneurs must have their characteristics so that competitors cannot imitate them in marketing their products (Ali et al., 2017). In addition, to achieve successful enterprises performance, entrepreneurs are also able to understand the needs and desires of consumers, this can make consumers buy the products we offer and make repeat purchases. And also, not only focusing on consumer needs and wants but also focusing on understanding competitors' performance. This can make it easier for us to be able to develop enterprises performance. Therefore, the higher the market orientation, the higher the enterprises's performance.

This is in line with previous research conducted by (Abbas, 2018) which concluded that the higher the market orientation, the higher the performance of SMEs in the city of Makassar. Based on the Resource-based view (RBV) theory, marketing performance, and market orientation are two resources that complement each other and play a role in the success of the enterprises's performance. Because market orientation is influenced by changing times which also results in changes in people's needs (Morgan et al., 2009). This is in line with (Boso et al., 2013) who state that entrepreneurs who can master market performance can have a high influence on the success of enterprises performance. This is in line with research conducted by (Abbas, 2018; Han et al., 1998; Zhou et al., 2009) which states that market orientation can have a positive and significant effect on enterprises performance. Thus, it can be concluded that SMEs in East Java have carried out a market-oriented strategy. Therefore, the more developed the business and products, the more market expansion is needed. This



study also contradicts research conducted by Setyawaty (2013) which states that market orientation has no significant effect on enterprises performance.

#### *Effect of Sales Orientation on Enterprises Performance*

The results of the research that has been done found that sales orientation has a positive and significant impact on enterprises performance. This is because if entrepreneurs can master sales performance, they will provide effective and efficient performance for business success. And also, sales performance can be able to identify risks and business opportunities and can do various ways to convince consumers to buy recommended products. Then, entrepreneurs who are smiling, friendly, responsive, and honest can attract consumers' attention. This is because consumers are more comfortable with good service quality so it can trigger consumers' purchase requests for recommended products. In addition, not only focusing on service but entrepreneurs must also be able to maintain product quality so that the products sold can attract consumers' attention to buy the products offered and can also be recommended to others. This is in line with previous research conducted by (Boles et al., 2001) which stated that satisfaction, consumer comfort, and identifying risks are the goals of establishing good relations and providing satisfying services to be able to attract the attention of consumers to buy and be loyal to the product. offered and also the higher the sales orientation, the higher the enterprises's performance. Based on the theory of Resource-based view (RBV) also explains that sales-oriented behavior is a enterprises competency that has no comparison that can produce good and satisfying enterprises performance (Barney, 1991). This is in line with research conducted by Rizan & Utama (2020); Sujan et al (1994) which state that sales orientation has a positive and significant effect on enterprises performance. This research also contradicts research conducted by Anwar & Ratnasari (2017); Aqmala (2019) which states that sales orientation does not affect enterprises performance.

#### *The Effect of Networking on Enterprises' Performance*

The results of the research that has been done found that networking has a positive and significant influence on enterprises performance. This is because the higher the networking owned by the entrepreneur the wider the information - information about market developments and also a strong relationship with consumers. In addition, networking is also able to have a positive impact on entrepreneurial knowledge (Yoon et al., 2018). Therefore, the higher the networking owned by entrepreneurs, the higher the level of business success. Then, not only the relationship between consumers but also entrepreneurs must have a strong relationship with suppliers. This is because suppliers are the main source of obtaining information about market developments and the movements of competitors. This is in line with previous research conducted by Dewi (2019) which states that the higher the networking owned by entrepreneurs, the higher the enterprises's performance, and can achieve success earlier than expected. Based on the Resource-based view (RBV) theory also explains that the networking is an important resource to be able to improve enterprises performance and also the networking is just a work contract but the networking can change the enterprises's competence (Ahmad et al., 2018; B. Bird, 2019). This is in line with research conducted by (Dewi, 2019; Hendrawan & Wijaya, 2020; Ogunnaike & Kehinde, 2013; Yoon et al., 2018) which states that networking has a positive and significant effect on enterprises performance. This study also contradicts research conducted by (Parida et al., 2010) which states that networking does not have a positive effect on enterprises performance.

## **CONCLUSION**

This study found that Entrepreneurial Knowledge And Entrepreneurial Orientation On Enterprises Performance; A Study Of SMEs In East Java, Indonesia. From the results of this study, it was conducted that the influence of Entrepreneurial Knowledge, Market Orientation, Sales Orientation, and Networking has a significant effect on Enterprises Performance. This is because the higher the entrepreneurial knowledge, market orientation, sales orientation, and networking, the higher the influence on enterprises performance. Conversely, if entrepreneurial knowledge, market orientation, sales orientation, and networking are lower, it will also affect enterprises performance. This research can also be carried out further by focusing on specific respondents such as by adding male respondents because most of this research is female respondents. As well as, adding independent

variables to produce more precise and clear. Suggestions for companies are expected to be able to maintain product quality, and maintain good communication with consumers so that consumers are loyal to the products we offer and can be recommended to others. It is also hoped that consumers will give impressions and messages to the enterprises to be able to provide the best service and satisfaction provided.

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