Entrepreneurial Orientation and Business Sustainability of Home Industry Leather Shoes in Surabaya

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Abstract

This study aimed to analyze the influence and significance of entrepreneurial orientation, product innovation, customer orientation to marketing performance and its impact on business sustainability in the leather shoe home industry in Tambaksari District, Surabaya. This research is a quantitative research. The research data is primary data obtained from a sample of 100 respondents who own the leather shoe home industry in Tambaksari District, Surabaya. The sample collection technique was carried out using an online questionnaire. The data analysis technique used Partial Least Square (PLS). The results of this study indicated that the entrepreneurial orientation variable does not have a significant effect on marketing performance and business sustainability. Meanwhile, product innovation and customer orientation variables have a significant effect on marketing performance and business sustainability. Next, the entrepreneurial orientation variable proved not having a significant effect on marketing performance and business sustainability. Product innovation and customer orientation variables have a significant effect on marketing performance and business sustainability. Furthermore, the entrepreneurial orientation variable does not have a significant effect on marketing performance and business sustainability, but product innovation and customer orientation have it significantly.

Keywords
Entrepreneurial orientation, Product innovation, Customer orientation, Marketing performance, Business sustainability.

1. Introduction

Home industry Leather shoes is a craftsman in the leather shoe business made from raw animal skin that produces various kinds of shoe products made of leather, these leather shoe craftsmen produce no age from old to young, almost all groups wear and enjoy leather shoes in Tambaksari District, Surabaya City, for example parents, adolescents, and children. In this modern era, competition between the same types is getting tighter, one of which is the leather shoe business which is currently very much popping up in various cities to foreign countries. guaranteed quality so that consumers are more interested in creating satisfaction with consumers.

The presence of this growing number of leather shoe craftsmen has attracted many, from parents, young people, and children. Leather shoes are becoming famous because of the internet, especially on social media, which really encourages shoe craftsmen to work more optimally and have the latest innovations for leather shoe models.

This is also what leather shoe craftsmen make use of, by offering various styles of shoes from adults, adolescents and children which are very popular and worn by all people, both young and old. So that this leather shoe craftsman promotes on social media by taking several examples of interesting and unique leather shoe models, also wrapped in interesting words so that there are many enthusiasts for furniture.

Annual Revenue of Leather Shoes Home Industry in Tambaksari Subdistrict Surabaya

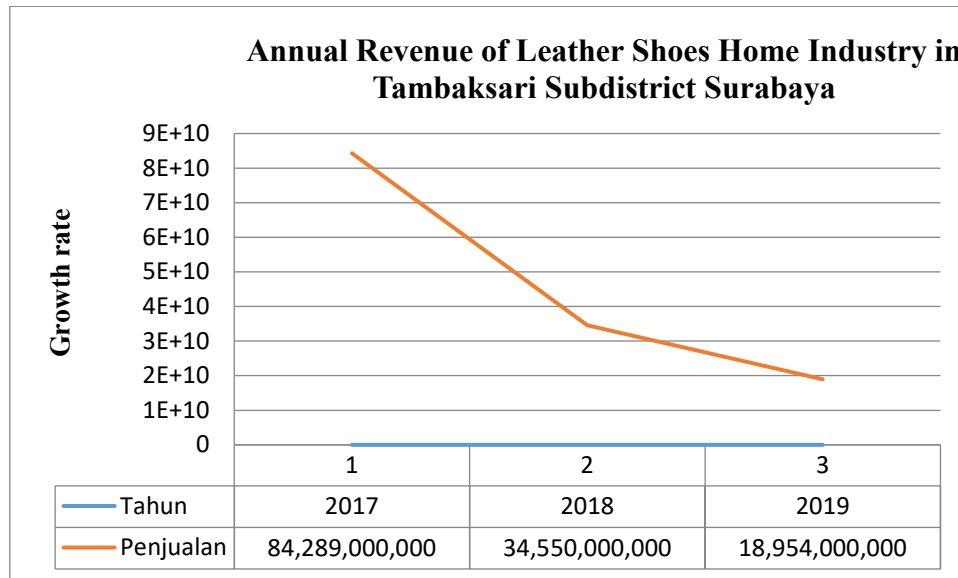|	1	2	3
Tahun	2017	2018	2019
Penjualan	84,289,000,000	34,550,000,000	18,954,000,000

Figure 1. Annual Revenue of Leather Shoes Home Industry in Tambaksari Subdistrict Surabaya

From the data above, it can be seen that the MSME home industry for leather shoes in Tambaksari District, Surabaya City in 2018 has decreased. This condition theoretically can reduce the interest of UMKM or UMKM for business continuity. Therefore, the authors are interested in examining the performance of marketing and the sustainability of the family business / business with the factors that influence it.

2. Literature Review
2.1. Entrepreneurial Orientation
Entrepreneurial orientation is a construct that integrates entrepreneurship and strategic management. Strategic management requires that companies have and exploit competitive advantages in a certain environmental context, at the same time, enterprising entrepreneurship is trying to find competitive advantage through product, process, and market innovation (Lechner & Gudmundsson, 2014). According to Rauch, Wiklund, Lumpkin, & Frese (2009), entrepreneurship orientation is the orientation of the company's strategy in entrepreneurship to gain a competitive advantage with indicators: decision making, practice and methods.

2.2. Product Innovation
Innovation is the idea of being open to new ideas as a corporate culture. Meanwhile, the capacity to innovate is the company's ability to use or implement new ideas, processes or products successfully. Innovation is the deliberate introduction and application of work, work teams or organizations of new ideas, processes, products or procedures in work, work teams or organizations, which are designed to benefit the job, work team or organization (Gary Hamel, 2006). Innovation is a no-linear process of two components including the implementation of creativity and innovation. At the beginning of the process, creativity dominates and then, will be dominated by the process of implementing innovation.

2.3. Customer Orientation
Kotler & Keller (2007) states that what customers want is more important than the products currently being sold to customers. Marketing according to Angelova & Zekiri (2011) must use the concept of how companies know what customers / consumers want and fulfill them by putting customer satisfaction and values as the main thing and transactions as the basis for analysis. The concept of marketing as a philosophy has limited practical value. In order to be useful in practice, the marketing concept needs to be bridged by an operational understanding. The definition

of operational which is the implementation of the 11 marketing philosophies is the implementation of market orientation by company management. Because market orientation is an implementation of the marketing concept.

2.4. Marketing Performance

Marketing performance is something that is used to measure the success of the strategies a company uses in marketing its products in the market. Marketing performance can be measured or assessed from data on sales levels, increased revenue, number of customers, or from other data that describes the extent to which the level of success of marketing a product or service from a company. Of course, the success of marketing performance is also determined by the strategy used by the company to compete with its 15 competitors. Marketing performance is declared successful if the sales data states that the number of product sales increases, the number of customers increases, the income increases, the market is wider, and the product is increasingly recognized by consumers or the public.

2.5. Business Sustainability

According to Kovačič (2018) business sustainability is defined as follows: "Business sustainability is" adopting strategic business and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future ".

This shows that an entrepreneur is not enough to look at his business today, but seeing his business in the future is also very important. Hence, Olson et al. (2003) also stated that the sustainability and success of the business will be able to guarantee family financial resilience and local economic welfare. In line with that, Hahn & Kühnen (2013) states that business people who want their business to be sustainable, they are only innovative towards the effectiveness and efficiency of their business and are responsible for the future of the entrepreneur community will need a business security mechanism by managing the risks and benefits of innovation. market pressure on innovative products demands increased experimentation among entrepreneurs. Generating innovation is an important part of being able to attract the market.
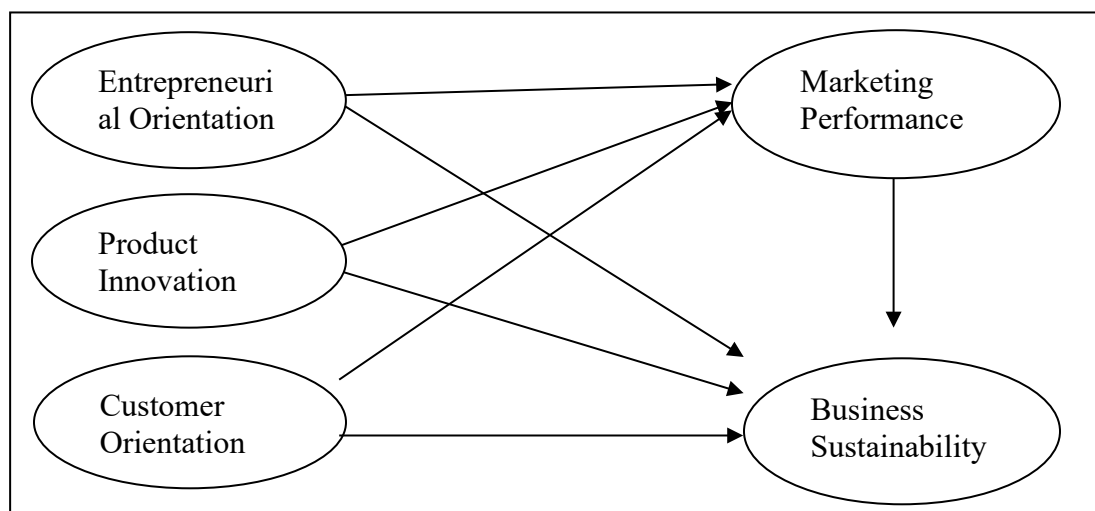
2.6. Research Concept Framework

Figure 2. Image of Research Concept Framework
Source: Writing, data processed in 2020

3. Research Methods

The research approach used in this research is a quantitative approach. According to Sugiyono (2008) Quantitative research methods are methods based on the philosophy of positivism, used to examine populations, data collection using research instruments, data analysis is quantitative / statistical, which has the aim of testing the hypothesis that has been set.

The object of research is a target to obtain information data in accordance with the opinion of the object of research and is a target to obtain data. According to Sugiyono (2012), the object of research is a scientific objective to obtain data with specific purposes and uses about something objective, valid, and realiable about something

(certain variables). The object of this research is data on Entrepreneurship Orientation, Product Innovation, Customer Orientation to Marketing Performance and Business Sustainability of leather shoe craftsmen in Tambaksari District, Surabya City. Population is a generalization area consisting of objects or subjects that have qualities and characteristics that are determined by the researcher to study and draw conclusions (Sugiyono, 2008). The population in this study areHome industry of leather shoes in Tambaksari District, Surabya City.

The sample is part of the number and characteristics possessed by this population, it can be a large population, and it may not be everything in the population, for example because of limited funds, energy and time, the researcher can use a sample taken from that population.

In this study, sampling can be done using non-probability sampling with purposive sampling procedure, which means the sampling technique is based on certain considerations (Sugiyono, 2008). In this study the numberHome industry of leather shoes in Tambaksari Subdistrict, Surabaya City it is not certain that it is possible to calculate the minimum sample size using a formula Hosmer & Lemeshow (2000) for the unknown population.

$$n = \frac{z^2 x\, p\,(1-p)}{d^2}$$

Information :
n = Number of samples
z = z score at 95% confidence = 1.96
p = maximum estimate = 0.5
d = alpha (0.10) or sampling error = 10%.

$$n = \frac{1,96^2 \ x \ 0,5\,(1-0,5)}{0,10^2}$$

$$n = \frac{19.208\,(0,5)}{0,01} = \frac{0,9604}{0,01} = 96,04$$

So if based on this formula, the n obtained is 96, 04 and rounded up to 100 respondents.

Data analysis used in this study is to use the partial Least Square (PLS) approach. PLS is a component or variant-based structural equation modeling (SEM) that is designed to solve multiple regression when specific problems occur in the data, such as the research sample size is very small, the presence of missing data, and multicollinearity (Sarstedt, Ringle, & Hair, 2017). PLS is an alternative approach that shifts from a covariance-based SEM approach to a variant (Ghozali, 2006).

Covariance-based SEM generally tests causality / theory while PLS is more of a predictive model. PLS is a powerful analytical method Ghozali (2006), because it is not based on many assumptions. For example, the data must be normally distributed, the sample does not have to be large. Besides being able to be used to confirm the theory, PLS can also be used to explain whether there is a relationship between latent variables. PLS can simultaneously analyze the constructs formed by reflective and normative indicators.

According to Ghozali (2006) the purpose of PLS is to help researchers for predictive purposes. The formal model defines the latent variable as the aggregate linear of the indicators. The weight estimate for creating a latent variable score component is obtained based on how the inner model (a structural model that connects between latent variables) and the outer model (the measurement model, which is the relationship between the indicator and its construct) is specified. The result is the residual variance of the dependent variable.

4. Research Results and Discussion
4.1. Data analysis
In this study, researchers used Partial Least Square (PLS) data analysis techniques using SmartPLS 3 Version 3.6.8 software. According to Sarstedt et al. (2017) PLS is a component or variant-based Structural Equation Model (SEM) equation designed for complete multiple regression when there are specific problems with the data such as small study sample sizes, missing data or multicolonearity. PLS is a powerful analytical method because it is not based on many assumptions, for example the data must be normally distributed, the sample does not have to be large. Besides being able to be used to confirm a theory.

4.2. Assessing the Outer Model
There are three criteria for using data analysis techniques that use SmartPLS to assess the outer model, namely Convergent Validity, Discriminant Validity and Composite Reliability. Convergent Validity is a reflective indicator that is assessed based on the correlation between the item score / component score with the construct score

calculated by PLS. An individual reflective measure is said to be high if it correlates more than 0.70 with the construct to be measured. However, according to Maskey, Fei, & Nguyen (2018), for the initial stage of developing a measurement scale the loading value of 0.5 to 0.60 is considered sufficient. In this study, the loading factor limit used was 0.50.

1. Convergent validity

Table 1. Outer Loading (Measurment Model)

	Orientation entrepreneurship (X1)	Innovation Products (X2)	Orientation Customer (X3)	Performance Marketing (Y2)	Continuity Effort (Y3)
X1.1	0.779				
X1.2	0.915				
X1.3	0.899				
X1.4	0.922				
X2.1		0.88			
X2.2		0.885			
X2.3		0.692			
X3.1			0.849		
X3.2			0.887		
X3.3			0.856		
X3.4			0.815		
X3.5			0.846		
X3.6			0.84		
Y1.1				0.812	
Y1.2				0.877	
Y1.3				0.84	
Y2.1					0.849
Y2.2					0.921
Y2.3					0.931

Source: Data processed with SmartPLS 3, 2020.

The results of processing using SmartPLS can be seen in table that the outer model value or the correlation between the construct and the latent variable has met the convergent validity because the loading factor value in the table above is not below the loading factor limit value of 0.50.

2. Discriminant Validity

Discriminant validity is a reflective indicator which is assessed based on the cross loading measurement with the construct. If the construct correlation with the measurement item is greater than the size of the other constructs, then this indicates that the latent constructs predict the size of their block better than other blocks (Ghozali, 2006).Based on the data above, it can be seen that several loading factor values for each indicator of each construct have a greater value than the others. This shows that latent variables have a better block size than others.

4.3. Evaluating Reliability and Average Variance Extracted (AVE)

The criteria for validity and reliability can be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. The construct is said to have high reliability if the value is 0.70 and the AVE value is above 0.50.

Table 3. Composite Reliability and Average variance Extracted

	Composite Reliability	Average variance Extracted (AVE)
Entrepreneurial Orientation (X1)	0,65	0,54
Product Innovation (X2)	0,60	4,71
Customer orientation (X3)	0,65	0,49
Marketing Performance (Y1)	0,61	0,49
Business Sustainability (Y2)	0,64	0,56

Source: Data processed with SmartPLS 3, 2020.

Based on the table above, it can be seen that all constructs have met the criteria for being reliable. This is indicated by the Composite Reliability value above 0.70 and AVE above 0.50 as recommended.

4.4. Structural Model Testing (Inner Model)

In assessing the model using PLS begins by looking at the R-square Adjusted for each dependent latent variable. Table below is the result obtained from R-square Adjusted estimation using SmartPLS software.

Table 4. R-square Adjusted

Variable	R-square Adjusted
Marketing Performance (Y1)	0.458
Business Sustainability (Y2)	0.744

Source: Data processed with SmartPLS 3, 2020.

In this study, the variables used consisted of 5 variables, namely 3 independent variables (free), namely Entrepreneurship Orientation (X1), Product Innovation (X2), Customer Orientation (X3), 1 variable intervening variable namely Marketing Performance (Y1) and the dependent variable (dependent) as much as 1 variable, namely Business Sustainability (Y2).

Based on the table above shows that the R-square value is Adjusted

For the Marketing Performance variable (Y1) the value was 0.458 and for the Business Sustainability variable (Y2) the value was 0.744. These results indicate that the Marketing Performance variable (Y1) can be influenced by the entrepreneurial orientation (X1), product innovation (X2) and customer orientation (X3) variables of 45.8% and the remaining 64.2% is influenced by other factors, while business sustainability (Y2) can be influenced by the Entrepreneurship Orientation (X1), Product Innovation (X2) and Customer Orientation (X3) variables of 74.4% and the remaining 25.6% is influenced by other factors not examined in this study.

4.5. Hypothesis test

Hypothesis testing in this study was carried out using Bootstrapping testing. After the bootstrapping testing process is carried out and the output results obtained are as follows:
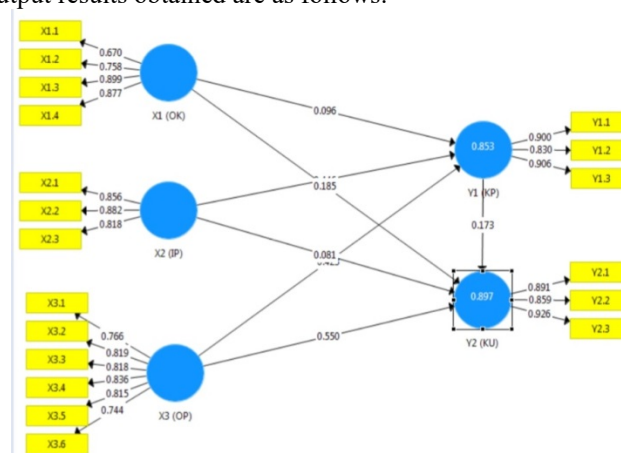

Figure 3. Result Path Diagram After Bootstrapping Analysis
Source: Data processed with SmartPLS, 2019

The criterion for acceptance or rejection of the hypothesis is that H1 is accepted if the t-statistic shows a value greater than the t-table value, which is 1.661 and if the p-value is less than 0.05. if it does not meet the criteria above, H0 is rejected.

4.6. Results

Table 5. Path Coefficient

Path Coefficient	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t- Statistics (1O / STDEV1)	P- Value
X1 (OK) -> Y1 (KP)	0.003	0.010	0.072	0.042	0.967
X2 (IP) -> Y1 (KP)	0.047	0.042	0.070	0.677	0.499
X3 (OP) -> Y1 (KP)	0.382	0.368	0.164	2,325	0.020
X1 (OK) -> Y2 (KU)	0.054	0.056	0.123	0.440	0.660
X2 (IP) -> Y2 (KU)	0.350	0.369	0.140	2,499	0.013
X3 (OP) -> Y2 (KU)	0.323	0.330	0.114	2,842	0.005
Y1 (KP) -> Y2 (KU)	0.593	0.583	0.099	6,012	0.000

Source: Data processed with SmartPLS 3, 2020.

Based on the data from the table above, it shows that the results of the analysis of the questionnaire data tested by means of SmartPLS 3 concluded that:

1. Testing Hypothesis 1 (Entrepreneurship orientation has a significant effect on marketing performance)
   Based on the table shows that the results of the first hypothesis are accepted. The results obtained indicate that the entrepreneurial orientation variable (X1) has a negative and insignificant effect on marketing performance (Y1) because the t-count> t-table is 0.042> 1.661 and the p-value <0.05 is 0.967.
2. Hypothesis 2 Testing (Product Innovation has a significant effect on Marketing Performance)
   Based on the table shows that the results of the third hypothesis are accepted. Result
   The result shows that the Product Innovation variable (X2) has a positive and significant effect on marketing performance (Y1) because the t-count> t-table value is 2.325> 1.661 and the p-value <0.05 is 0.020.
3. Testing Hypothesis 3 (Customer Orientation has a significant effect on Marketing performance)
   Based on the table shows that the results of the fifth hypothesis are accepted. The results obtained show that the Customer Oriented variable (X3) has a positive and significant effect on Marketing Performance (Y1) because the t-count> t-table value is 2.499> 1.661 and the p-value <0.05 is 0.013.
4. Hypothesis Testing 4 (Entrepreneurship Orientation has a significant effect on Business Sustainability)
   Based on the table shows that the results of the second hypothesis are accepted. The results obtained indicate that the entrepreneurial orientation variable (X1) has a negative and insignificant effect on business sustainability (Y2) because the t-count> t-table is 0.677> 1.661 and the p-value <0.05 is 0.499.
5. Testing Hypothesis 5 (Product Innovation has a significant effect on business sustainability)
   Based on the table shows that the results of the fourth hypothesis are accepted. The results obtained indicate that the Product Innovation variable (X2) has a negative and insignificant effect on business sustainability (Y2) because the t-count> t-table is 0.440> 1.661 and the p-value <0.05 is 0.660.
6. Hypothesis 6 Testing (Customer Orientation has a significant effect on Business Sustainability)
   Based on the table shows that the results of the sixth hypothesis are accepted. The results obtained indicate that the Customer orientation variable (X3) has a positive and significant effect on business sustainability (Y2) because the t-count> t-table value is 2.842> 1.661 and the p-value <0.05 is 0.005.
7. Hypothesis 7 Testing (Marketing Performance has a significant effect on Business Sustainability)
   Based on the table shows that the results of the seventh hypothesis are accepted. The results obtained indicate that the Marketing Performance variable (Y1) has a positive and significant effect on Business Sustainability (Y2) because the t-count> t-table value is 6,012> 1,661 and the p-value <0.05 is 0,000.

4.7. Discussion of Research Results
4.7.1. Direct Influence
1. The Effect of Entrepreneurship Orientation (X1) on Marketing Performance (Y1)
   That the results of the first hypothesis are accepted. The results obtained indicate that the entrepreneurial orientation variable (X1) has a negative and insignificant effect on marketing performance (Y1) because the t-count> t-table is 0.042> 1.661 and the p-value <0.05 is 0.967.

The results of this study are inversely proportional to previous research conducted by Yusri Priatin, Djasuro Surya, and Indra Suhendra (2017) which conducted a study entitled The Effect of Market Orientation and Entrepreneurship Orientation on Marketing Performance with Product Innovation as an Intervening Variable (Study in Joint Business Groups (KUB) Pottery in Bumi Jaya Village, Ciruas District, Serang Regency). stated that Entrepreneurial Orientation has a significant effect on Marketing Performance. Meaning: If you are able to compete through products, processes and market innovation, your marketing performance will be better.

2. Effect of Product Innovation (X2) on Marketing Performance (Y1)

That the results of the Second hypothesis are accepted. The results obtained indicate that the Product Innovation variable (X2) has a negative and insignificant effect on Marketing Performance (Y1) because the t-count> t-table value is 0.677> 1.661 and the p-value <0.05 is 0.499.

The results of this study are inversely proportional to previous studies conducted by R. AJ. EP Apriliani OD (2018)conducted a research on the influence of market orientation, innovation and entrepreneurial orientation on marketing performance (Empirical Study at UMKM Batako, Kepil District, Wonosobo Regency). states that Product Innovation has a significant effect on Marketing Performance Meaning: So it can be said that the process of creating new products, either services or goods introduced to the market, will make marketing performance better

3. Effect of Customer Orientation (X3) on Marketing Performance (Y1)

That the results of the third hypothesis are accepted. The results obtained show that the Customer Orientation variable (X3) has a positive and significant effect on marketing performance (Y1) because the t-count> t-table value is 2.325> 1.661 and the p-value <0.05 is 0.020.

The results of this study are supported by previous research conducted by Agesti Wulandari. (2012) Conducted research on the Effect of Customer Orientation, Competitor Orientation, and Product Innovation on Marketing Performance. states that Customer Orientation has a significant effect on Marketing Performance Meaning: If customer desires are more important than products currently being sold to customers, it can support better marketing performance.

4. The Effect of Entrepreneurship Orientation (X1) on Business Sustainability (Y2)

That the results of the fourth hypothesis are accepted. The results obtained show that the Entrepreneurship Orientation variable (X1) has a negative and insignificant effect on Business Sustainability (Y2) because the t-count> t-table is 0.440> 1.661 and the p-value <0.05 is 0.660.

The results of this study are inversely proportional to previous studies conducted by (Gamad, 2017) conducted research on Entrepreneurial Orientation and Business Strategies of Micro, Small and Medium-Sized Enterprises (MSME): Basis for Sustainable Entrepreneurship in the Philippines. stated that Entrepreneurial Orientation has a significant effect on business sustainability. Meaning: If you are able to compete through products, processes and market innovation, it can ensure better business sustainability resilience.

5. The Effect of Product Innovation (X2) on Business Sustainability (Y2)

That the results of the fifth hypothesis are accepted. The results obtained show that the Product Innovation variable (X2) has a positive and significant effect on business sustainability (Y2) because the t-count> t-table value is 2.499> 1.661 and the p-value <0.05 is 0.013.

The results of this study are supported by previous research conducted by Inda Lestari, Miguna Astuti, and Hariyanto Ridwan (2019) which conducted research on the Effect of Innovation and Entrepreneurship Orientation on Competitive Advantages of Culinary MSMEs, which stated that Product Innovation had a significant effect on business sustainability. Meaning: So it can be said that the process of creating new products, whether services or goods introduced to the market, can guarantee a better business sustainability experiment.

6. Effect of Customer Orientation (X3) on Business Sustainability (Y2)

That the results of the sixth hypothesis are accepted. The results obtained indicate that the Customer orientation variable (X3) has a positive and significant effect on business sustainability (Y2) because the t-count> t-table value is 2.842> 1.661 and the p-value <0.05 is 0.005.

The results of this study are supported by previous research conducted by Agesti Wulandari. (2012) Conducted research on "The Effect of Customer Orientation, Competitor Orientation, and Product Innovation on Marketing Performance, which states that Customer Orientation has a significant effect on business sustainability. Meaning: If customer desires are more important than products currently being sold to customers, it can support and guarantee business sustainability.

7. Effect of Marketing Performance (Y1) on Business Sustainability (Y2)

That the results of the seventh hypothesis are accepted. The results obtained indicate that the Marketing Performance variable (Y1) has a positive and significant effect on Business Sustainability (Y2) because the t-count> t-table value is 6,012> 1,661 and the p-value <0.05 is 0,000.

The results of this study are supported by previous research conducted by Bibi Arfanly, Ma'mun Sarma, and Muhammad Syamsun. (2016) conducted a study on "The Role of Entrepreneurial Marketing in Improving Marketing Performance in the Home Industry in Kendal Regency, Central Java. stated that Marketing Performance has a significant effect on business sustainability. This means: if it is declared successful if the sales data states that the number of product sales has increased, the number of customers is increasing, revenue will ensure business sustainability.

5. Conclusions and Recommendations
5.1. Conclusion
Based on the problems that have been formulated, the results of the analysis and hypothesis testing that have been carried out in the previous chapter, the following conclusions can be drawn from the research carried out:

5.2. Suggestion
Based on the above conclusions, the researcher will provide some suggestions which are expected to be useful for the leather shoe home industry in Tambaksari District, Surabaya.

What researchers can provide is as follows:

1. It is hoped that further research can carry out further research on marketing performance and the sustainability of the leather shoe home industry in Tambaksari District, Surabaya. by using other independent variables not in this study.
2. We recommend that the home industry for leather shoes in Tambaksari District, Surabaya. It further enhances its leather shoe products.

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Biographies

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