Test Determinants of SME Performance: Relationship Between Leadership Strategy, Knowledge Management, and Business Orientation

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Abstract

In theory, there are only two types of entrepreneurs typology items, namely craftsman entrepreneur and opportunistic entrepreneur. Both of them have unique and distinct characteristics in Reviews their business running wheel Including the techniques and strategic steps to Determine sustainability in their business. In this case, the pattern of leadership and knowledge of the business, as well as business orientation, certainly plays the role the which in turn will Ultimately give the final confirmation of what is actually a "pioneer" or a "follower" in business activity. The purpose of this study is to analyze the extent to the which the role of leadership, knowledge of management and business orientation to business performance.

This study takes 60 samples of SME's there was operated in Makassar City. Research approach with choosing the Quantitative Analysis and Regression Analysis as a method of the analysis. The results of this study stated that the leadership strategy has a significant effect as well as a dominant factor in building a better SME performance. Knowledge management into random principal goals and objectives of a business.

Keywords: Leadership; Knowledge; Business Orientation; Business Performance

I. INTRODUCTION

SME performance can occur if it involves elements of proper management and appropriate target. One of them is the strategy of good leadership, knowledge of business management and orientation towards .. Effectiveness of leadership is what will have an impact on improving the performance of the company, in this case, SMEs [8].

SME performance can be seen not only on financial factors, but also on other factors, such as customer loyalty, the company's work processes, and managerial impact on employees. Thus, the characteristics of SMEs that have a good performance is financially sound, have customers who are always loyal to the company, the work process of SMEs standardized and controlled, as well as the action leaders who affect both to its employees which is characterized by increasing innovation and knowledge [4 and 17]. Business orientation and knowledge management have also become the basis for determining that SMEs can survive or not. By objective of this study is to analyze the role that the leadership in the SME strategy, knowledge management and business orientation of SMEs.

II. LITERATURE REVIEW

Leadership Strategy
If the situation or condition in a state good enough members, accustomed to working in organizations, leaders still need to provide guidance to members about the work of responsibility. Only leaders need to build better human relationships, by providing encouragement or motivation to him to work with good, conscientious, and diligent, for example by giving praise for his work or greeting at any time.

H1: Leadership strategy on the performance of SMEs

Knowledge in Business Management

Knowledge communities is an attempt to encourage each other between the members of the company's internal order to increase knowledge. Therefore, to get a good performance required integration of dispersed knowledge at all levels of companies [6], [7] which is where the dissemination of knowledge about management performed at the stage of the regular education and training for employees [2], Thus the hypothesis is built are:

H2: Knowledge management on the performance of SMEs

Business orientation of SMEs

The results of the study conducted by Azlin, et.al in the year 2014 [1], By Yu Chang in 2018 [3]. And Giri Jogaratnam in 2017 [5] stated that the business orientation affect the performance of the company. Thus the hypothesis is built are:

H3: Business orientation affect the performance of SMEs

III. RESEARCH METHOD

The analytical method used is SEM-PLS with linear regression statistical tools. A sample of 60 SMEs in the city of Makassar. Leadership Dimensions variable measurement strategy (X1). Knowledge of management (X2). Business orientation (X3). The conceptual framework as follows:
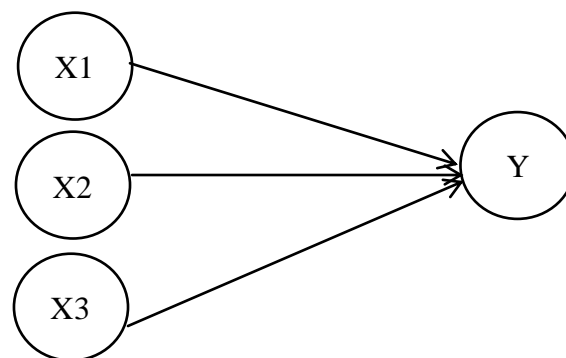

Figure 1. Conceptual Research

IV. RESULT AND DISCUSSION

Here is presented a due diligence test model as a prerequisite.

Table 1. Eligibility Test Data

Validity test	Correlation	significance
LS_1	0643	0000 <0:01
LS_2	0567	0000 <0:01
LS_3	0566	0000 <0:01
LS_4	0640	0000 <0:01
BO_1	0241	0000 <0:01
BO_2	0527	0000 <0:01

BO_3	0307	0000 <0:01
BO_4	0886	0000 <0:01
Knowledge_1	0745	0000 <0:01
Knowledge _2	0833	0000 <0:01
Knowledge _3	0726	0000 <0:01
Knowledge _4	0707	0000 <0:01
Knowledge _5	0738	0000 <0:01
test Reliability		**α**
Leadership strategies		0844
knowledge Management		0845
Business Orientation		0824
test F		
Leadership Strategies (F = 50 801) Sig = 0.000 <0:01		
Knowledge Management (F = 764) Sig = 0387> 0.05		
Business Orientation (F = 382 775) Sig = 0.000 <0:01		
t-test	**partial**	**sig**
Leadership strategies	17 431	0000 <0:01
knowledge Management	-0549	0584> 0.05
Business Orientation	2,372	0.018> 0.05
Test coefficient of determination (R2) = 0.783		
Normality test. Asymp. Sig. = 0195> 0.05 (Normal)		

test of Multicollinearity	tolerance		VIF	
Leadership strategies	0871		1,148	
knowledge Management	0945		1,058	
Business Orientation	0839		1,192	
Regression Testing	**B**	**Std. error**	**t**	**Sig**
(Constant)	1,410	0232	6,064	0000
Leadership strategies	0596	0034	17 431	0000
Business Orientation	-0020	0036	-0549	0584
knowledge Management	0093	0039	2,372	0018

From the results of the feasibility test on the above data, it can be seen that most of the validity of the test has a positive correlation with a significance value <0.01, respectively. This indicates that the item/indicator variable is declared invalid and have a strong relationship. Reliability test also showed the value of Cronbach alpha reliability of an item or relation to variable very high (α> 0.6). Value Cronbach Alpha variable Strategy Leadership (0844> 0.6), Knowledge Management (0845> 0.6), Business Orientation (0824> 0.6), Performance (0824> 0.6) F-test or tests simultaneously or hypotheses statistic stated that that variable strategy for leadership has a simultaneous effect on the variable performance of SMEs. Knowledge management has a simultaneous effect on the performance of SMEs but the orientation does not have a simultaneous effect on the performance of SMEs. So the statistical hypothesis test states that:

1. *H1: leadership strategy has an influence on the performance of SMEs.*Hypothesis (H1) is accepted (H0 = Accepted, Ha = Rejected). The test results showed that the value of the F test for Hypothesis H1 amounted to 50 801 with a significance value (0.000 <0:01).
2. *H2: Knowledge management has an influence on the performance of SMEs.* Hypothesis (H2) be rejected (H0 = Rejected, Ha = Accepted). The test results showed that the value of the F test for hypothesis H2 is at 764 with a significance value (0387> 0.05)
3. *H3: Business orientation has an influence on SMEs.* Hypothesis (H3) is accepted (H0 = Accepted, Ha = Rejected). The test results showed that the value of the F test for hypothesis H3 is equal to 382 775 with a significance value (0.000 <0:01).

T-test or partial test in Table 1 states that:

1. Leadership strategy has a partial effect on the performance of (partial = 17 431) and significant (0.000 <0:01).
2. Business orientation has no effect partially on the performance of (partial = -0549) and insignificant (0584> 0.05).
3. Knowledge management has a partial effect on the performance of (2,372) and significant (0.018> 0.05)

Test The coefficient of determination (R2) stated value of 0483 or can be interpreted that the leadership strategy, business orientation, and knowledge management have been associated with the performance of SMEs is 78.3% while the remaining 21.7% of SME's performance is influenced by a variety of other variables not examined in this study. Test normality through the Kolmogorov-Smirnov test (0.195> 0.05) states normally distributed data. Multiple Linear Regression Test showed that

1. Leadership strategy a significant effect on the performance of SMEs. With the value of regression coefficient (β = 0.596), Value Standard Error (SE = 0.034), The value of the effect (t = 17 431) and the significance value (0.000 <0:01).
2. Business orientation does not affect the performance of SMEs. With coefficient (β = -0020), Value Standard Error (SE = 0.036), The value of the effect (t = -0549) and insignificant (0584> 0.05).
3. Knowledge of the management of a significant effect on the performance of SMEs. With the regression coefficient (β = 0.093), Value Standard error (SE = 0.039), The value of the effect (t = 2,372) and significant (0.018> 0.05).
Regression test results stating that all values are very small standard error (SE <1), and the regression coefficient (β) is positive and concluded strategic leadership and knowledge management has a direct influence except business orientation.

V. CONCLUSION

Leadership strategy has a significant effect as well as a dominant factor in building a better SME performance. Knowledge management into random principal goals and objectives of a business.

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