Implementation of the Empowerment Model For Small And Medium Enterprises Based On Regional Potentials And Market Oriented

Erni Susana1), JuniantoTjahjo Darsono2), Mardiana Andarwati3)

1) Erni Susana1, Faculty of Economics and Business, Merdeka University Malang, Indonesia
2) JuniantoTjahjo Darsono2, Faculty of Economics and Business, Merdeka University Malang, Indonesia
3)MardianaAndarwati3, Faculty of Information Technology, Merdeka University Malang, Indonesia
First author: Erni Susana

Abstract
Empowerment of Small and Medium Enterprises (SMEs) is one of the alternatives chosen by the government in an effort to reduce unemployment, alleviate poverty and to distribute income. To empower SMEs, the role of government, financial institutions and business actors is needed. The model of empowering SMEs in increasing competitiveness and business performance consists of several variables, namely: entrepreneurial orientation, product innovation, utilization of e-commerce, market orientation (Susana, et al. 2019). In this study, a model was developed and further refined based on the results of a model trial using data collected from SMEs in Malang Regency. The objectives of this study are (1) To determine strategic policies for the empowerment of Small and Medium Enterprises (SMEs) using the Exponential Comparison Method (ECM). (2) To analyze policy profiles for several types of SMEs empowerment using correspondence analysis. The research method uses the Exponential Comparison Method (ECM) is a data analysis technique based on a decision support system that describes complex multi-factor problems into a hierarchy where each level of the hierarchy is arranged by certain elements. By using a hierarchy, complex and unstructured problems are broken down into groups which are then arranged into a hierarchical form. Based on the results of the ECM analysis, this study recommends an SME policy strategy in the selection of an SMEs empowerment strategy based on the consideration of several attributes. Entrepreneurial orientation (attributes of ability to innovate, be proactive, dare to take risks); Product innovation (culture innovation attributes, technical innovation, service innovation); Utilization of e-commerce (attributes of internet access, ease of information, human resource capabilities, managerial responsibility); Market orientation (attributes of customer orientation, competitor orientation, coordination between functions). The results of the correspondence analysis further explain the special characteristics of each choice, especially the choice of developing marketing with the characteristics of consideration: risk-taking, service innovation, internet access, ease of information, and competitor orientation.
Keywords: *Empowerment of SMEs, regional potential, market orientation.*

I. Introduction

Empowerment of Small and Medium Enterprises (SMEs) is one of the alternatives chosen by the government in an effort to reduce unemployment, alleviate poverty and to distribute income. To empower SMEs, the role of government, financial institutions and business actors is needed. The role of the government here is to decide policies that provide a conducive climate for the business world, while financial institutions here are clearly financial intermediaries to optimize the empowerment of MSMEs and business actors themselves have a key role for the development of MSMEs because business actors have a strong potential in the growth of MSMEs. Principles of Empowerment of Micro, Small and Medium Enterprises in accordance with Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, including the development of regional potential-based and market-oriented businesses in accordance with the competence of Business, Micro, Small and Medium Enterprises. Obstacles that are still faced by SMEs owners in the creative industry sector, such as in determining a business development strategy, information on market conditions.

Research by Susana, *et al.* (2019)has succeeded in forming a structural model of business performance in Small and Medium Enterprises (ECM) in Malang Regency. The results showed that, (1) entrepreneurial orientation, product innovation, e-commerce utilization, and market orientation had a significant effect on competitive advantage in SMEs in Malang Regency. (2) Entrepreneurial orientation, product innovation, e-commerce utilization, market orientation, and competitive advantage have a significant effect on business performance in SMEs in Malang Regency. (3) Entrepreneurial orientation, product innovation, e-commerce

---

utilization, market orientation have a significant effect on business performance in SMEs in Malang Regency. and competitive advantage as an intervining variable. However, strategic choices regarding policy formulation on the empowerment of SMEs are still not optimal. The approach in resolving strategic options for empowering SMEs needs further investigation. The Exponential Comparison Method (ECM) can be used to solve strategic policy problems (Yulianti & Juwita, 2016). ECM is a decision support system that describes complex multi-factors and becomes a hierarchy where each level of the hierarchy is composed of certain elements. Complex and unstructured problems are broken down into groups and then the groups are organized into a hierarchical form.

In this research, the process of selecting an alternative solution uses the Exponential Comparison Method. The method (ECM) allows several strategic steps in an effort to increase cooperation in work efficiency in SMEs to be identified. This study aims to answer the following research questions: (1) How to determine strategic policies in empowering SMEs using the Exponential Comparison Method (ECM). (2) How is the policy profiling for several types of SME empowerment done using correspondence analysis. Based on the research problems above, this research was conducted to solve strategic policy problems in empowering SMEs with reference to particles in improving the performance of SMEs in a model developed by (Susana, *et al.* 2019). More specifically, the objectives of this study are as follows: (1) To determine strategic policies in the empowerment of SMEs by using the Exponential Comparison Method (ECM) . (2)To analyze the policy profile for several types of SME empowerment using correspondence analysis.

.Modeling results are carried out based on in-depth studies by looking at the suitability between causes and alternatives / solutions, weaknesses and strengths of each alternative carefully and in-depth then identified and then verified. Various opinions and ideas were collected from key respondents, namely SME actors, both in government and industry, regarding the problems in this study. The selection of various types of alternatives is prioritized and simulated to obtain maximum results.

II. Literature Review

2. 1 Empowerment of SMEs

According to UURI No. 20 of 2008 concerning MSMEs, that empowerment is an effort made by the Government, Regional Government, the Business World, and the Community in synergy in the form of climate development and business development for MSMEs so that they are able to grow and develop into strong and independent businesses. Community empowerment can be done by involving the community in the activities of Small and Medium Enterprises (SMEs). Empowerment of SMEs is directly related to life and improving welfare for the majority of Indonesians. In addition, the potential and strategic role have proven to be the pillars of strength and national economic growth. Criteria for small and medium scale enterprises in Indonesia based on assets and turnover: Micro enterprises, maximum assets of 50 million and maximum turnover of 300 million; Small businesses, with bigger assets of 50 million to 500 million and a bigger turnover of 300 million to 2.5 billion; Medium-sized enterprises, with assets greater than 500 million to 10 billion and turnover of 2.5 billion to 50 billion. The dominant factor that provides a large portion of the role of SMEs as the largest contributor to GDP is the empowerment of SMEs (Hapsari *et al*, 2014: 94). Several strategies for empowering SMEs include institutional strengthening (Synergy between stakeholders is needed to prepare SMEs with a strong institutional basis), creating a conducive business environment and marketing development.

2. 2 Entrepreneurial Orientation

Entrepreneurial orientation is a method, practice, and style of decision-making managers that lead to entrepreneurial orientation. (Kumalaningrum, 2012) and Small and Medium Enterprises (SMEs) in Indonesia are quality difficult to develop in the market because they face several internal problems, namely the low quality of human resources such as lack of skilled human resources, lack of entrepreneurial orientation, low mastery of technology and management and lack of information. Entrepreneurial orientation is a company orientation that has a principle of trying to identify and exploit opportunities (Lee and Chu, 2011). Companies that have a strong entrepreneurial orientation will be more willing to take risks. In a dynamic environment like today, entrepreneurial orientation is very important for the survival of the company. (Ahimbisibwe and Abaho, 2013). The attributes used in measuring entrepreneurial orientation consist of: ability to innovate, be proactive, dare to take risks. (Fairoz *et al*, 2010). Entrepreneurial orientation has a positive and significant effect on competitive advantage (Poudel et al., 2012). Entrepreneurial orientation also affects business performance. (Hassim *et al*, 2011); Alam (2013). Entrepreneurial orientation can increasing competitive advantage and business performance, so that entrepreneurial orientation is used as a consideration in empowering SMEs.

2. 3 Product Innovation

Innovation is one of the main factors that are important in the business world, this is due to the increasing level of competition and consumer demands which causes companies, especially SMEs, to always innovate so that their products are different from similar competitor products. Product innovation is a combination of various types of processes that are interconnected with one another. If the products produced by SMEs have advantages and uniqueness, the company will provide added value to consumers. Some of the attributes used to measure innovation are as follows. First, the culture of innovation, which is the culture of innovation in the company to always create new products. Second, technical innovation, namely innovation in the company's processes in producing new products. Third, service innovation, which is a process that a company provides in serving its customers or customers (Freeman, 2004). Innovation has a positive and significant effect on competitive advantage and business performance. (Killa, 2014); (Pardi *et al*, 2014); (Ting, 2012). Product innovation can increase competitive excellence and business performance, so that product innovation is one of the considerations in empowering SMEs.

2. 4 Utilization of E - Commerce

E-commerce is an activity to conduct business transactions online through the internet media and devices that are integrated with the internet (Laudon, 2012). The use of e-commerce is a necessity in the business world, given the increasingly complex problems, increasingly mushrooming competitors and demands to always follow developments in the global world which requires always acting creatively. According to Nuray Terzi (2011), there are several attributes of the use of E-commerce which are believed to increase competitiveness, namely: Internet access; Ease of information;Human resource capabilities; Managerial responsibility. The application of E-Commerce has a significant effect on competitive advantage (Maryama, 2013); (Apulu and Latham, 2011). The adoption of e-commerce has a positive and significant impact on company performance. (Novriasari 2012); (Fatmariani, 2011); (Ningtyas et al, 2015). (Apulu and Latham, 2011). Buying and selling online in the marketplace is a form of marketing through e-commerce which is the main choice considering how to accept orders and shipping methods. (Darsono, *et al.* 2019).At present, Small and Medium Enterprises (SMEs) have become an important part of the national and regional economic systems capable of accelerating economic growth through the mission of providing business and employment opportunities, increasing community income, playing a role in increasing foreign exchange earnings and strengthening the national economic structure (Hafni and zali, 2017). The use of e-commerce can increase competitive advantage and business performance, so that the use of e-commerce is also one of the considerations in empowering SMEs.

2. 5 Market Orientation

Today's increasingly tight business competition requires marketers / producers to have a more intensive market orientation. Hisrich and Kearney (2014), market orientation to identify and fulfill consumer desires by being more adaptive in responding to market conditions. Companies especially Small and Medium Enterprises (SMEs) must be able to understand well the needs of consumers, changes in marketing strategies made by competitors and improve coordination between functions in the organization to obtain high results / performance. According to Law *et al*. (2007), market orientation variables are measured using three attributes, namely: customer orientation, competitor orientation; Coordination between functions. Customer orientation is the company's concern for what customers want. Competitor orientation as management's ability to recognize competitors will help and dig up various information about what and how competitors run the business and the strategy model applied. Inter-function coordination is the ability of management to manage various departments in the organization to work together to achieve predetermined goals. (Zhou et al, 2005). Market orientation is important, because market orientation has a significant effect on competitive advantage (Kumar et al., 2011), and market orientation can improve the performance of SMEs (Felgueira & Rodrigues, 2015); (Shehu and Mahmood, 2014); (Wulandari, 2013). Market orientation can increase competitive advantage and business performance, so that market orientation is used as a consideration in empowering SMEs.

III. Methodology

3.1Population, Sample, and Sampling Technique

This research was conducted in Malang Regency, East Java. This location was chosen because it produces many regional superior products. The population in this study were 232 business units and the total sample was 62 small-scale entrepreneurs, which are the fostered businesses of the Malang Regency Cooperatives and UMKM Office and produce superior products that are still active in Malang Regency. The sampling technique used purposive sampling.

3.2 Analysis of the Exponential Comparison Method (ECM)

The results of the modeling of research activities in the first year are used as a reference in designing research activities in the second year. Trial or implementation of the results of the development of a structural model of business performance in Small and Medium Enterprises (SMEs) in Malang Regency. Implementation of the development of the model compiled in the first year will be refined based on the results of the model trial in the second year. Apart from that, in-depth studies were also carried out. Alternative solutions to these factors have begun to be explored to conduct a study of the suitability of causes and solutions. The weaknesses and strengths of each alternative solution are carefully and in-depth identified for further verification. At this stage, various opinions and ideas from various parties, both the government and people who have high attention to this issue, will be explored. The next step is to choose various alternatives to choose the best solution.

Various alternative solutions are being prioritized and simulated to get maximum results. The process of selecting alternative solutions will be used by the Exponential Comparison Method (ECM), which is a decision support system that describes a complex multi-factor problem into a hierarchy where each level of the hierarchy is composed by certain elements. With a hierarchy, a complex and unstructured problem is divided into several groups and then the groups are organized into a hierarchical form. From the method obtained in the form of strategic steps in an effort to increase team collaboration on work efficiency in SMEs. So, the output at this stage is a recommendation that will be used by SMEs to make technical policies. In using the Exponential Comparison Method, there are several steps that must be taken, namely: (1) Arrange the alternative decisions to be selected. (2) Determine the criteria or comparison of important decisions to be evaluated. (3) Determine the importance of each decision criterion. (4) Assessing all alternatives on each criterion. (5) Calculating the score or total value of each alternative. (6) Determine the order of priority decisions based on the score or total value of each alternative. The score calculation formula for each alternative in the Exponential Comparison Method is:

$$\text{Total value}(TN_i) = \sum_{j=1}^{m} (RK_{ij})^{TKK_j}$$

Where:

TNi	=	Total alternative value to -i
RK ij	=	the relative importance of the j criteria in the coice of decision
TKK j	=	the degree of importance of the criteria 0f the criteria jth decision; TKKj>0; round
n	=	number of decision choices
m	=	number of decision criteria

The determination of the importance of the criteria was carried out by means of expert interviews. Determination of alternative scores on certain criteria is done by giving a value to each alternative based on the criteria value.

3.3 Correspondence Analysis

Correspondence analysis is a multivariate analysis that studies the relationship between two or more variables by modeling lines and columns together from a two-way contingency tablein a low-dimensional vector(Greenacre, 2007). The results of the correspondence analysis show the best dimensions for data presentation, as point coordinates and a measure of the amount of information present in each dimension called inertia.

The stages in correspondence analysis are as follows:

From the contingency table, the original data were arranged in the form of a matrix and a single value. Decomposition was carried out to determine the variability value of the original data described by each dimension produced.

a. Perform correspondence analysis on the contingency table.
b. Observe the coordinate values and visualize the row and column vector profile plots at the nearest points for each consideration to illustrate the empowerment of SMEs based on regional potential and market orientation.

IV. Analysis Results for Exponential Comparison Method (ECM).

Some considerations for empowering SMEs based on regional potential and market orientation in Malang Regency are related to entrepreneurship orientation, product innovation, e-commerce utilization, and market orientation. Each factor will analyze the amount of consideration given to empowering SMEs so that the weight of decisions to make choices will be generated. Empowerment options will be divided into 3 based on the strength of choice, namely: low, medium and high. At the beginning, consumers will be asked to fill in the degree of importance of the factor of consideration in order to produce weight. Furthermore, the choice decisions will be calculated using the Exponential Comparison Method (ECM) which will be the basis for empowering SMEs based on regional potential and market orientation.

4.1.1. Entrepreneurial Orientation

There are 3 considerations related to entrepreneurial orientation.Table 1 is the result of the weight calculation for each consideration. The results of the weight calculation show that there is no one or several weights that are very prominent from the considerations in question. The calculated weight ranges from 32.8% to 34.4%. Proactivity has the same weight as the courage to take risks, namely 32.8%, while the ability to innovate has the highest weight, namely 34.4%.

Table. 1 Weights of Entrepreneurial Orientation Considerations

Description	Score Consideration			Score	Weight
	1	2	3		
1. Ability to Innovate	17	19	26	133	0,344
2. Proactive	21	17	24	127	0,328
3. Dare to take risks	22	15	25	127	0,328
Total	60	51	75	387	1,000

Information: 1 = less considered; 2 = considered; 3 = highly considered
Furthermore, for each consideration, the respondent will give a rating with a score of 1 - 5 for the three choices, so that the ranking of choices for SMEs empowerment can be seen after being corrected by weight and other considerations. The rating score that is analyzed in calculating the weight of the choice of SMEs empowerment is the mode value.

Table. 2 The Weight of Options for Empowering SMEs based on Entrepreneurial Orientation Considerations

Description	Options for Empowering SMEs			Weight
	Institutional Strengthening	Creating a conducive business climate	Develop Marketing	
1. Ability to Innovate	3	5	4	0,344
2. Proactive	4	3	4	0,328
3. Dare to take risks	3	4	5	0,328
Score	4,469	4,749	4,882	
Ranking	3	2	1	

The results of calculations with entrepreneurial orientation-based ECM for the option of empowering SMEs by developing marketing to be the highest choice are then followed by the creation of a conducive business climate, as well as institutional strengthening. Specifically, the consideration of options for empowering SMEs by developing marketing is the ability to innovate, be proactive, dare to take risks.

4.1.2. Product Innovation

There are 3 considerations related to product innovation. Table 3 is the result of the weight calculation for each consideration. The results of the weight calculation show that there is no one or several weights that are very prominent from the considerations being asked. The calculated weight ranges from 32.3% to 34.4%. The culture of innovation has the lowest weight, namely 32.3%, while service innovation has the highest weight, namely 34.4%. And technical innovation has a weight of 33.3%.

Table. 3 Weight of Product Innovation Considerations

Description	Score Consideration			Score	Weight
	1	2	3		
1. The culture of innovation	23	18	21	122	0,323
2. Technical innovation	24	12	26	126	0,333
3. Service innovation	16	24	22	130	0,344
Total	47	30	47	378	1,000

Information: 1 = less considered; 2 = considered; 3 = highly considered
Furthermore, for each consideration, the respondent will give a rating with a score of 1 - 5 for the three choices, so that the SMEs empowerment ranking can be seen after being corrected by the weights and other considerations. The rating score that is analyzed in calculating the weight of the choice of SMEs empowerment is the mode value.

Table. 4 Weights of Options for Empowering SMEs based on Product Innovation Considerations

Description	Options for Empowering SMEs			Weight
	Institutional Strengthening	Creating a conducive business climate	Develop Marketing	
1. The culture of innovation	3	5	4	0,344
2. Technical innovation	4	3	4	0,328
3. Service innovation	3	4	5	0,328
Score	4,469	4,749	4,882	
Ranking	3	2	1	

The results of calculations with ECM based on product innovation options for empowering SMEs by developing marketing to be the highest choice are then followed by the creation of a conducive business climate, and with institutional strengthening. Specifically, the consideration of options for empowering SMEs by developing marketing is a culture of innovation, service innovation, and technical innovation.

4.1.3. Utilization of E-Commerce

There are 4 considerations related to the use of e-commerce. Table 5 is the result of calculating the weight for each consideration. The results of the weight calculation show that there is no one or more items with a very prominent weight from the considerations being asked. The calculated weight ranges from 25.2% to 25.8%. Internet access considerations have the lowest weight, namely 25.2%, while managerial responsibility has the highest weight, namely 25.8%. And the weight of the consideration of the ease of information is 23.4% and the ability of human resources is 25.6%.

Table. 5 Weight Considerations for E-Commerce Utilization

Description	Score Consideration			Score	Weight
	1	2	3		
1. Internet access	21	16	25	128	0,252
2. Ease of information	26	15	21	119	0,234
3. Human resource capabilities	17	22	23	130	0,256
4. Managerial responsibility	17	21	24	131	0,258
Total	81	74	93	508	1,000

Information: 1 = less considered; 2 = considered; 3 = highly considered

Furthermore, for each consideration, the respondent will give a rating with a score of 1 - 5 for the four choices, so that it can be seen the ranking of choices for SME empowerment after being corrected by weight and other considerations. The rating score that is analyzed in calculating the weight of the choice of SME empowerment is the mode value.

Table. 6 Weighted Options for Empowering SMEs Based on Considerations for E-Commerce Utilization

Description	Options for Empowering SMEs			Weight
	Institutional Strengthening	Creating a conducive business climate	Develop Marketing	
1. Internet access	4	3	5	0,252
2. Ease of information	3	4	5	0,234
3. Human resource capabilities	3	5	5	0,256
4. Managerial responsibility	4	4	5	0,258
Score	4,036	4,212	4,467	
Ranking	3	2	1	

The results of calculations with ECM based on the use of e-commerce, the choice of empowering SMEs by developing marketing is the highest choice, then continued with the creation of a conducive business climate, as well as institutional strengthening. Specifically, the consideration of options for developing marketing consecutively is managerial responsibility, human resource capability, ease of information, and internet access.

4.1.4. Market Orientation

There are 3 considerations related to market orientation. Table 7 below is the result of the weight calculation for each consideration. The results of the weight calculation show that there is no one or more items with a very prominent weight from the considerations being asked. The calculated weight ranges from 31.7% to 34.2%. Competitor orientation has the lowest weight, namely 31.7%, while customer orientation and coordination between functions have the same weight, namely 34.2%.

Table. 7 Weights of Market Orientation Considerations

Description	Score Consideration			Score	Weight
	1	2	3		
1. Customer Orientation	17	15	30	137	0,342
2. Competitor Orientation	21	17	24	127	0,317
3. Coordination between functions	15	19	28	137	0,342
Total	53	51	82	401	1,000

Information: 1 = less considered; 2 = considered; 3 = highly considered

Furthermore, for each consideration, the respondent will give a rating with a score of 1 - 5 for the three choices, so that the SMEs empowerment ranking can be seen after being corrected by the weights and other considerations. The rating score that is analyzed in calculating the weight of the choice of SME empowerment is the mode value.

Table. 8 Weighted Options for Empowering SMEs Based on Market Orientation Considerations

Description	Options for Empowering SMEs			Weight
	Institutional Strengthening	Creating a conducive business climate	Develop Marketing	
1. Customer Orientation	4	3	4	0,342
2. Competitor Orientation	3	4	4	0,317
3. Coordination between functions	5	3	5	0,342
Score	4,757	4,464	4,892	
Ranking	2	3	1	

The results of calculations with ECM based on market orientation options are empowering SMEs by developing marketing to be the highest choice, then continued with institutional strengthening, as well as creating a conducive business climate. Specifically, the choice considerations for marketing development are customer orientation, inter-functional coordination, and competitor orientation.

4.2 Correspondence Analysis Results

The policy profile that describes the options for empowering SMEs will be illustrated in the relationship between the consideration of SMEs empowerment with entrepreneurship orientation, product innovation, e-commerce utilization and market orientation using correspondent analysis. This technique aims to explore the results of the mapping of the relationship between two categorical variables (attributes). Correspondence analysis is an advanced technique that is based on the results of the distribution of the frequency distribution contained in the cross tabulation. Based on its usefulness, correspondence analysis is used to reduce data dimensions to smaller and simpler dimensions and is appropriate for categorical data. The input data is a contingency table which indicates a qualitative association between rows and columns. Correspondence analysis scales rows-rows and columns in compatible units, so that they can be displayed graphically in the same low-dimensional space. These spatial maps provide an overview of: (1) Similarities and differences in rows for a particular column category. (2) Similarities and differences in certain column categories. (3) The relationship between rows and columns.

The interpretation of the results in the correspondence analysis is the same as that in the principal component analysis for certain algorithmic similarities. The results of the correspondence analysis in category grouping are found in the contingency table, only because principal component analysis involves grouping the variables. These results are interpreted in terms of the proximity between the rows to the contingency table columns. The adjacent categories are more similar in terms of their basic structure (Malhotra 2010).The results of the correspondence analysis in the form of coordinates for the first and second dimensions are described in Table 9 and Figure 1 below.

Table. 9 Correspondence Analysis

Attribute	Proporsi	Dimensi1	Dimensi2
Options for Empowering SMEs			
A. Institutional strengthening	.298	.442	.210
B. Creating a conducive business climate	.323	-.422	.192
C. Develop marketing	.379	.012	-.328
SME Empowerment Considerations			
1. The ability to innovate	.075	-.529	.347
2. Proactive	.068	.431	.138
3. Dare to take risks	.075	-.217	-.312
4. The culture of innovation	.081	.666	-.022
5. Technical innovation	.087	-.174	.168
6. Service innovation	.075	-.217	-.312
7. Internet access	.075	.404	-.289
8. Ease of information	.075	-.217	-.312
9. Human resource capabilities	.081	-.481	-.064
10. Managerial responsibility	.081	.093	-.043
11. Customer orientation	.075	.092	.370
12. Competitor orientation	.062	.093	-.166
13. Coordination between functions	.093	.092	.370

The results of the calculation of the correspondence analysis show that there are two attributes that are highly considered, namely coordination between functions (C13), technical innovation (C5), culture of innovation (C4), human resource capability (C9), and managerial responsibility (C10). Then in the next sequence is the ability to innovate (C1), dare to take risks (C3), service innovation (C6), internet access (C7) ease of information (C8), customer orientation (C11), proactive (C2) and competitor orientation (C12) will eventually become a general consideration of the 3 options for empowering SMEs.

If the thirteen attributes are ranked then, the total number of ranking values is 21. So the attribute ranking is C13 (1), C5 (2), C4 (3,3), C9 (3,3), C10 (3,3), C1 (4,2), C3 (4,2), C6 (4,2), C7 (4,2), C8 (4,2), C11 (4,2), C2 (5), C12 (6). The approximate composition of the ratio of the six attributes is (1/47): (3/47): (4/47): (3,3 / 47): (3,3 / 47): (3,3 / 47): (2,2 / 47): (2,2 / 47): (2,2 / 47): (2,2 / 47): (2,2 / 47): (2,2 / 47): (5 / 47): (5/47). The strongest choice is in marketing development, followed by the creation of a conducive business climate and institutional strengthening, so that the composition of the data (3/13): (2/13): (1/13) or 37.9% : 32.3% : 29 , 8%.
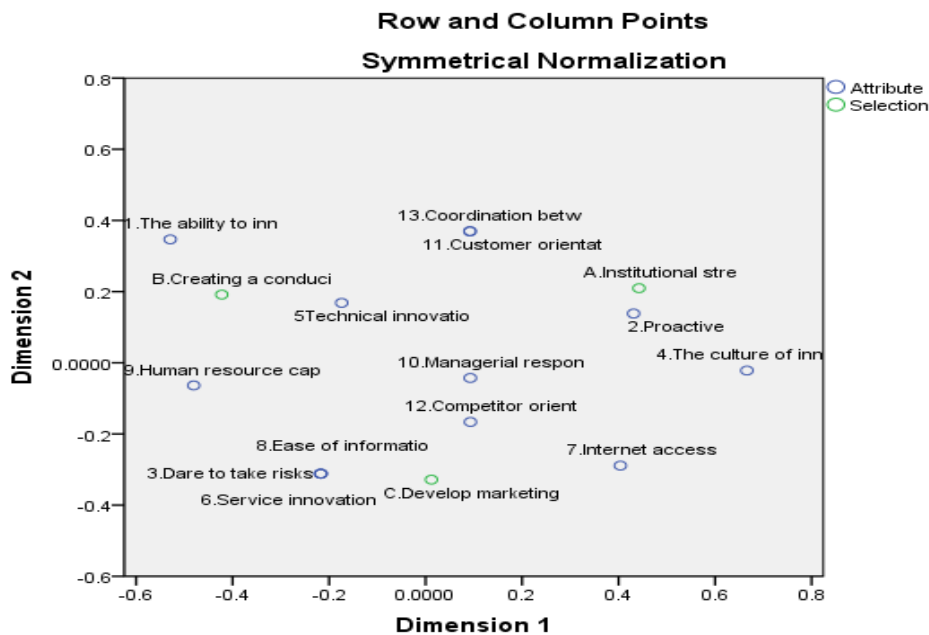

Figure. 1 Biplot Graph Between Options and Considerations for Empowering SMEs

Biplot graph between SMEs empowerment options and shows the special characteristics of each option. The choice of marketing development is 37.9% with the characteristics of consideration: risk-taking, service innovation, internet access, ease of information, and competitor orientation. The choice of creating a conducive business climate was 32.3% with the characteristics of the following considerations: ability to innovate, technical innovation, human resource capability, and managerial responsibility. The choice of institutional strengthening was 29.8% with the characteristics of consideration: proactive, innovation culture,

competitor orientation, and coordination between functions. Empowerment considerations exist in all choices (in the picture, coordinate the position of remote SMEs empowerment with all marketing options).

EMPOWERMENT MODELS FOR SMALL AND MEDIUM ENTERPRISESREGIONAL POTENTIAL AND MARKET ORIENTED BASED ONIN MALANG DISTRICT
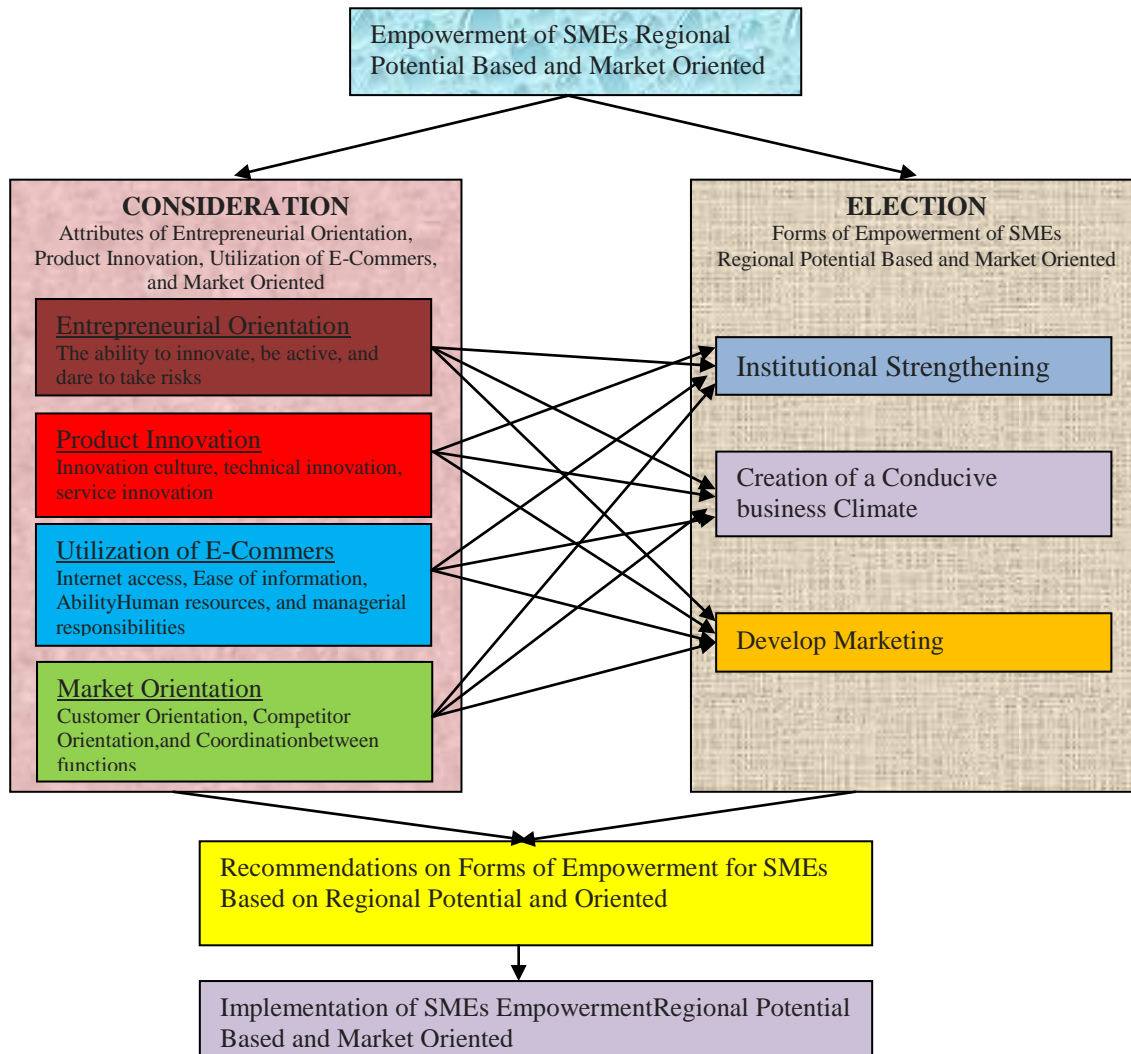
Figure. 2 Small and Medium Enterprise Empowerment Model

4.3 Discussion
4.3.1   Strategic policy of SMEs players on empowering SMEs based on regional potential and market oriented in Malang Regency.
        The SMEs empowerment selection policy that is related to entrepreneurial orientation towards SMEs empowerment is to develop marketing. This policy is based on the results of the MPE analysis which shows that developing marketing is the main choice in empowering SMEs. Consideration of options for empowering SMEs by developing marketing successively based on the ability to innovate, be proactive, and dare to take risks.
        The SME empowerment selection policy related to product innovation is to develop marketing. This policy is based on the results of the MPE analysis which shows that developing marketing is the main choice in empowering SMEs. Consideration of options for empowering SMEs by developing marketing in a row based on a culture of innovation, technical innovation and service innovation.
        The SME empowerment selection policy related to the use of e-commerce is developing marketing. This policy is based on the results of the MPE analysis which shows that developing marketing is the main choice in empowering SMEs. Consideration of options for empowering SMEs by developing marketing in a row based on managerial responsibility, human resource capabilities, ease of information, internet access.
        The SME empowerment selection policy related to market orientation is developing marketing. This policy is based on the results of the MPE analysis which shows that developing marketing is the main choice in

empowering SMEs. Consideration of options for empowering SMEs by developing marketing successively based on customer orientation, coordination between functions, and competitor orientation.

4.3.2 Policy profile on the empowerment of regional potential-based and market-oriented SMEs in Malang Regency.

Policy profiles that describe the relationship between choices and considerations for empowering SMEs using correspondent analysis show that there are special characteristics for each option. The choice of developing marketing is 37.9% with the characteristics of consideration: risk-taking ability, service innovation, internet access, ease of information, and competitor orientation. The choice of creating a conducive business climate was 32.3% with the characteristics of the following considerations: ability to innovate, technical innovation, human resource capability, and managerial responsibility. The choice of institutional strengthening was 29.8% with the characteristics of consideration: proactive, innovation culture, competitor orientation, and coordination between functions.

V. Conclusion

The results of the analysis of the Exponential Comparison Method (MPE) and the correspondence analysis state that the form of empowerment of Small and Medium Enterprises based on regional potential and market orientation is (1) Developing marketing with the characteristics of consideration: risk-taking, service innovation, internet access, ease of information, and competitor orientation. (2) Creating a conducive business climate with the characteristics of consideration: the ability to innovate, technical innovation, the ability of human resources, and managerial responsibility. (3) Institutional strengthening with the characteristics of consideration: proactive, innovation culture, competitor orientation, and coordination between functions.

Recommendations from the results of this research are policies in the form of implementation of empowerment of SMEs based on regional potential and market-oriented in Malang Regency, respectively: (1) Developing marketing. (2) Creating a Conducive Business Climate. (3) Institutional strengthening.

Reference

[1]. Alam. 2013. Effect of Market Orientation on Small Business Perormance in Small Town In Malaysia: An Emprical Study on Malaysian Small Firms, *Journal of Strategic Marketing*, Vol 1, No. 3.
[2]. Ahimbisibwe, Godwin dan Abaho Ernst. 2013. Export Entrepreneurial Orientation and Export Performance of SMEs in Uganda. *Global Advanced Research Journal of Management and Business Study*, Volume 2(1), January
[3]. Apulu, I., Latham, A. 2011 "Driver for Information and Communication Technology Adoption: A Case Study of Nigerian Small and Medium Sized Enterprises, *International Journal of Business and Management*, Vol. 6, (5).
[4]. Darsono, J T., Susana, E., Prihantono, E Y., Kasim, E S. 2019. Strategic policies For small and Medium Businesses In Marketing through E-Commerce, *Journal Entrepreneurship And Sustainability*, Issues 7 (2), 1230-1245.
[5]. Fairoz, F. M., T. Hirobumi, dan Y. Tanaka. 2010. Entrepreneurial Orientation and Business Performance of Small and Medium Sales Enterprises of Hamban-tota District Sri Lanka. *Asian Social Science*. 6(3): 34-46
[6]. Felgueira, T., & Rodrigues, R. G. 2015. Market Orientation of Teachers and Researchers in Higher Education Institutions: A New Approach. *Pro-cedia - Social and Behavioral Sciences, 174*, 3017-3024.
[7]. Freeman, Chris. 2004. " *The Economics of Industrial Innovation (3rdEd")*, Taylor and Franch Group, London.
[8]. Greenacre, M. 2007. Interdisciplinary Statistics Correspondence Analysis In Practice Second Edition. Universitat Pompeu Febra: Barcelona.
[9]. Hafni, Roswita dan Ahmad Rozali. 2017. Analisis Usaha Mikro, Kecil, Dan Menengah (UKM) Terhadap Penyerapan Tenaga Kerja Di Indonesia. *Jurnal Ekonomi dan Bisnis*, hal.77-96, UMSU.
[10]. Hapsari,PradnyaParamita,AbdulHakim,SalehSoeaidy.2014.PengaruhPertumbuhan UsahaKecil Menengah (UKM) Terhadap Petumbuhan Ekonomi Daerah (Studi di Pemerintah Kotabatu),*JurnalWacana,* ISSN:1411-0199,E-ISSN: 2338-1884, Vol.17,No. 2,Hal.88-96
[11]. Hassim, Affendy Abu. 2011. The Effects of Entrepreneurial Orientation on Firm organisational Innovation and Market Orientation Towards Firms Business Performance. *International on Sociality ND Economics Development,* IPEDRVol.10: 280-284.
[12]. Hisrich, R.D., and Kearney, C. 2014. *Managing Innovation and Entrepreneurship*. USA: Sage Publication Inc.
[13]. Kumar.V, Eli Jones, Rajkumar Venkatesan, & Robert P. Leone. 2011. Is Market Orientation a Source of Sustainable Competitive Advantage or Simply the Cost of Competing?.*Journal of Marketing* Vol. 75.
[14]. Kumalaningrum, Maria Pampa. 2012. Lingkungan Bisnis, Orientasi Kewirausahaan, OrientasiPasar dan Kinerja Usaha Mikro, Kecil dan Menengah. *Jurnal Riset Manajemen dan Bisnis*, Volume 7, No. 1, Juni
[15]. Killa, Maklon Felipus. 2014. Effect of Entrepreneurial Innovativeness Orientation, Product Innovation, and Value Co-Creation on Marketing Performance, *Journal of Research in Marketing*, 2 (3), pp: 198-204.
[16]. Laudon, Kenneth C. & Traver, Carol Guercio.. 2012. E-commerce Business,Technology, Society). Eight Edition. Pearson Prentice Hall, New Jersey.
[17]. Lee, Ting Ko dan Wenyi Cu. 2011. Entrepreneurial Orientation and Competitive advantage The Mediation of Resource Value and Rareness. *African Journal of Business Management*, Volume 5 (33).
[18]. Malhotra, Naresh K. 2010. Riset Pemasaran (Marketing Research) (Edisi 4 Jilid 1).New Jersey, Indonesia: PT. Indeks
[19]. Maryama, Siti. 2013. Penerapan *E – Commerce* Dalam Meningkatkan Daya Saing Usaha. *Jurnal Liqidity*, Vol.2, No. 1, Januari, hal 75-79.
[20]. Mullins, John W dan Walker Jr, Orville C. 2013. Marketing Management: A Strategic Decision-Making Approach, 8th Edition, McGraw-Hill International Edition.
[21]. Nuvriasari, Audita. 2012. Peran Dukungan Organisasional, Kompetensi Teknologi dan Lingkungan Eksternal Dalam Rangka Mendorong Pengadopsian E-Commerce Pada Usaha Kecil Menengah. *Jurnal Siasat Bisnis*Vol. 16 No. 2, Juli, hal. 205-217.

[22].   Ningtyas, PK., Sunarko B, Jaryono. 2015. Analisis Faktor yang Mempengaruhi Adopsi E-Commerce dan Pengaruhnya terhadap Kinerja UMKM, *Jurnal Performance* Vol.21 No.1. 1 Maret.
[23].   Pardi, S., Suyadi, I. dan Arifin, Z. 2014. The Effect of Market Orientation and Entrepreneurial Orientation toward Learning Orientation, Innovation, Competitive Advantages and Marketing Performance, *European Journal of Business and Management*, 6 (21), pp: 69-80.
[24].   Poudel, K. P., R. Carter, dan S. Lonial. 2012. The Process Aspect of Entrepreneurial Orientation Performance Relationship: Uncovering The Mediating Roles of Technological Capabilities, Innovation and Firm Growth. *Frontiers of Entre-preneurship Research*. 32(12): 1-15
[25].   Shehu, A.M., dan Mahmood, R. 2014. The Relationship Between Market Orientation and Business Performance of Nigerian SMEs: The Role of Organizational Culture, *International Journal of Business and Social Science*, Volume 5, Number 9, 159-168.
[26].   Susana, E., Darsono, J T., Andarwati, Mardiana. 2019. Structural Model of Business Performance in Small and Medium Enterprises (SMEs) in Malang Regency, *IOSR Journal of Business and Management* (IOSR-JBM), e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 21, Issue 9. Series. II (September), PP 23-32
[27].   Terzi, Nuray. 2011. The Impact of E-commerce on International Trade and Employment. *Social and Behavior Sciences*, 24: 745-753.
[28].   Ting, H.-F., Wang, H.-B., & Wang, D.-S. 2012. The Moderating Role of En-vironmental Dynamism on the In-fluence of Innovation Strategy and Firm Performance. *International Journal ofInnovation, Management and Tech-nology, 3*(5), 517-512.
[29].   Wulandari, A., 2013. Pengaruh Orientasi Pelanggan, Orientasi Pesaing dan Inovasi Produk Terhadap Kinerja Pemasaran, *Management Analysis Journal*, Vol. 1, No. 2.
[30].   Yulianti, E., dan Juwita, F. 2016. Sistem Pendukung Keputusan Pemilihan Tempat Kuliner Di Kota Padang Menggunakan Metode Perbandingan Eksponensial (MPE), Jurnal Teknolf, Vol. 4, Issue 2.
[31].   Zhou, K., Yim, C.K., dan Tse, D.K. 2005. The Efeect of strategic Orientations on Technology-and Market-Based Breakthrough Innovations, *Journal of Marketing*. Vol. 69.