

**ANALYSIS THE EFFECT OF ENTREPRENEURIAL ORIENTATIONS AND
ADAPTATION OF EXTERNAL ENVIRONMENT TO SMEs PERFORMANCE
WITH COMPETITIVE ADVANTAGES AS INTERVENING VARIABLES
(STUDY ON SMEs FASHION SECTOR IN SEMARANG)**

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ABSTRACT

Phenomenon in this study is the Performance of SMEs in the Fashion Sector Micro Enterprises Semarang experiencing fierce competition and the still weak. SMEs have a dynamic business environment and full of uncertainty (such as competitors, customers, suppliers, regulators and business associations), as well as the intensity of competition is high enough that the competitiveness of SMEs is becoming weaker, which in turn makes the Performance of SMEs to be blocked. There are factors - factors that affect the competitive advantage and ultimately affect the Performance of SMEs in the Fashion Sector Micro Enterprises Semarang. The purpose of this study was to analyze the Effect of Entrepreneurial Orientation and Adaptation to the External Environment on Competitive Advantage and Performance of Micro Enterprises SMEs Fashion Sector in the city of Semarang. The population selected in this study were all SMEs assisted the Department of Cooperatives and SMEs Semarang is a 11 585 SMEs. The number of respondents that used in this study were 150 SMEs Semarang engaged in the fashion sector. The sampling technique in this research is purposive sampling method. The method of collecting data is by using a questionnaire. Data analysis method used is Structural Equation Modeling. Based on research, Entrepreneurial Orientation and Adaptation to the External Environment positive effect on Competitive Advantage, Entrepreneurial Orientation and Adaptation to the External Environment does not affect the Performance of SMEs, while the Competitive Advantage on the Performance of SMEs. In the case of tests fit model, stating that the model has a good fit. So, from this we can conclude that the model has a fairly good fit to predict buying interest.

Keywords: *entrepreneurial orientation, adaptation to the external environment, competitive advantage, the performance of SMEs.*

INTRODUCTION

Background

The performance of SMEs in the Fashion Sector in Semarang is currently experiencing intense competition and it is still weak. SMEs have dynamic and uncertain business environment (such as competitors, customers, suppliers, regulators and business associations), along with the quite highly intensity of competition which makes the competitiveness of SMEs weaker which finally makes the Performance of SMEs obstructed.

One of the causes of the weak performance and competitiveness of SMEs in the Fashion Sector in Semarang is greatly expected because of the weakness of entrepreneur character and non-optimal management in a rapidly changing business environment as today. Another factor which influences the competitiveness and performance of SMEs in the Fashion Sector in Semarang is external environment. The problems come from the SMEs developer. For example, the solutions are not on target, the absence of monitoring and overlapping programs between institutions and also the amount of transaction costs resulting from a less supportive business climate and the scarcity of raw materials.

Based on the research gap, the previous researches still contain the different results between the effect of Entrepreneurial Orientation toward Competitive Advantage and Company Performance. Some researchers, (Sugiarto (2008), Mahmood and Hanafi (2013), Prayhoego and Devie (2013), Pardi et al (2014), and Zaini et al (2014)) state that the competitive advantage does not influence company performance.

Based on the phenomenon and research gap in previous researches, the formulation of the problem in this research is how to improve Competitive Advantage and SMEs Performance in the Fashion Sector in Semarang.

Research Purpose

The purpose of the research is to analyze the effect of Entrepreneurial Orientation and External Environment Adaptation toward Competitive Advantage and SMEs Performance in the Fashion Sector in Semarang.

THEORETICAL FRAMEWORK

The Effect of Entrepreneurial Orientation Toward Competitive Advantage

Mahmood and Hanafi (2013) in analyzing Entrepreneurial Orientation and Business Performance on Small and Medium Enterprises owned by women in Malaysia state that Entrepreneurial Orientation influences positively on Competitive Advantage. Entrepreneurial Orientation tends to make the entrepreneurs more interested in taking risks and apparently it makes the entrepreneurs become more creative, proactive and innovative which leads the company on Performance Improvement. This statement is also supported by the researches of Yulianto and Kusumadmo (2012) and Setyawati and Abrilia (2014) resulting that Entrepreneurial Orientation influences positively on Competitive Advantage.

H₁: Entrepreneurial Orientation influences positively on Competitive Advantage

The Effect of External Environment Adaptation Toward Competitive Advantage

Fatah (2012) obtains the result which states that External Environment influences positively on Competitive Advantage. External Environment Adaptation such as following consumer desires, understanding the current market needs and understanding the environment around the company, makes company's Competitive Advantage increase. This result is also in accordance with Husso and Nybakk (2010) and Kadarningsih (2013) stating that External Environment Adaptation influences positively on Competitive Advantage.

H₂: External Environment Adaptation influences positively on Competitive Advantage.

The Effect of Entrepreneurial Orientation Toward SMEs Performance

Zaini et al (2014) examining the effect of Entrepreneurial Orientation toward Competitive Advantage as the mediator comes out with the result which states that Entrepreneurial Orientation influences positively on SMEs Performance. Entrepreneurial Orientation is purposed to innovate new products in order to fulfill the customers' requests. Fulfilling the customers' requests will increase customers' growth as the indicator of company performance. This result is similar to Mahmood and Hanafi (2013) and Jalilian et al (2013) stating that Entrepreneurial Orientation influences positively on SMEs Performance.

H₃: Entrepreneurial Orientation influences positively on SMEs Performance

The Effect of External Environment Adaption Toward SMEs Performance

Kumar et al (2011) analyzing the effect of External Environment Adaptation to Company Performance states that External Environment influences on SMEs Performance. The more successful the company adapts the change around its environment, then the fewer the differences between the products which are produced by the company and consumers' needs, thus there will be consumers' growth which is the indicator of company performance. This result is in accordance with Jalilian et al (2013) confirming that External Environment Adaption influences positively on SMEs Performance.

H₄: External Environment Adaptation influences positively on SMEs Performance.

The Effect of Competitive Advantage Toward SMEs Performance

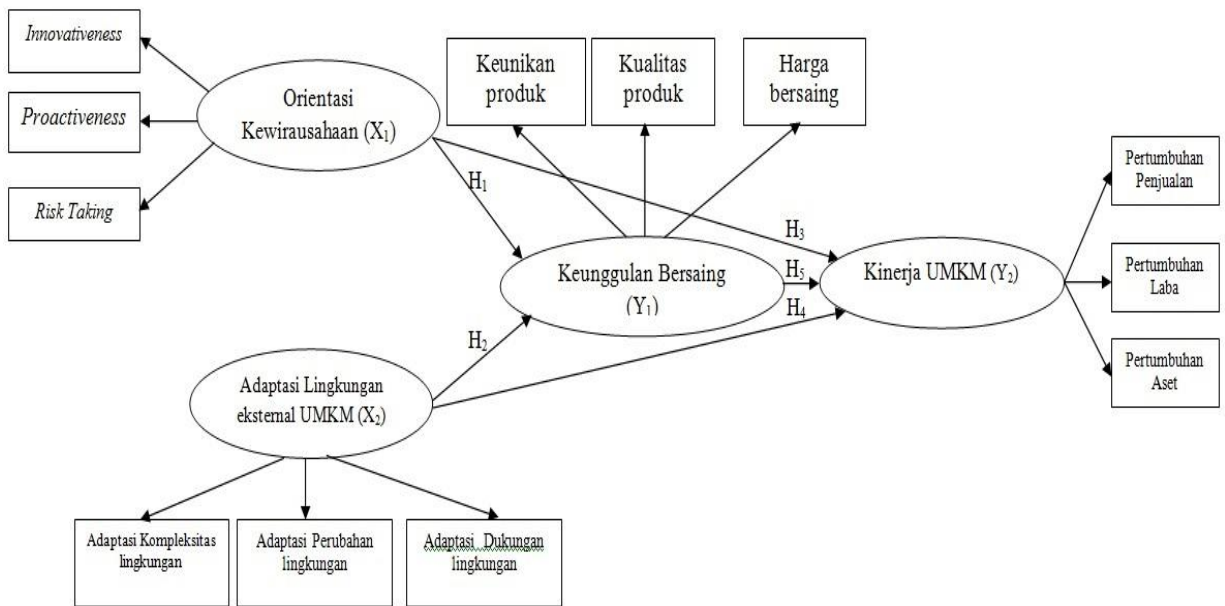
Sugiarto (2008) examining the role of Entrepreneurial Orientation of the owner or manager in building strategic asset and SMEs Competitive Advantage in order to improve business performance has the result in which Competitive Advantage has positive effect toward SMEs Performance. This result is in accordance

with Mahmood dan Hanafi (2013), Prayhoego dan Devie (2013), Pardi et al (2014) dan Zaini et al (2014) which state that Competitive Advantage influences positively on SMEs Performance.

H₅: Competitive Advantage influences positively on SMEs Performance

From the explanation above, it can be schematically described as on the picture below:

Research Framework



RESEARCH METHODOLOGY

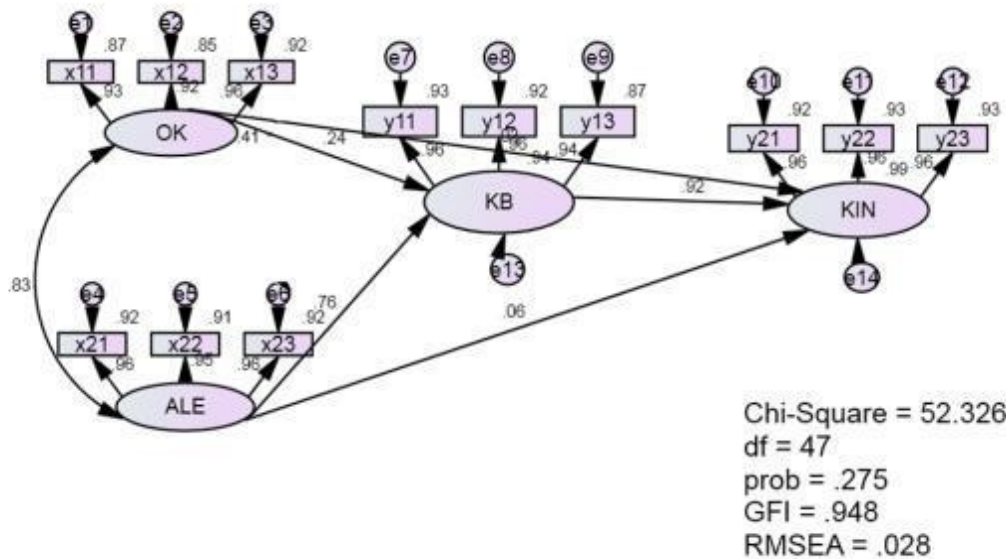
This research applied causal research (cause-and-effect). The causal research design is used to prove the cause-and-effect relationships of some variables. Causal research works with a research model using independent variables which will affect dependent variables on the planned situation (Sugiyono, 2013). Data collection method used in this research is questionnaire.

Population and Sampling

Determination of the number of sample is strongly influenced by many factors, among others, the research purpose. In determining the number of sample, it is also required some consideration. According to Ferdinand (2014), the sampling requirement for the analysis is as much as 20 per parameters, so then the samples used in this research would be 20 x 12 parameters which are 240 minimum samples. Thus, the samples used in this research are 240 minimum Micro Enterprises under the Department of Cooperative and SMEs in Semarang running in Fashion Sector which already owned SMEs Permission (IUMK).

RESEARCH RESULT

Data Analysis



REGRESSION WEIGHTS FULL MODEL

	Estimate	S.E.	C.R.	P	Label
KB <--- OK	.225	.050	4.507	***	par_9
KB <--- ALE	.792	.060	13.292	***	par_10
KIN <--- KB	.901	.114	7.914	***	par_11
KIN <--- ALE	.062	.099	.633	.527	par_12
KIN <--- OK	.024	.044	.543	.587	par_13

Source : Research data are processed

GOODNESS OF FIT INDEXES FOR FULL MODEL

No	Indikator	Hitung	Cut-off	Kesimpulan
1	Chi Square (CMin),p	0,275	> 0,05 (5%)	<i>Fit</i>
2	GFI	0,948	> 0,90	<i>Fit</i>
3	NFI	0,984	> 0,90	<i>Fit</i>
4	RFI	0,977	> 0,90	<i>Fit</i>
5	IFI	0,998	> 0,90	<i>Fit</i>
6	CFI	0,998	> 0,90	<i>Fit</i>
7	RMSEA	0,028	< 0,080	<i>Fit</i>
8	AIC	114,326	< 156,000 dan < 3249,737	<i>Fit</i>
9	ECVI	0,767	< 1,047 dan < 21,810	<i>Fit</i>

Source : Research data are processed

Discussion

Hypothesis Testing

Hypothesis testing is done by looking at the significance level of each variable to see the effect of independent variables toward dependent variables. If the significance level is $< 0,05$, then the hypothesis which states that there is an effect of independent variables toward dependent variables is acceptable.

Hypothesis 1

Based on the significance level as depicted on the picture above, it can be said that Entrepreneurial Orientation (0,000) influences positively on Competitive Advantage. Hence, it can be said that Hypothesis 1 which states that Entrepreneurial Orientation has positive influence on Competitive Advantage is acceptable. This result is similar to Yulianto and Kusumadmo (2012), Mahmood and Hanafi (2013) and Setyawati and Abrilia (2014) which state that Entrepreneurial Orientation influences positively on Competitive Advantage.

Hypothesis 2

Based on the significance level as shown on the picture above, it can be said that SMEs External Environment Adaptation (0,000) has influences positively on Competitive Advantage. Thus, it can be concluded that Hypothesis 2 which states that SMEs External Environment Adaptation has positive effect toward Competitive Advantage is acceptable. The result is in accordance with Fatah (2012), Husso and Nybakk (2010) and Kadarningsih (2013) which state that SMEs influences positively on Competitive Advantage.

Hypothesis 3

According to the significance level as shown on the picture above, it can be said that Entrepreneurial Orientation (0,587) does not influence on SMEs performance. Then, it can be said that Hypothesis 3 which states that Entrepreneurial Orientation influences on SMEs Performance is rejected. This result is in accordance with Sugiarto (2008), Pardi et al (2014), and Setyawati and Abrilia (2014) which state that Entrepreneurial Orientation does not influence on SMEs Performance.

Hypothesis 4

According to significance level as seen on the picture above, it can be said that SMEs External Environment Adaptation (0,527) does not effect toward SMEs Performance. Then, it can be concluded that Hypothesis 4 which states that SMEs External Environment Adaptation is rejected. The result is similar to Setyawati and Abrilia (2014) in which the SMEs External Environment Adaptation does not influence on SMEs Performance.

Hypothesis 5

Based on the significance level as seen on the picture above, it can be said that Competitive Advantage (0,000) has positive influence toward SMEs Performance. Thus, it can be said that Hypothesis 5 which states that Competitive Advantage influences on SMEs Performance is acceptable. This result is the same way as Sugiarto (2008), Mahmood and Hanafi (2013), Prayhoego and Devie (2013), Pardi et al (2014) and Zaini et al (2014) which state that brand image influences on SMEs Performance.

CONSLUSION

Based on the result of the research which has been done, it can be concluded as follows:

1. Entrepreneurial Orientation influences positively on Competitive Advantage
2. SMEs External Environment Adaptation influences positively on Competitive Advantage.
3. Entrepreneurial Orientation does not influence on SMEs Performance.
4. SMEs External Environment Adaptation does not influence on SMEs Performance.
5. Competitive Advantage influences positively on SMEs Performance.

SUGGESTION

According to the conclusion stated above, it can be given some suggestions and it is expected to be useful for the company progress. Here are the suggestions:

1. SMEs Entrepreneurs in the Fashion Sector in Semarang need to seek and manage the chances so that the business risks decrease for the company.
2. The suitability between strategy and environment will make SMEs can reach Competitive Advantage compared to company rivals, then SMEs Performance will increase more.

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