

Effect Moderating Entrepreneurship Orientation on Intervening Variables Competitive Advantage Strategy Using Structural Equation Modeling

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Abstract: *Small and medium enterprises (SMEs) are one of the business sectors that have played a vital role in the Indonesian economic system. Surabaya has a fairly large number of industrial SMEs, consisting of small and medium industries. The phenomena faced by small printing industry SMEs in the city of Surabaya are generally related to the problems of the competitive environment, leadership and entrepreneurial orientation of owners / managers in managing their businesses, and this is in line with the existence of theoretical and empirical gaps. Therefore, it is necessary to study and research further by exploring more comprehensively about the moderating effect of entrepreneurial orientation on business strategies on the performance of small printing industry SMEs in Surabaya, which are influenced by industrial environmental variables, transactional leadership using Moderating Structural Equation Modeling (MSEM). The results showed that the performance model of small printing industry SME companies with Entrepreneurship Orientation as moderating is a fit model based on the Goodness of Fit (GoF) criteria. Industrial environment, Transactional Leadership, Entrepreneurship Orientation, Competitive advantage strategy, and Performance of small industry SMEs are valid and reliable indicators. The competitive advantage strategy with indicators of low cost strategy, and differentiation strategy is influenced by the Industrial environment and Transactional Leadership. Entrepreneurship Orientation with indicator indicators Dare to open new marketing areas, dare to face competition, and have creativity in introducing new products that moderate the competitive advantage strategy is strengthening in influencing the performance of small industrial SMEs. Furthermore, the performance of small industrial SMEs with financial and non-financial indicators is influenced by the industrial environment and transactional leadership*

Keywords: SMEs, Entrepreneurship Orientation, Competitive advantage strategy, Performance, MSEM

1. Introduction

SMEs, or often called the Small and Medium Enterprises (SMEs) are an integral part of the business world that plays an important role in the economy of a country. SMEs will have the position, potential, as well as a very vital role in realizing the strategic objectives and economic development of a nation. SME is one line of business that has taken a vital role in the Indonesian economy system. In the Indonesian economy, SMEs are most dominating business group seen from the number of its business units, labor absorption and its contribution to Gross Domestic Product (GDP) of Indonesia.

Irawan (2007) states of SMEs in Indonesia seem to dominate the industry sectors that are labor intensive, sectors that require the ability to adapt to customer's specific request, and sectors where economies of scale and brand strength are generally not too overlooked. Sectors that have the characteristics and has a large SME population includes leather industry and leather products, footwear, furniture, printing, rubber processing, plastic products, ceramics, and various metal products. Instead, the industry with the SME population is very small or almost non-existent, including tobacco products, oil processing, cement, fertilizers, base metals, and electronic equipment [1].

Surabaya as the second largest city in Indonesia after Jakarta, has a fairly large number of SMEs. For the SME industry (comprised of small and medium industrial industry), within the same Waku increases were

334.11persen, from 472 in 2010 to 2, 049 in 2014. Meanwhile, for SMEs Trade reached 430.85 percent increase, from 10, 144 in 2010 to 53, 850 in 2014. Especially for small industrial city of Surabaya, the increase reached 381.38 percent, from 274 in 2010 to 1, 319 in 2014. The rapid increase in the number of SMEs in Surabaya, in the period 2010-2014, due to the rapid economic growth of the city of Surabaya, where according to data Bappeko Surabaya in 2010-2014 the average growth per year Surabaya city reached 7.32 percent.

According to David in 2012, industrial organization approach-I / O on competitive advantage states that factors (industry) is more important than the external variety of internal factors in the effort to achieve a company's competitive advantage [2]. Furthermore, the approach to I / O theory considers that the development strategy of the company will be strongly influenced by the structure of the industry (industry structure) where the company is located. In addition, the successful implementation of the strategy of the company, which in turn will greatly affect the performance of the company, influenced by the structure of the industry in which it operates. Therefore, companies must consider a variety of factors such as the attractiveness of the industry (attractiveness of industry), and level of competition (competitive rivalry). Industrial structures that influence the formulation of corporate strategy and corporate performance [3]. Hoskisson. et al. in 1999 states the model I / O explained that the influence of the external environment is very dominant in the company's strategic move [4]. Hidayat in 2003 shows the following findings: (1)

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simultaneously exist between all variables influence the macro environment, industry environment and internal environment of the company's marketing strategy and performance of the cement industry in Indonesia; (2) industry environments negatively affect the company's marketing strategy and performance [5]. Iscan et al. in 2014 has resulted in findings of transformational leadership has a significant and positive effect on the performance of the company, but transactional leadership does not have a significant effect on the performance of the company [6]. Obiwuru et al. in 2011 examines the relationship between the leadership style of the performance of small-scale businesses in Lagos, Nigeria [7]. This research resulted in the finding that: (1) transactional leadership style positive and significant effect on small businesses, but the transformational leadership style not significant effect on small businesses; (2) on a small scale company, performance is positively correlated with transactional leadership style compared with transformational leadership style [8]. Ozer & Tinaztepe in 2014 found that the transactional leadership style has a weak relationship to company performance. but the transformational leadership style not significant effect on small businesses; (2) on a small scale company, performance is positively correlated with transactional leadership style compared with transformational leadership style. Ozer & Tinaztepe in 2014 found that the transactional leadership style has a weak relationship to company performance, but the transformational leadership style not significant effect on small businesses; (2) on a small scale company, performance is positively correlated with transactional leadership style compared with transformational leadership style [8]. Ozer & Tinaztepe in 2014 found that the transactional leadership style has a weak relationship to company performance [8].

Some studies that discuss the entrepreneurial orientation and business performance of small and medium enterprises have been carried out by Mahmood & Hanafi in 2013 which discusses the entrepreneurial orientation has a positive effect on business performance; (2) the effect of partial mediation of competitive advantage is also found in the relationship between entrepreneurial orientation with business performance [9]. Research of Mohammed et al. in 2017 examines the relationship between entrepreneurial orientation and competitive advantage to the growth of SMEs in Laos. The results of the research are: (1) factor entrepreneurial orientation has a positive influence on competitive advantage; (2) factors of competitive advantage and entrepreneurial orientation has a positive influence on the growth of SMEs with statistical significance [10]. Djodjobo & Tawasin 2014 analyzed the effect of entrepreneurial orientation, product innovation [11].

Methods associated with latent variables namely Confirmatory Factor Analysis (CFA) [12]-[13] and Structural Equation Modeling (SEM) [14]-[17]. Otok et. al.,

in 2018, Weak physical condition, social economy less prosperous, and the emergence of a degenerative disease that can lead to decreased productivity, thus affecting social life, it is necessary to study the quality of life index of elderly global, urban and coastal communities in Surabaya to Structural Equation Modeling (SEM) approach [18]. Another study by Otokin 2021 on the application of the SEM method applied to community decision-making in disaster preparedness in Maluku region, Indonesia [19]. Black in 2015 who conduct quantitative research on higher education institutions, that the work environment, interpersonal relationships between teachers, and reward or appreciation of the institution is a stimulus that can improve the performance of the lecturers [20], while moderating SEM related to, among other things: N Rusdi et. al., in 2018, moderating entrepreneurship at corporate reputation in business performance using partial least square [21]. Wibisono et. al in 2018, Management information system as a moderating variable Total Quality Management Provides a strengthening effect on performance [22]. Dominant influence organizational culture of Total Quality Management and subsequently affect study program performance. Wibisono et. al, in 2018, Partial Least Squares for Performance Assessment of Teaching Workloads by Moderating Motivation of Emotional Intelligence [23].

In this study examines the moderating effect of entrepreneurial orientation on business strategy and performance of the company against the small printing industry SMEs in Surabaya and environmental variables affected the industry, transactional leadership using SEM moderating. This study is expected to be able to give contributions to the development of small industrial SMEs in Surabaya, which can then be used by city officials in formulating policies related to the formation, development and empowerment of small industrial SMEs in Surabaya.

2. Research Methodology

The data used in this study are primary data from the results of a survey on small printing industry SMEs in the city of Surabaya. Exogenous latent variables namely industrial environments, transactional leadership, intervening latent variables namely competitive advantage strategy and endogenous latent variable is the performance of the company. SMEs small printing industry, as well as entrepreneurship orientation as a moderating variable. Questionnaires were distributed statement contains some items related to the study variables. There are 5 alternative answers given in accordance with the Likert scale, namely: 1 = Strongly Disagree; 2 = Disagree; 3 = Less Agree; 4 = Agree; 5 = Strongly Agree. Conceptual study are presented as follows.

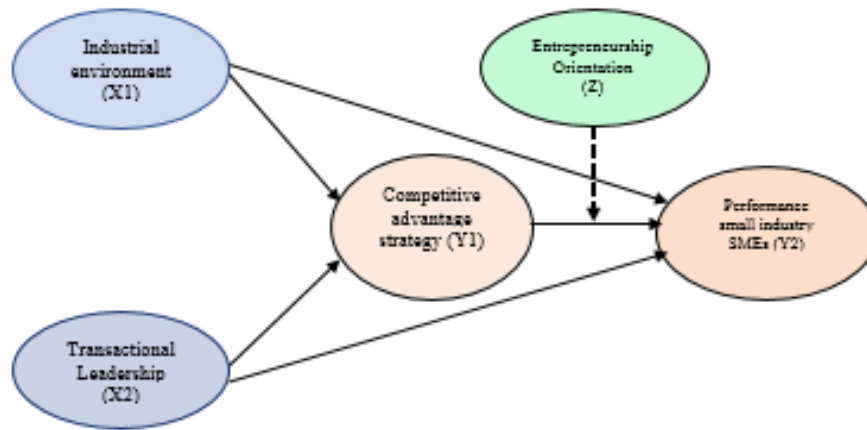


Figure 1: Conceptual Model of The Industrial Environment, Transactional Leadership on The Performance of Small Printing Industry SMEs Through a Competitive Advantage Strategy with Entrepreneurship Orientation as a Moderating Variable

Stages of the analysis carried out the evaluation of the measurement model, the goodness of fit and the evaluation of the structural model. Evaluation of the measurement model, namely the convergent validity is used to determine the correlation between each indicator with latent variables. Convergent validity can be seen from the value standardize loading factor (λ) greater than 0.5 is acceptable [4]. Composite reliability is a block indicator that measures a construct and can be evaluated by the size of the internal consistency [24]. Composite reliability may be an acceptable level of reliability if the latent variable coefficient greater than 0.7 [25].

Evaluation of the structural models used MSEM interaction and Ping method, a method that can be used to assess the effect of moderating. The interaction method, there are two phases: [23], [26]-[27]

a) The first stage:

- Estimate without entering the variable interactions that only estimate the model,

- The estimation results of the model used to calculate the value of the interaction latent variable loading factor (λ interaction) and error variance values of the latent variable indicator interaction.

b) Stage Two:

- After the value λ interaction and θ_q value obtained from the first stage, then these values are incorporated into the model with latent variable interaction
- The results of the manual calculation of the loading factor of interaction is used to set the value of the interaction parameter loading value, while the result of the calculation error variance manual interaction variables used to define an error variance interaction variables.

The general of moderating structural equation model is visualized in Figure 2 below,

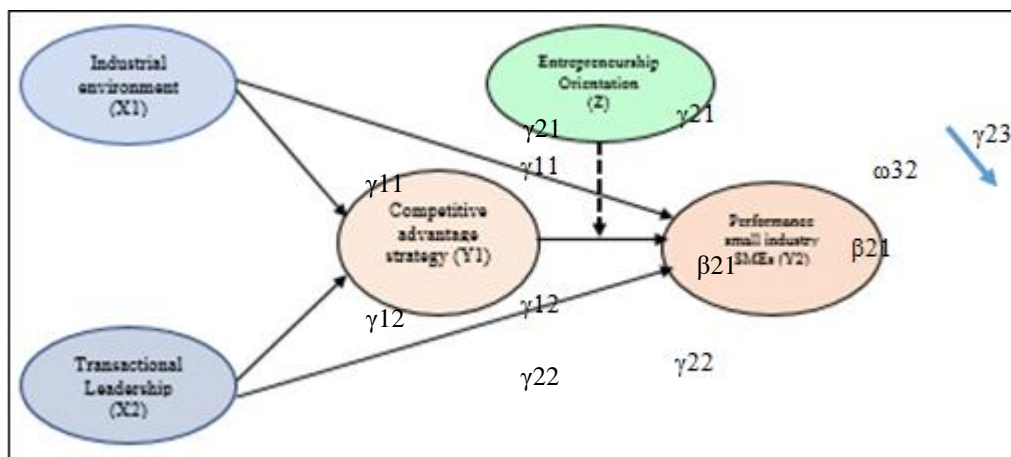


Figure 2: The general of moderating structural equation model

The equation on figure 2 below,

$$\eta_1 = \gamma_{11}\xi_1 + \gamma_{12}\xi_2 + \zeta_1 \tag{1}$$

$$\eta_2 = \gamma_{11}\xi_1 + \gamma_{12}\xi_2 + \gamma_{21}\xi_1 + \gamma_{22}\xi_2 + \gamma_{23}\xi_3 + \beta_{21}\eta_1 + \omega_{32}\xi_3\eta_1 + \zeta_2 \tag{2}$$

3. Results and Discussion

Measurement models consist of validity and reliability test. In detail, the validity and reliability in each of the latent variables are presented in Table 1.

Table 1 shows that the latent variable Industrial environment (X1), Transactional Leadership (X2), Entrepreneurship Orientation (Z), Competitive advantage strategy (Y1), and Performance small industry SMEs (Y2) provide loading factors and values above the cut-off Composite Reliability (C-R) his off so it can be said to be valid and reliable. Similarly, in each indicator all error variance p value less than 0.05 then virtually all reliable indicators. Industrial environment (X1) formed by the perception indicator of the potential production capacity of new entrants (X1.1) (0.992), the perception of the ability of substitute products such as paper CD (X1.3) (0.964), the perception of the ability of consumers to buy the product (X1.4) (0.932), and Trying to work hard so that my achievement is increasing regardless of the reward (X1.4) (0.926), perception of the level of difficulty finding a replacement product from the supplier (X1.2) (0.894), the number of training / extension of the government (X1.6) (0.883), and the perception of the number of existing competitors (x1.5) (0.820), Transactional Leadership (X2) is formed by rewarding timely indicator even though the company's financial condition does not allow (X2.1) (0.923), handing over the job to an employee (X2.4) (0.894), giving an opportunity to resolve the problem own (X2.3) (0.775), and actively monitor the work of employees (X2.2) (0.759). Entrepreneurship Orientation (Z) is formed by indicators Dare to open new marketing areas (Z1.2) (0.975), Dare to face competition (Z1.1) (0.941), Have creativity in introducing new products (Z1.3)

(0.899), Looking for New opportunities in anticipating future needs (Z1.4) (0.610), and freedom of individuals or teams to implement new business concepts / ideas / visions (Z1.5) (0.531). Competitive advantage strategy (Y1) is formed by indicators of low cost strategy (Y1.1) (0.983), and differentiation strategy (Y1.2) (0.930). The performance of small industry SMEs (Y2) is formed by indicators of Financial (Y2.1) (0.930), and Non-Financial (Y2.2) (0.914).

Having tested the validity and reliability on each of the latent variables, some of the prerequisites that must be met in structural modeling is a multivariate normal assumption, assuming the absence of multicollinearity or singularity and outliers. Results of testing the normality of the data on all study variables give multivariate Critical Ratio of 1.351 and is located outside the-1.96 value up to 1.96, so that it can be said that the multivariate normal distribution data. The singularity can be seen through the determinant of the covariance matrix. The results of the research value of the sample covariance matrix Determinant of 0.139. This value is not close to zero, so it can be said that there is no singularity problem in the analyzed data. The multicollinearity can be seen through the correlation between the latent variables Industrial environment (X1) and Transactional Leadership (X2) of 0.081 with $p = 0.128$ greater than the significance level $\alpha = 0.05$, it can be said does not happen multicollinearity. Outlier is an observation that appears with extreme values are univariate and multivariate analysis. Outlier test results in this study are presented in the Mahalanobis distance or Mahalanobis d-squared. Mahalanobis value greater than Chi-square table or value $p1 < 0.001$ say outlier observations. In this study, there are four data outliers, because it is still under 5 percent of the observation, it can be said does not happen outlier.

Table 1: Value and Reliability Validity Indicator Latent Variables

Latent variables	Indiakator	p variance error	Loading (λ)	λ^2	$1-\lambda^2$	Composite Reliability (C-R)
Industrial environment (X1)	perceptions of potential new entrants production capacity (X1.1)	0.000	0.992	0.984	0.016	0.969
	perception of the level of difficulty finding a replacement product from the supplier (X1.2)	0.000	0.894	0.799	0.201	
	perception of the ability of substitute products such as paper CD (X1.3)	0.031	0.964	0.929	0.071	
	perception of the ability of consumers to buy the product (X1.4)	0.014	0.932	0.869	0.131	
	perception of the number of existing competitors (X1.5)	0.000	0.820	0.672	0.328	
	number of training/extension of the government (X1.6)	0.000	0.883	0.780	0.220	
transactional Leadership (X2)	reward timely even though the company's financial condition does not allow (X2.1)	0.000	0.923	0.852	0.148	0.905
	actively monitor the work of employees (X2.2)	0.000	0.759	0.576	0.424	
	giving an opportunity to resolve the problem yourself (X2.3)	0.000	0.775	0.601	0.399	
	handing over the job to an employee (X2.4)	0.000	0.894	0.799	0.201	
Entrepreneurship Orientation (Z)	Dare to face the competition (Z1.1)	0.000	0.941	0.885	0.115	0.902
	Dare to open up new marketing areas (Z1.2)	0.000	0.975	0.951	0.049	
	Having creativity in introducing new products (Z1.3)	0.026	0.899	0.808	0.192	
	Looking for new opportunities in anticipation of future needs (Z1.4)	0.000	0.610	0.372	0.628	
	There is freedom of individuals or teams to implement the concept / idea / vision of new business (Z1.5)	0.000	0.531	0.282	0.718	
Competitive Advantage strategy (Y1)	Low-cost strategy (Y1.1)	0.000	0.983	0.966	0.034	0.956
	Differentiation strategy (Y1.2)	0.000	0.930	0.865	0.135	
Performance small industry SMEs (Y2)	Finance (Y2.1)	0.000	0.930	0.865	0.135	0.919
	Non-Financial (Y2.2)	0.000	0.914	0.835	0.165	

Furthermore, the shape of the path diagram model of the company's performance. Small industrial SME stage 1 is presented as follows:

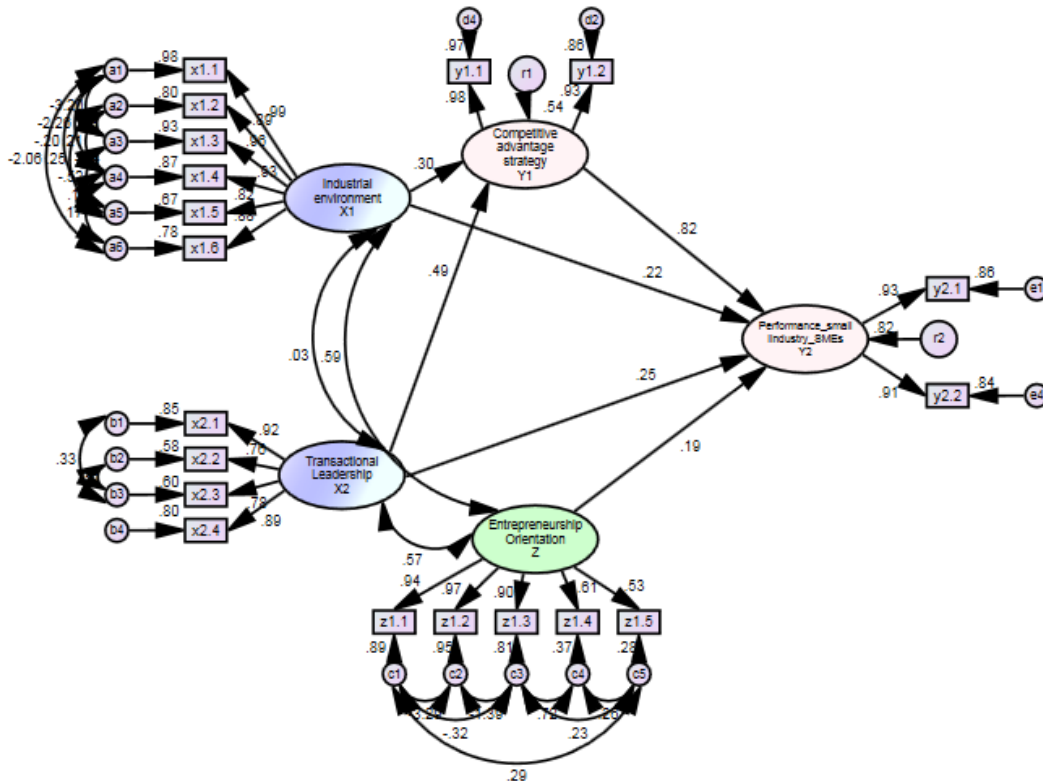


Figure 3: Relationship Model of The Industrial Environment, Transactional Leadership on The Performance of Small Printing Industry SMEs Through a Competitive Advantage Sstrategy with Entrepreneurship Orientation as a Moderating Variable (Step 1)

Testing the path coefficients in Figure 1 in detail presented in the following Table 2. Table 2, it can be interpreted directly influence Entrepreneurship Orientation moderating variables (Z) of the Performance small industry SMEs (Y2). Entrepreneurship Orientation (Z) positive and significant impact on SMEs Performance small industry (Y2). It is seen from the path marked positive coefficient of 0.192 with a value Critical Ratio (CR) of 3.119 larger than t-table = 1.96. Thus Entrepreneurship Orientation (Z) direct effect on

SMEs Performance small industry (Y2) of 0.192, which means that every increase in Entrepreneurship will raise SMEs Performance small industry (Y2) of 0.207. This shows that Entrepreneurship Orientation (Z) is suspected as a moderating variable that is strengthening the influence strategy Competitive advantage (Y1) to the Performance small industry SMEs (Y2). Moderating Structural Equation Modeling (MSEM) in phase-1 is used to obtain lambda Interaction and Error Variance presented as follows.

Table 2: Coefficient Test Results Model Model of The Industrial Environment, Transactional Leadership on The Performance of Small Printing Industry SMEs Through a Competitive Advantage Sstrategy with Entrepreneurship Orientation as a Moderating Variable (Step 1)

Variables	Coefficient	Critical Ratio (CR)	Prob.	Information
Industrial environment (X1) → Competitive advantage strategy (Y1)	0.299	3.340	0.000	Significant
Transactional Leadership (X2) → Competitive advantage strategy (Y1)	0.491	5.023	0.000	Significant
Industrial environment (X1) → Performance small industry SMEs (Y2)	0.223	3.104	0.002	Significant
Transactional Leadership (X2) → Performance small industry SMEs (Y2)	0.254	2.908	0.004	Significant
Entrepreneurship Orientation (Z) → Performance small industry SMEs (Y2)	0.192	3.119	0.002	Significant
Competitive advantage strategy (Y1) → Performance small industry SMEs (Y2)	0.818	10.152	0.000	Significant

Table 3: Lamda Interaction and Error Variance

Z Moderation Y1 to Y2	Z		Y1	
	Loading	variance	Loading	variance
Indicator	0.531	0.667	0.983	0.044
	0.610	0.519	0.930	0.148
	0.899	0.191		
	0.975	0.061		
	0.941	0.117		
Variance	0.262		0.432	
Lamda_Int_Z_Y1	7.56783			
Var_err_Z_Y1	6.97804			

Table 3, the moderator latent variables can be continued in the form of path analysis diagram is presented as follows:

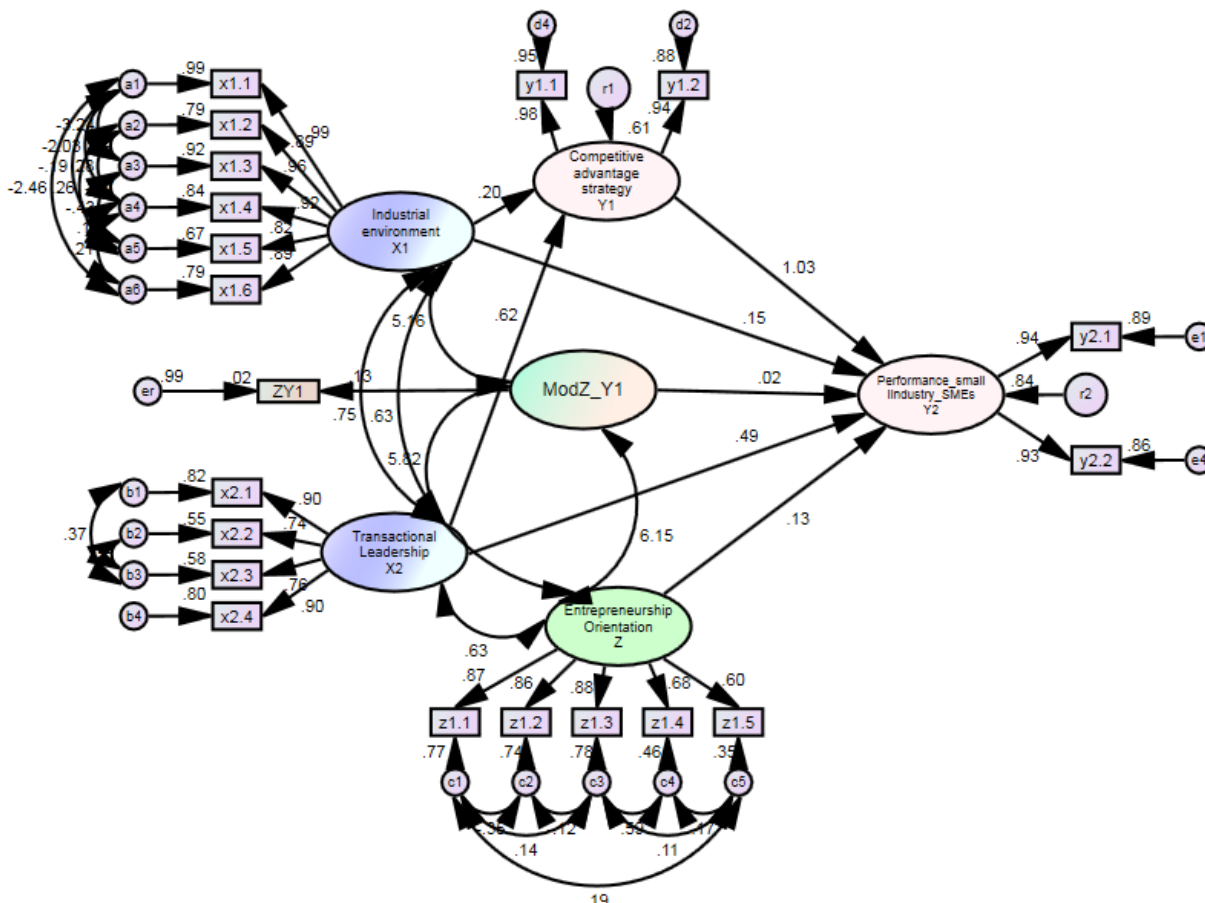


Figure 4: Relationship Model of The Industrial Environment, Transactional Leadership on The Performance of Small Printing Industry SMEs Through a Competitive Advantage Sstrategy with Entrepreneurship Orientation as a Moderating Variable (Step-2)

Results of testing the measurement model with AMOS complete program can be seen in the following table:

Table 4: Goodness of Fit Model The Performance of Small Printing Industry SMEs Through a Competitive Advantage Sstrategy with Entrepreneurship Orientation as a Moderating Variable (Step-2)

Goodness of Fit (GoF)	Value Cut-Off	The calculation results	Information
Chi-Square	expected to be small	158.286	χ^2 with df = 138 is 166 415 Good
Significance Probability	≥ 0.05	0.114	Good
RMSEA	≤ 0.08	0.058	Good
GFI	≥ 0.90	0.902	Good
AGFI	≥ 0.90	0.831	Marginal Good
CMIN / DF	≤ 2.00	1.147	Good
TLI	≥ 0.90	0.909	Good
CFI	≥ 0.90	0.916	Good

of a suitable model, it can be interpreted in each structural path coefficients through the following equation:

$$Y1 = 0.196 X1 + 0.621 X2 \tag{3}$$

$$Y2 = 0.145 X1 + 0.489 X2 + 0.129 Z + 1,029 Y1 + 0,015 ModZ_Y1 \tag{4}$$

Where:

- X1: Industrial environment
 - X2: Transactional Leadership
 - Y1: Competitive advantage strategy
 - Y2: Performance small industry SMEs
 - Z: Entrepreneurship Orientation
 - ModZ_Y1: Interaction Entrepreneurship Orientation with Competitive advantage strategy
- Testing the path coefficients in Figure 3 and the above equation in detail presented in the following table:

Table 5: Coefficient Test Results Model Testing Results Model of The Industrial Environment, Transactional Leadership on The Performance of Small Printing Industry SMEs Through a Competitive Advantage Sstrategy with Entrepreneurship Orientation as a Moderating Variable (Step-2)

Variables	Coefficient	Critical Ratio (CR)	Probability (P)	Information
Industrial environment (X1) → Competitive advantage strategy (Y1)	0.196	2.206	0.027	Significant
Transactional Leadership (X2) → Competitive advantage strategy (Y1)	0.621	6.248	0.000	Significant

Industrial environment (X1) → Performance small industry SMEs (Y2)	0.145	1.964	0.049	Significant
Transactional Leadership (X2) → Performance small industry SMEs (Y2)	0.489	4.795	0.000	Significant
Entrepreneurship Orientation (Z) → Performance small industry SMEs (Y2)	0.129	2.102	0.032	Significant
Competitive advantage strategy (Y1) → Performance small industry SMEs (Y2)	1.029	12.149	0.000	Significant
Entrepreneurship Orientation (Z) * Competitive advantage strategy (Y1) (ModZ_Y1) → Performance small industry SMEs (Y2)	0.015	3.135	0.002	Significant

Table 5, the interpretation of each path coefficients are as follows:

a) Influence of Industrial Environment (X1) on The Strategy Competitive Advantage (Y1)

Industrial environment (X1) positive and significant impact on the strategy Competitive advantage (Y1). It is seen from the path marked positive coefficient of 0.196 with a value of CR for 2.206 and gained significance probability (p) of 0.027 which is smaller than the significance level (α) Which is set at 0.05. Thus the Industrial environment (X1) direct effect on Competitive advantage strategy (Y1) of 0.196, which means that every increase in the Industrial environment (X1) will increase Competitive advantage strategy (Y1) of 0.196.

b) Influence of Transactional Leadership (X2) on The Strategy Competitive Advantage (Y1)

Transactional Leadership (X2) positive and significant impact on the strategy Competitive advantage (Y1). It is seen from the path marked positive coefficient of 0.621 with a value of CR for 6.248 and gained significance probability (p) of 0.000 which is smaller than the significance level (α) Which is set at 0.05. Thus Transactional Leadership (X2) have an effect directly on Competitive advantage strategy (Y1) of 0.621, which means that every increase in Transactional Leadership (X2) will raise Competitive advantage strategy (Y1) of 0.621.

c) Influence of Industrial environment (X1) on The SMEs Performance small industry (Y2)

Industrial environment (X1) positive and significant impact on SMEs Performance small industry (Y2). It is seen from the path marked positive coefficient of 0.145 with CR values of 1.964 and gained significance probability (p) of 0.049 which is smaller than the significance level (α) Which is set at 0.05. Thus the Industrial environment (X1) direct impact on SMEs Performance small industry (Y2) of 0.145, which means that every increase in the Industrial environment (X1) will increase SMEs Performance small industry (Y2) of 0.145.

d) Influence of Transactional Leadership (X2) on The SMEs Performance small industry (Y2)

Transactional Leadership (X2) positive and significant impact on SMEs Performance small industry (Y2). It is seen from the path marked positive coefficient of 0.489 with a value of CR for 4.795 and gained significance probability (p) of 0.000 which is smaller than the significance level (α) Which is set at 0.05. Thus Transactional Leadership (X2) have an effect directly on the Performance small industry SMEs (Y2) of 0.489, which means that every increase in Transactional Leadership (X2) will raise SMEs Performance small industry (Y2) of 0.489.

e) Influence of Entrepreneurship Orientation (Z) on The SMEs Performance small industry (Y2)

Entrepreneurship Orientation (Z) Performance significantly affects small industry SMEs (Y2). It is seen from the path marked positive coefficient of 0.129 with a value of CR for 2.102 and gained significance probability (p) of 0.032 which is smaller than the significance level (α) Which is set at 0.05. Thus Entrepreneurship direct impact on SMEs Performance small industry (Y2), which means that every increase in Entrepreneurship will raise SMEs Performance small industry (Y2) of 0.129.

f) Influence of Strategy Competitive Advantage (Y1) on The SMEs Performance small industry (Y2)

Competitive advantage strategy (Y1) positive and significant impact on SMEs Performance small industry (Y2). This is evident from the marked positive path coefficient of 1.029 with a value of 12.149 and CR obtained significance probability (p) of 0.000 which is smaller than the significance level (α) Which is set at 0.05. Thus the advantage Competitive strategy (Y1) direct impact on SMEs Performance small industry (Y2) amounted to 1.029, which means that every increase in Competitive advantage strategy (Y1) will raise SMEs Performance small industry (Y2) amounted to 1.029.

g) Influence of Entrepreneurship Orientation (Z) and Strategy Competitive Advantage (Y1) on The SMEs Performance small industry (Y2)

Entrepreneurship Orientation (Z) * Competitive advantage strategy (Y1) (ModZ_Y1) positive and significant impact on SMEs Performance small industry (Y2). This is evident from the marked positive path coefficient of 0.015 with a value of CR for 3.135 and gained significance probability (p) of 0.002 which is smaller than the significance level (α) Which is set at 0.05. Thus Entrepreneurship moderate Competitive advantage strategy (Y1) to the Performance small industry SMEs (Y2) that is strengthened by 0.015, which means that every increase in Entrepreneurship followed Competitive advantage strategy (Y1) will strengthen the influence of Performance small industry SMEs (Y2) of 0.015.

4. Conclusion

Modeling results showed that Model Performance small industry SMEs with Entrepreneurship Orientation as moderating small SME-based printing industry is a model that fit based on the criteria of Goodness of Fit (GoF). Indicators Industrial environment is dominant in the perception of the potential production capacity of the new entrants, and perception of the ability of substitute products such as paper CD, perceptions of the ability of consumers to buy products, and Trying to work hard so that my achievement is increasing regardless of the reward. Transactional Leadership is the dominant indicators provide

timely rewards despite the company's financial condition does not allow, and submit the job responsibilities to employees.

Entrepreneurship Orientation reflected by indicators Dare opening new marketing areas, brave face of competition and creativity in introducing new products. Competitive advantage strategy established by the Strategy indicator low cost and differentiation strategies. SMEs small industry performance indicators established by the Financial and Non-Financial. The competitive advantage and industrial strategy is influenced by environment and Transactional Leadership. Entrepreneurship Orientation moderating Strategy is strengthening the competitive advantage in influencing SMEs Performance small industry. Performance small industry Industrial SMEs affected by the environment, and Transactional Leadership.

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