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ENTREPRENEURIAL ORIENTATION, SOLIDARITY, BUSINESS STRATEGY  
AND FIRM PERFORMANCE OF SMES IN MUARA ENIM, INDONESIA



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ENTREPRENEURIAL ORIENTATION, SOLIDARITY, BUSINESS STRATEGY

AND FIRM PERFORMANCE OF SMEs IN MUARA ENIM, INDONESIA

By

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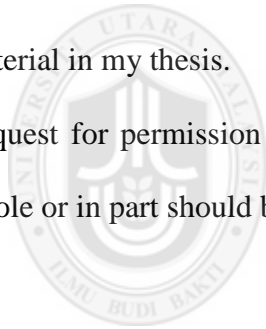
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## ABSTRACT

The purpose of this study was to examine the relationship of entrepreneurial orientation, solidarity, business strategy and firm performance in SMEs Muara Enim, Indonesia. The respondents of this study were SMEs owners that operating in Muara Enim, Indonesia. The factors investigated in this study were entrepreneurial orientation, solidarity and business strategy. Thus, the objectives of this research were: (a) to examine the relationship between entrepreneurial orientation and firm performance of SMEs in Muara Enim, Indonesia (b) to examine the relationship between solidarity and firm performance of SMEs in Muara Enim, Indonesia. (c) to examine the relationship between business strategy and firm performance of SMEs in Muara Enim, Indonesia. In this study, the quantitative method was implemented. 50 SMEs operating in Muara Enim and 44 SMEs used as the sample size. In assessing the relationship between variables, a total of 44 questionnaires were distributed and analyzed using SPSS 24.0 to produce accurate findings. Correlation and regression analysis was used to answer the research hypothesis. The finding of this research showed that entrepreneurial orientation and business strategy are significantly related to firm performance. The study clearly showed that the SMEs owners need entrepreneurial orientation and business strategy to strengthen and enhance the business performance that could lead the continuity of business. This study also contributes to new scope of research in the business field. This study also opens a new sight to SMEs owners to have further understanding on the influence of entrepreneurial orientation, solidarity and business strategy toward firm performance. This study also discusses the implications, recommendations for future research and summary of the study as well.

**Keywords:** entrepreneurial orientation, solidarity, business strategy, firm performance, small and medium-sized enterprises.

## ABSTRAK

Tujuan kajian ini adalah untuk menyelidik hubungan antara orientasi keusahawanan, solidarity, strategi perniagaan dan prestasi firma dalam kalangan pemilik PKS di Muara Enim, Indonesia. Faktor yang diselidiki dalam kajian adalah orientasi keusahawanan, orientasi pasaran dan jaringan keusahawanan. Oleh itu, objektif penyelidikan adalah: (a) untuk mengkaji hubungan antara orientasi keusahawanan dan prestasi firma PKS di Muara Enim, Indonesia (b) untuk menentukan hubungan antara solidariti dan prestasi firma PKS di Muara Enim, Indonesia. (c) untuk mengkaji hubungan antara strategi perniagaan dan prestasi firma PKS di Muara Enim, Indonesia. Kajian ini dijalankan melalui kaedah kuantitatif. Sebanyak 50 PKS beroperasi di Muara Enim dan 44 PKS menjadi saiz sampel kajian. Sejumlah 44 soal selidik diedarkan dan terima kembali untuk dianalisis. Ujian korelasi dan regrasi telah digunakan untuk menjawab hipotesis kajian. Penemuan kajian ini menunjukkan bahawa orientasi keusahawanan, dan strategi perniagaan berkait secara signifikan dengan prestasi firma. Kajian ini secara jelas menunjukkan bahawa pemilik PKS memerlukan orientasi keusahawanan, dan strategi firma bagi memperkuat dan memperkembang prestasi perniagaan yang membawa kecenderungan terhadap keberterusan perniagaan. Kajian ini juga menyumbang kepada skop kajian yang baharu dalam industri perniagaan. Selain itu, penyelidikan ini juga memberikan pandangan yang baharu kepada pemilik PKS dan penyelidik sendiri untuk memahami lebih lanjut mengenai pengaruh orientasi keusahawanan, solidariti dan strategi bisnis terhadap prestasi firma. Perkara berkaitan dengan implikasi, cadangan kajian untuk masa hadapan dan rumusan turut dibincangkan dalam kajian ini.

Kata kunci: orientasi keusahawanan, solidariti, strategi perniagaan, prestasi firma, pemilik PKS.



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## LIST OF ABBREVIATIONS

SMEs	Small and Medium-sized Enterprises
GDP	Gross Domestic Product
RP	Rupiah
APEC	Asia-Pacific Economic Cooperation
EC	European Commission
MIGA	Multilateral Investment Guarantee Agency
UKM	Usaha Kecil Menengah
UNIDO	United Nations Industrial Development Organization
FP	Firm Performance
EO	Entrepreneurial Orientation
SY	Solidarity
BS	Business Strategy
RBV	Resource-Based View
PKS	Perusahaan Kecil dan Sederhana
SPSS	Statistical Procedure for Social Science

## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of the Study

During 1997 – 1998, Indonesia experienced a crisis that caused many economic to collapse. Amazingly, SMEs are among the sectors that able to survive. Moreover, this sector tends to increase from this crisis (Department of Cooperatives, 2008). During 1999, Gross Domestic Profit (GDP) started to increase around 0.8%. In this period, the big companies were not well function because some companies had problems. Foreign investor refused to penetrate to Indonesia since this country assumed too risky to be invested (Kompas, 2003). Thus, the SMEs are the only sector that could enhance the economy growth.

The cash flow of the SMEs in Indonesia has nothing do to with the foreign exchange. This can be proved when Indonesian SMEs had not received any investment from foreign countries. All this while, even though SMEs are being neglected by the Indonesian Government and financial institutions, in fact this sector able to give a huge contribution to the human capital and adapt to the crisis (Gee, 2003). This means that SMEs not only provide the income and job opportunities to the poverty in the country, but also provide the securities from the social problems. It can be imagined that without the role plays by the SMEs to provide all of these opportunities, the rate of crime will be keep increasing.

SMEs have an important role to economic development in Indonesia. SMEs provide about 99% of the contributions to a number of business entities in Indonesia and



contribute 99.6% in employment. Looking at this situation, SMEs deserve more attention from the government (Rizky, 2013). Indonesian government have target in the upcoming 2019 that contribution to GDP will increase 7% to 7.5%. While, the contributions for foreign exchange target to increase 6.5% to 8% in 2019. These increment can be part of the motivation in develop the economic sector especially SMEs in Indonesia (Erick Hidayat in CNN Indonesia, 2016).

The encouragement from Indonesia government helps in expanding the growth of the SMEs. According to the Central Bank of the Republic of Indonesia created the regulations, which is regulation number 14/22/PBI/2012 to encourage all of the banking in Indonesia to provide funds to help the SMEs. This regulation obliges all of banking Indonesia to give credit or funding SMEs. In addition, the general banking is encouraged to provide training to SMEs owners.

In keeping with the above discussion so far, SMEs plays an important role in world economy. Therefore, understanding of why some businesses are successful and why some are not is very important to the stability of the businesses in any economy (David, 2010). In addition, it is necessary to further examination of issues related with the firm performance of SMEs in Indonesian context.

## **1.2 The Problem Statement**

According to Dinda (2016) *“the growth of SMEs from 2010 to 2013 reached about 5.6%. SMEs in Indonesia are important for the economy as they account for 70.1% of GDP (Gross Domestic Product) and absorb 10.7% of the workforce or about 12 million total work-force. The increase in the contribution of the SMEs sector to GDP*

*has also increased in the last five years in which the Ministry of Cooperatives and Small and Medium-sized Enterprises in Indonesia recorded a surge from 57.84% to 60.34% in 2016. In 2019, the government targets the contribution to GDP rose to 7-7.5%".* In addition, according to Adhi (2016), in the other SMEs sector, contribution to Indonesia's exports last year was only 15.8%. However, the figure is lagging when compared to other Southeast Asian countries. For example, Thailand is 29.5% and the Philippines is 20%.

According to the previous study, Kuncoro (2010) revealed that there are some obstacles experienced by SMEs in running their business. The constraints are including sales growth, return on investment and employment growth. Thus, it is assumed that this is the main problem of SMEs in Indonesia, which is on how to improve the firm performance in order to enable the SMEs to grow.

Previous studies have found that there is an inability of SMEs in improving competitiveness. This is due to the nature of SME itself that has various limitations such as lack of adaptability's capability towards environment, inadequate risk taking, lack of creativity and innovation to facing the business challenges (Tambunan, 2008). Therefore, those challenges could be handled by the company's ability to apply entrepreneurial orientation into strategic activities that will define the goals and create superior performance (Hui Li, et al, 2009). Previous studies (e.g., Dess, Lumpkin & Covin, 1997; Knight, 2000) suggested that SMEs with an entrepreneurial orientation (EO) are more likely to perform better. Given the specific nature of SMEs, there is a need to investigate how they adopt and implement EO in relation to the performance of SMEs. In the case of some previous literature, a number of

studies have shown that entrepreneurial orientation directly or indirectly has a relationship with firm performance (eg Krauss et al., 2005; Li, Huang & Tsai, 2009; Depaababu & Manalel, 2016).

Michael Goenawan (2016) clarified that currently the family business in Indonesia is keep growing, especially in the field of SMEs. This is based with the affection solidarity and support from each other of the family members. In order to improve the firm performance in SMEs, the need for good solidarity practices among fellow employees so as to give a good influence on performance. If people trust each other then they will become one or become families, be mutual respect, motivated to take responsibility and pay attention to the interests of others (Durkheim in Soedijati, 1995). The researcher did not find any effect of solidarity on the firm performance of previous researcher reviews because of limited information. Solidarity itself according to Emile Durkheim in Soedijati (1995) shows a condition of relationship between groups of individuals based on shared beliefs and morals so as to strengthen emotional together. By looking at the definition is expected to have a positive influence of solidarity on the firm performance of SMEs, so that SMEs can develop business goals to be more advanced.

In terms of competition, SMEs have not been able to improve competitiveness. Evidently, a decrease in sales of one experienced by SMEs in the field of food sales. In this case the need to improve the strategy in SMEs primarily choose the right marketing strategy to face the competition (Abdurrahman, 2017). Findings of past studies have suggested firms that utilised a specific business strategy in a specific business environment tend to accomplish better business performance outcomes than

those firms that did not (Hofer and Schendel, 1978; Beal, 2000; Barth, 2003; Lee et al., 2008). The same thing also occurs in business strategy on the firm performance, that previous research finds there is a positive relationship between business strategy and firm performance as reviewed from both financial and non-financial aspects (Smith, Guthrie, and Chen, 1989).

In this study, the researchers conducted a study on SMEs in Muara Enim, by looking at the condition of the problems in accordance with the study research. Retrieved from the source of Sumsel update, 2017, Joni Harwanto (Economist Expert Staff, Muara Enim District) said SMEs in Muara Enim is still weak in innovating products and have not been able to compete with SMEs in other areas. Joni Harwanto added that most of SMEs in Muara Enim is inherited business from the families that causing the lack of information and mitigate the business to compete effectively. The review from the previous researchers found that there is a lack of empirical studies carried out to SMEs in Muara Enim, Indonesia. Therefore, this study tries to examine the effect of entrepreneurial orientation, solidarity, business strategy and firm performance of SMEs in Muara Enim, Indonesia.

### **1.3 Research Questions**

Generally, this study attempted to evaluate the entrepreneurial orientation, solidarity and business strategy toward firm performance that as dependent variable of SMEs in Muara Enim, Indonesia. Thus, the research questions of the study:

- 1.3.1 Is there any relationship between entrepreneurial orientation and firm performance of SMEs in Muara Enim, Indonesia?

1.3.2 Is there any relationship between solidarity and firm performance of SMEs in Muara Enim, Indonesia?

1.3.3 Is there any relationship between business strategy and firm performance of SMEs in Muara Enim, Indonesia?

#### **1.4 Objectives of the Study**

Study objectives is a guideline that serves as a guide and has a strategic function to answer or find answers to the problems formulated in each research. Furthermore described the purpose of more detailed research as follows:

1.4.1 To examine the relationship between entrepreneurial orientation and firm performance of SMEs in Muara Enim, Indonesia.

1.4.2 To examine the relationship between solidarity and firm performance of SMEs in Muara Enim, Indonesia.

1.4.3 To examine the relationship between business strategy and firm performance of SMEs in Muara Enim, Indonesia.

#### **1.5 Significant of the Study**

The main purpose of this research is to determine the relationship between entrepreneurial orientation, solidarity, business strategy and firm performance in SMEs Muara Enim, Indonesia. The results of this study are expected to be useful for SMEs is to develop business. More specifically, research can provide the following theoretical and practical contributions.

### **1.5.1 Theoretical Contribution**

The results of this study will contribute to the literature on firm performance and small and enterprises especially in Muara Enim Indonesia. This study provides information on our understanding of organizational performance in SMEs Muara Enim, Indonesia. Ultimately, the results of the study are expected to increase the knowledge of empirical evidence about the relationship of entrepreneurial orientation, solidarity, business strategy toward developing firm performance in SMEs to be more advanced. In addition, this research can also provide information on current performance understanding in SMEs in the region of Muara Enim, Indonesia.

### **1.5.2 Practical Contribution**

The findings of this research will be a guide for SMEs to improve firm performance in SMEs. For example, it is expected that owners or managers understand the relationship between business strategy and firm performance in SMEs, SMEs able to develop firm performance so as to prioritize the kind of strategy that will be done by the company. So the results of this study will have a major adverse effect on current SMEs managers, especially in Muara Enim's knowledge of the primacy of identifying and developing a more effective strategy based on the resulting firm performance.

## **1.6 Scope of the Study**

Indonesia is an archipelago consisting of many different tribes and nations. Indonesia is divided into 3 parts: eastern, central, and western regions. In this case with a large number of scope, this study was selected by SMEs located in one province in South Sumatera precisely in Muara Enim district. In the region consists of heterogeneous companies that better reflect the population of SMEs in Indonesia.

The SMEs within the scope of this study are limited to companies registered in the local chamber of commerce and government in Muara Enim. The number of SMEs obtained from the local government will be used as a sampling frame of research. This study only examined the appropriate companies meeting the following eligible requirements: the company has a maximum of 250 employees.

## **1.7 Definition of key terms**

### **Small Medium-sized and Enterprises (SMEs)**

In this study, SMEs are defined based on the number of employees and sales turnover. In Indonesia, SMEs in companies that have the greatest advantage of RP 200,000,000 that excludes the land and buildings used (Presidential Decree of Republic of Indonesia no. 99 year 1998).

## **Entrepreneurial Orientation**

Entrepreneurial orientation encompasses the five dimensions of entrepreneurial orientation which are including innovativeness, pro-activeness, risk taking, autonomy, and competitive aggressiveness (Lumpkin and Dess, 1986).

## **Solidarity**

The definition of solidarity is defined as a culture that reflects the unity of interest or purpose or sympathy among the members of the group (Bengtson & Roberts, 1991). Solidarity refers to association solidarity, affection solidarity, functional solidarity, normative solidarity, structure solidarity, and consensus solidarity.

## **Business Strategy**

This study aimed to find out the ways in which a company or organization decides to compete, pursue, achieve and maintain its competitive advantage in the industry. Primarily explore the following six business strategy areas; niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation strategy and low cost strategy (Hashim & Ahmad, 2009).

## **Firm Performance**

According to this study, performance refers to sales growth rate, employment growth, gross profit, return on asset, and return on investment (Hancott, 2005).



## **1.8 Organization of Study**

This research is presented in five chapters. In chapter one consists of background of study, problem statement, research question, objective of the study, significant of the study, scope of study, definition of key terms, and organization of the study.

Chapter two reviews the literature on SMEs, the relationship between entrepreneurial orientation, solidarity, business strategy and firm performance. The purpose in writing this chapter two is to provide a theoretical foundation for this research and the development of this study.

Chapter three focuses on building a theoretical model. This chapter also discusses research design, population & sampling, measurement of variables, scale of measurement, data collection method, reliability and validity of measurement, pilot test, and statistical analysis. Analytical techniques are introduced, the tools used to collect the data are discussed, and the procedures used to collect and analyse the data are described. Reliability and validity of the instrument are also provided.

Chapter four reports provide analysis and findings of this study. Finally, chapter five draws the conclusions and contributions of this study, also provides a report of limitations and direction for further research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the definition of small and Medium-sized Enterprises (SMEs) globally. Next followed by explanations of small and Medium-sized Enterprises (SMEs) located in Indonesia and explain its development. The next section explains literature of independent variables that is entrepreneurship orientation, solidarity, and business strategy also performance as dependent variable that relevant this research study. Knowing the definition of topics discussed in this lesson is expected be better understand the purpose and purpose of study.

#### **2.2 Small and Medium-sized Enterprise (SMEs)**

Nowadays, many different definitions and understandings about SMEs, both of national and international, because in each country and organization have different definitions the type of production of the SMEs itself affects the explanation of SMEs Many indicators in the world to define SMEs one of them look at the number of aspects of employees and monetary size (as well as assets and turnover). For example, based on the American Small Business Association has its own understanding of SMEs, a small manufacturing company with 500 employees, even fewer, on the other hand retail companies that already have us s 6 million or less in terms of revenues each year (APEC, 2003). In contrast to the EU explained that SMEs are a company that has a maximum of 250 employees. This concept can

distinguish small firms that have fewer than fifty employees (Holmes & Gibson, 2001).

In general, APEC (2003) explains that SMEs with a maximum of 100 employees. According to the World Bank SME department working closely with the definition of SMEs based on the number definition of SMEs based on the number of employees, assets and revenues: which has 300 workers, total assets of up to US \$ 15 million and total annual sales of up to US \$ 15 million (World Bank, 2001). The number of employees is often used by researchers and policy makers to define SMEs, this is an objective measurement and data from workers is more readily obtained directly when compared to corporate financial data, because SMEs not willing its internal financial data to be known by other parties who are not responsible, especially from competitors do not need to know the internal condition of the company (Cuman and Blackburn, 2001). This study explains the understanding of SMEs from the Central Bureau of Statistics, and explains the understanding of SMEs from the number of employees.

SMEs in Indonesia have different definition perceptions tailored to statistical and policy objectives. The Ministries of Cooperatives and SMEs as well as the Central Bank of Indonesia use monetary measurement units (assets and sales) to classify the size of the business. Their SMEs definition is based on the Law of the Republic of Indonesia no. 20/2008. Another thing, Statistics Indonesia (Badan Pusat Statistik) looks at the number of full-time employees to define SMEs.

Table 2.1  
*Definitions of SMEs from International sources*

<b>NO</b>	<b>Sources</b>	<b>Definition</b>
1	The European Commission (EC)	SMEs are those enterprises that employ fewer than 250 people and have annual sales not exceeding \$67 million and/or total assets not exceeding \$56 million.
2	Multilateral Investment Guarantee Agency (MIGA) and International Finance Corporation (IFC)	SMEs as enterprises with less than 50 employees, less than \$3 million total assets, and less than \$3 million total annual sales.
3	Asia Pacific Economic Cooperation (APEC)	SMEs as enterprises with less than 100 people, whereby, a medium sized enterprise employs between 20 and 99 people, a small firm employs between 5 and 19, and a micro firm employs less than 5 employees which includes self employed managers.
4	United Nations Industrial Development Organization (UNIDO)	SMEs are a significant issue for policy development, implementation and depends primarily on the purpose of classification.

Source: booklet of standardized small and medium enterprises definition – 2017

### **2.3 Firm Performance**

This section explains the literature about dependent variable, firm performance. It comprises the importance of firm performance and the measurement of firm performance.

### **2.3.1 The Importance of Firm Performance**

For companies with effective management, firm performance is paramount (Demirbag, Tatoglu, Tekinus and Zaim, 2006). To measure a result without a process improvement is impossible. In this case, measuring the improvement of company performance requires a measurement that can be seen the level of influence of the use of organizational resources on business performance (Gadenne and Sharma, 2002; Honey, Aheto, Kuei and Winokur, 1996). The success of a company can be seen from its performance in a certain period. Researchers have made efforts to measure performance concepts that are important ideas therefore as to compare performance in different periods. But not to companies that have used specific measurements with the ability to measure every aspect of performance that has been proposed to date (Snow & Hrebink, 1980).

Firm performance can be significantly influenced by corporate governance if used good and correct according to the system it will bring investment that can help the company's financial condition, strengthen the important elements of the company and the result will increase firm performance. In another sense, effective companies can protect from financial problems and promote growth. Therefore, firm performance has an important role in corporate governance.

### **2.3.2 Measurement of Firm Performance**

The past studies indicated that different firms use different methods and measurement to determine their level of performance because each different firm has different set of organizational objectives to accomplish. The firms establish their

primary objectives based on their business mission or the purpose they are created. Once the firms have determined their specific objectives, they need to work on how best to achieve all of their objectives in a given period of time (Drucker, 1977).

Although the literature reveals that different firms in different industries and countries have a tendency to emphasize on different performance measurement, findings of past studies indicated that growth and financial profitability are the most common measures of firm performance. The earlier studies by Robinson and Pearce (1983) and Galbraith and Schendel (1983) specifically found that financial indicators such as return on assets, profit margin, return on sales and return on equity are considered to be the common measures of financial performance of organizations.

According to another study by Hancott (2005), a number of financial indicators have been adopted to measure the firm performance since the 1950s. Among them included; net or total assets growth rate, profit growth rate, shareholder return, return on sales, growth in market share, the number of new products, return on net assets, return on capital and return on net assets. However, more recently, studies by Ha, Lo, and Wang (2016), Köseoglu, Topaloglu, Parnell, and Lester (2013), (Jyoti & Sharma, 2012), Richard, Devinney, Yip, and Johnson (2009), (Crabtree & DeBusk, 2008; Tangen, 2003) and Kaplan and Norton (2008) argued that the firm performance should be measured from the multidimensional perspective. According to these studies, there is a need for a more balance and complete evaluation of firm performance that include both financial as well as non- financial dimensions. According to these authors, non-financial dimensions are also needed because the firm performance could not take place without the integration of systems, operations,

customers, people, partners and management. Moreover, it is also necessary for firms to include non-financial performance measures such as employee satisfaction, client satisfaction, internal business process efficiency and innovation ability in order to measure the performance increase resulted from these intangible assets. In addition, these non-financial performance measures are more contributory for predicting future performance as well as in facilitating the performance of the firms.

In short, the review of previous studies indicates that both financial and non-financial measures have been used to measure firm performance. As for the financial measures, profitability measures such as sales, gross profit, net profit, return on sales, return on assets, return on equity and return on investment are commonly used to measure firm performance. In terms of the non-financial performance, the following measures are adopted; market share, output or productivity, efficiency, quality, and the attitudinal and behavioral measures such as intention to quit, commitment, and satisfaction.

The measurement of firm performance used in this study is sales growth rate, employment growth, gross profit, return on asset, and return on investment (Hancott, 2005).

#### **2.4 Entrepreneurial Orientation**

This section explains the literature about the first independent variable, entrepreneurial orientation. It comprises the importance of entrepreneurial orientation toward firm performance and the measurement of entrepreneurial orientation.

## **2.4.1 The Importance of Entrepreneurial Orientation toward Firm Performance**

Entrepreneurial orientation (EO) is a dimension in strategy design that has been explored and proven to have a major impact on firm performance (Miller, 2011; Covin & Wales, 2012). The entrepreneurial experts have been researching and explaining firm performance by experimenting with entrepreneurial orientation (Wiklund & Shepherd, 2003). Therefore, it becomes the most important point of EO's relationship to firm performance in analysing EO (Covin, Green & Slevin, 2006). To date, directly or indirectly, EO has a positive relationship to firm performance (eg; Krauss et al, 2005; Wiklund & Shepherd, 2005; Hughes & Morgan, 2007; Li, Huang & Tsai, 2009). It means that companies that perform EO performance orientation are better than other companies that do not do such things. The association is still in contact with what happens that a dynamic business environment can increase uncertainty and shorten product life cycles (Rauch et al., 2009).

On the other hand, unpredictable changes in competitors and consumers make companies incapable of innovation, courage in taking risk, proactive and competitive aggressiveness to achieve good performance and competitive advantage. Therefore, EO has a good influence on the performance of the company. Hughes and Morgan (2007) have undertaken research that states the direct influence of each dimension of EO on performance. Finding the direct influence of each dimension of EO on firm performance. The EO dimension simultaneously shows a direct effect on firm performance. Other researchers



(Wiklund & Shepherd, 2005; and Wang, 2008) argue that the effect of EO on firm performance does not have a comprehensive relationship impact. Thus, using other means by adding moderators between EO and firm performance (Covin & Slevin, 1991). Covin, Slevin and Schultz (1994) found no direct relationship between EO and firm performance. Also previous study from Slater and Narver (2000) did not find a positive influence between EO and firm performance. The researched wants to see if there is any influence of EO toward firm performance and how EO influences firm performance.

#### **2.4.2 Measurement of Entrepreneurial Orientation**

EO focuses more on entrepreneurial processes that describes "the methods and styles of decision making managers make to act entrepreneur" (Lumpkin & Dess, 1996). EO represents certain organizational elements that provide a basic overview for entrepreneurial action (Rauch et al., 2009; Covin & Wales, 2012). Previous discoveries have found that EO is the most important part of an organization's success (Covin & Slevin, 1989; Wiklund & Shepherd, 2005) and a source of competitive advantage (Lumpkin & Dess 1996; Runyan, Droge & Swinney, 2008).

Entrepreneurial Orientation gives influence to a company to change the acquisition and use of market information (Keh, Nguyen & Ng, 2007). Until that time, the company will use this knowledge in developing new things to gain opportunity (Chen, Li & Evans, 2012). As well as applying entrepreneurial actions such as, innovating, risk-taking, competing

aggressively and being proactive, the company has an internal goal that can achieve in the right way or with a fast time when compared with conservative companies (Aloulou & Fayolle, 2005). The measurement of entrepreneurship orientation used in this study is innovativeness, pro-activeness, risk-taking, autonomy, and competitive advantage (Lumpkin and Dess, 1996).

## **2.5 Solidarity**

This section explains the literature about the second independent variable, solidarity. It comprises the importance of solidarity toward firm performance and the measurement of solidarity.

### **2.5.1 The Importance of Solidarity toward Firm Performance**

The previous studies have not been much that examines the relationship between solidarity with corporate performance. Limitations of researchers in finding sources from previous studies have not able to express the importance of solidarity with the firm performance. In general, the study of solidarity is found in ethnic entrepreneurial activity, in which social capital theory explains that the results of all the bonds of one's relationships that become sources of information, influence and solidarity that support success to business ventures (Adler & Kwon, 2002). In addition, frequent contact with the culture of solidarity can lead to creativity and openness to new ideas, commitment to fellow employees, and achievement (Goffee & Jones, 1996).

An organization is usually formed to achieve a certain goal through the performance of all human resources in the organization. However, the performance of human resources is largely determined by the internal environmental conditions as well as external organizations, including organizational culture. Therefore, ability creating an organization with a culture that is capable of driving performance a necessity (Wibowo, 2010). In this case the need to find more information to know the strong relationship between solidarity with the firm performance, and know the correlation of solidarity to the firm performance.

### **2.5.2 Measurement of Solidarity**

The notion of solidarity is described as a culture that describes the unity of purpose or sympathy or interest among group members. From Bengtson and Roberts (1991), to build a solidarity in the six dimensions, that is association, function (the pattern of sharing instrumental and instrumental support), affection (emotional attachment), consensus, familial (norms or expectations of individual tasks to the family), and structural fusion, refers to the structure of opportunity for family interaction; the availability of interaction as an expert is influenced by factors such as intimacy and death.

In this study used measurement of solidarity are association solidarity, affection solidarity, functional solidarity, normative solidarity, structure solidarity, and consensus solidarity (Bengtson & Roberts, 1991).

## **2.6 Business Strategy**

This section explains the literature about the third independent variable, business strategy. It comprises the importance of business strategy and the measurement of business strategy.

### **2.6.1 The Importance of Business Strategy toward Firm Performance**

Earlier studies found that many companies use prospective strategies in one industry to outperform other strategies in terms of product sales growth. This study explains that the analytical strategy used by a better company. Hashim (2000) reveals the relationship between SMEs performance and business strategy to vary according to the strategy adopted. Indicates a low cost strategy, differentiated and prioritized business strategies that match the financial performance of SMEs as measured by return on investment and asset retrieval.

In a previous study conducted by Chaganti (1987) in 192 small manufacturing companies focused on industries with three different growth rates. In the study, it has been found that the relationship between business strategy and firm performance found marketing strategy, low cost production strategy, market strategy concentration and geographically competitive pricing strategy had an important impact on small companies.

### **2.6.2 Measurement of Business Strategy**

Hashim and Ahmad (2009) conducted research on the relationship of business strategy and performance. The results of the study adopted the following

business strategies; niche strategy, marketing differentiation strategy, low cost strategy, innovation strategy and service differentiation strategy. The findings from this study showed that 24 SMEs performance measured in term of sales, number of employees and net income associated with six business strategies adopted.

Much of the previous research used Porter's (1980) generic business strategy of differentiation strategy, low cost strategy and niche strategy. The findings in the case of low cost strategy, to increase sales and profits from the company using application of scope, scale economies and technology. In the differentiation strategy, the company more focuses on the differentiation of its products and services by creating unique and distinct products.

Another survey, Beal (2000) had conducted research on corporate strategy in 101 small manufacturing companies. From the result, these companies used five types of strategies. Strategic findings are quality differentiation strategy, innovation differentiation strategy, low cost leadership strategy, marketing differentiation strategy, and service differentiation strategy.

In this study used measurement of business strategy are niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation strategy, and low cost strategy (Porter, 1980; Beal, 2000; Hashim & Ahmad, 2009; and Hashim & Zakaria, 2010).

## 2.7 Theoretical Framework

Following the discussion in the previous chapter, many influences on performance, in the case performance became the main concept in this study. Literature explains that previous learning has many influences on performance so that researches can see from different sources of aspects. Therefore, connecting the variables slightly different from previous is expected to provide information of a positive relationship between independent variables and dependent variable. Connecting independent variables and dependent variable can provide the latest information especially for SMEs.

The framework that will be developed in this study refers to the study of various libraries that have been done in the previous chapter. Based on the results of the literature review proposed, the theoretical framework that will be developed in this study is as shown below;

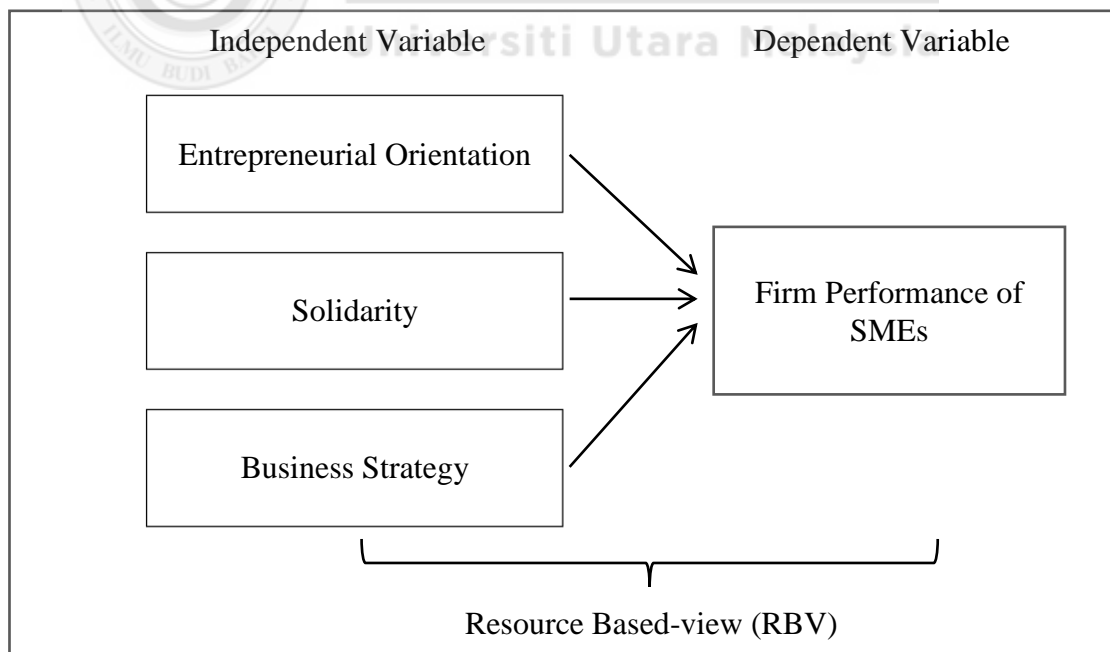


Figure 2.1: Research Framework

### 2.7.1 Underpinning Theory

In most studies of how entrepreneurial orientation, solidarity and business strategy affect entrepreneurship, it is assumed that these variables are important due to the fact that they give the entrepreneurs an access to resources needs especially for the start-up process stage. This point links the network approach to resource based view theory. The origin of the resource based view theory may be knotted to Thompson (1967) and to Pfeffer and Salancik (1978). Business firms are, in the same way as open systems, reliant on the resources trade. The fundamental point in the resource based view theory is that business firm attempt to lessen ambiguity and the best way to achieve it by acquiring resources domination (Greve, 1995).

The resource-based view (RBV) of the firm provides a theoretical foundation for the exploration of entrepreneurial orientation, solidarity, and business strategy and the relative effect on firm performance. The resource based view argues that the firms possess resources, subsets of which enable them to achieve competitive advantage, and a subset of those that lead to superior long-term performance (Barney, 1991; Das & Teng, 2000). Resources that are valuable and rare can lead to the creation of competitive advantage. That advantage can be sustained over longer periods to the extent that the firms are able to protect against resource imitation, transfer, or substitution. In general, empirical studies using the theory have strongly supported the resource-based view (Das & Teng, 2000). The currently dominant view of corporate strategy – resource-based theory or resource-based view of firms – is based on the concern to of economic rent and

the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision-making.

Traditional strategy models such as Michael Porters's five forces model focus on the company's external competitive environment. Most of them do not attempt to look inside the company. In contrast, the resource-based perspective highlights the need for a fit between the external market context in which a company operates and its internal capabilities (Barney, 1991). In contrast to the input or output model, the resource-based view is grounded in the perspective that a firm's internal environment, in terms fits resources and capabilities, is more critical to the determination of strategic action than is the external environment. Instead of focusing on the accumulation of resources necessary to implement the strategy dictated by conditions and constraints in the external environment, the resource-based view suggest that a firm's unique resources and capabilities provide the basis for a strategy. The business strategy chosen should allow the firm to best exploits its core competencies relative to opportunities in the external environment (Barney, 1991).

The resource-based perspective argues that sustained competitive advantage is generated by the unique bundle of resources at the core of the firm (Conner & Prahalad, 1996; Barney, 1991). The term "resources" was conceived broadly as *"anything that can be thought of as a strength or a weakness"* of the firm (Wernerfelt, 1984). The theory addresses the central issue of how superior performance can be attained relative to other firms in the same market and posits



that superior performance results from acquiring and exploiting unique resources of the firm.

Implicit in the resource based perspective is the centrality of the venture's capabilities in explaining the firm's performance. Resources have been found to be important antecedent to products and ultimately to performance (Wernerfelt, 1984). According to resource-based theorists, firms can achieve sustainable competitive advantage from such resources as strategic planning (Powell, 1992) management skills (Castanis & Helft, 1991), tacit knowledge (Polanyi, 1966), capital, and employment of skilled personnel (Wernerfelt, 1984) among others. Resource based theorist (eg. Barney, 1991; Grant, 1991; Peteraf, 1993) contend that the assets and resources owned by companies may explain the differences in performance. Resources may be tangible or intangible and are harnessed into strengths and weaknesses by companies and in so doing lead to competitive advantage. Given that the view addresses the resources and capabilities of the firm an underlying factor of performance, it was found to be a suitable theory to use in this study.

### **2.7.2 Research Hypothesis**

To examine the relationship between the variables presented in the research model, this study developed several hypothesis. As described earlier, the literature suggests a general proposition that entrepreneurial orientation, solidarity and business strategy are related toward firm performance of SMEs.

The application of this general proposition yields the following hypothesis:

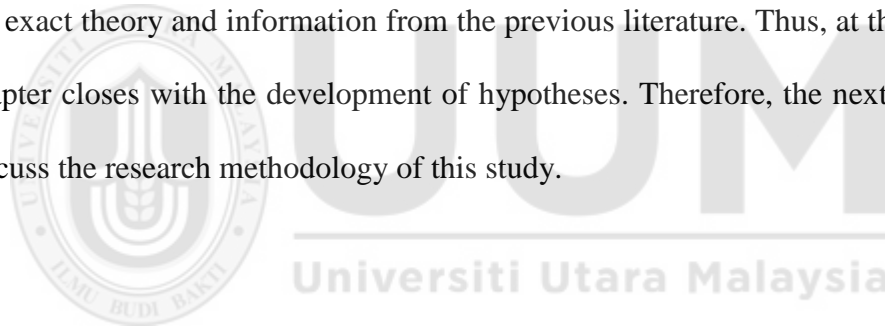
H1: There is a significant relationship between entrepreneurial orientation and firm performance in SMEs.

H2: There is a significant relationship between solidarity and firm performance in SMEs.

H3: There is a significant relationship between business strategy and firm performance in SMEs.

## **2.8 Conclusion**

Briefly, in this section the literature is thoroughly discussed. In this chapter discusses the exact theory and information from the previous literature. Thus, at the end of this chapter closes with the development of hypotheses. Therefore, the next chapter will discuss the research methodology of this study.



## **CHAPTER 3**

### **METHODOLOGY**

#### **3.1 Introduction**

The purpose of this chapter is to illustrate the methodology that used to test the research hypothesis and the research objective as well. This chapter will talk about the techniques used for gathering the data until how the data that has been gathered are evaluated and computed. This study is a correlational research that involves process of data collection and analyzing. Lastly, this chapter also talks about the analysis techniques used that allow the researcher to obtain the precise results, thus that can support the relationship between the entrepreneurial orientation, solidarity, business strategy and firm performance of SMEs owners in Muara Enim, Indonesia.

#### **3.2 Research Design**

In this study, quantitative research techniques are used. In general, quantitative research is used for empirical evidence in the social and business fields (firm performance of SMEs in Muara Enim, Indonesia). This research method is cross sectional design using questionnaire that used in order to retrieve the information was distributed to owners of SMEs in Muara Enim, Indonesia. The questionnaire in this study is structured questionnaire and adapted from previous research, all of item where translated from English to Indonesia are using back-to-back translation method.

### **3.3 Population and Sampling Technique**

#### **3.3.1 Population**

The population of this study is based on the owners of SMEs in Muara Enim, Indonesia. A person belonging to this SME is defined as mastering, owning, and operating at least 51 percent of this business. According to the Department of Cooperatives and SMEs in Muara Enim District (2017), there are 50 SMEs that have been registered.

#### **3.3.2 Sampling Technique**

Respondents to this research are the owners of SMEs located in Muara Enim, Indonesia. The reason for the selection in the area because of the absence of previous studies in Muara Enim, Indonesia specifically discusses the influence on entrepreneurial orientation, solidarity, business strategy on the firm performance of SMEs.

The study was using sample size from Krejcie and Morgan (1970) the reason behind this because the sample size has been used by numerous studies. Therefore, it was applicable for this study. Based on the sample size by Krejcie and Morgan (1970), from the total population of 50, a total of 44 respondents were selected to complete the survey.

Table 3.1  
*Determining Sample Size of a Known Population*

<b>N</b>	<b>S</b>	<b>N</b>	<b>S</b>	<b>N</b>	<b>S</b>	<b>N</b>	<b>S</b>	<b>N</b>	<b>S</b>
<b>10</b>	10	100	80	280	162	800	260	2800	338
<b>15</b>	14	110	86	290	165	850	265	3000	341
<b>20</b>	19	120	92	300	169	900	269	3500	346
<b>25</b>	24	130	97	320	175	950	274	4000	351
<b>30</b>	28	140	103	340	181	1000	278	4500	354
<b>35</b>	32	150	108	360	186	1100	285	5000	357
<b>40</b>	36	160	113	380	191	1200	291	6000	361
<b>45</b>	40	170	118	400	196	1300	297	7000	364
<b>50</b>	<b>44</b>	180	123	420	201	1400	302	8000	367
<b>55</b>	48	190	127	440	205	1500	306	9000	368
<b>60</b>	52	200	132	460	210	1600	310	10000	370
<b>65</b>	56	210	136	480	214	1700	313	15000	375
<b>70</b>	59	220	140	500	217	1800	317	20000	377
<b>75</b>	63	230	144	550	226	1900	320	30000	379
<b>80</b>	66	240	148	600	234	2000	322	40000	380
<b>85</b>	70	250	152	650	242	2200	327	50000	381
<b>90</b>	73	260	155	700	248	2400	331	75000	382
<b>95</b>	76	270	159	750	254	2600	335	100000	384

Source: Krejcie & Morgan (1970).

### 3.4 Measurement of Variables

According to the previous discussion, as for the variables used in this study are entrepreneurial orientation, solidarity and business strategy as independent variables. While, the independent variable used in this study is the performance of the SMEs. On the numeric scale assessment, there are five points from “totally disagree” to “strongly agree” used, the dimensions, and the sources from which the variables are adopted.

#### 3.4.1 Instruments of Firm Performance

Based on Table 3.2 below shows the instrument of firm performance. The table comprises the research variables, dimension, number of items, and sources that related to the firm performance.

Table 3.2  
*Instruments of Firm Performance*

<b>Research Variables</b>	<b>Dimension</b>	<b>No. of Items</b>	<b>Source</b>
Firm Performance (Section Six)	Sales growth rate	1	Hancott (2005)
	Employment growth	1	
	Gross profit	1	
	Return on asset	1	
	Return on investment	1	

### 3.4.2 Instruments of Entrepreneurial Orientation

Based on Table 3.3 below shows the instruments of entrepreneurial orientation. The table comprises the research variables, dimension, number of items, and sources that related to the entrepreneurial orientation.

Table 3.3  
*Instruments of Entrepreneurial Orientation*

<b>Research Variables</b>	<b>Dimension</b>	<b>No. of Items</b>	<b>Source</b>
Entrepreneurial Orientation (Section Three)	Innovativeness	8	Lumpkins and Dess (1986)
	Pro-activeness	4	
	Risk Taking	5	
	Autonomy	4	
	Competitive Aggressiveness	3	

### 3.4.3 Instruments of Solidarity

Based on Table 3.4 shows the instruments of solidarity. The table comprises the research variables, dimension, number of items, and sources that related to the solidarity.

Table 3.4  
*Instruments of Solidarity*

<b>Research Variables</b>	<b>Dimension</b>	<b>No. of Items</b>	<b>Source</b>
Solidarity (Section Four)	Association Solidarity	5	Bengston and Roberts (1991),
	Affection Solidarity	5	
	Functional Solidarity	6	
	Normative Solidarity	4	
	Structure Solidarity	3	
	Consensus Solidarity	3	

### 3.4.4 Instruments of Business Strategy

Based on Table 3.5 below shows the instruments of business strategy. The table comprises the research variables, dimension, number of items, and sources that related to the business strategy.

Table 3.5  
*Instruments of Business Strategy*

<b>Research Variables</b>	<b>Dimension</b>	<b>No. of Items</b>	<b>Source</b>
Business Strategy (section Five)	Niche Strategy	5	Hashim and
	Product Differentiation	5	Ahmad
	Strategy		(2009), Porter
	Marketing Differentiation	5	(1980), Hasim
	Strategy		and Zakaria
	Innovation Strategy	5	(2010), Beal
	Competitive Aggressiveness	5	(2000)

### **3.5 Scale of Measurement**

Questionnaire as an instrument used for the collection of information this study. Likert scale ranging from 1 to 5 which states 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agreed, and 5 as strongly agree. There are six parts used in the questionnaire. The first section consists of owner background questions such as gender, age, marital status, and also includes the number of businesses owned. Furthermore, the second part consists of questions about company background such as business type, number of stores, number of employees and length of business venture. The third section consists of the first independent variable, the entrepreneurial orientation and followed by the fourth part focusing on the second independent, namely solidarity. Meanwhile, the fifth part concentrates on the third independent variable, which is business strategy. Finally, the sixth part describes the dependent variable in this research is firm performance.

### **3.6 Data Collection Method**

Data collection is one of the vital process in every research and it can be defined as the process of collecting the necessary along with fitting data to this research study. By collecting the necessary data, it helps the researcher to accomplished the research objectives as well to answer the proposed hypothesis of the study (Sekaran, 2010). The researcher used primary data in collecting the data of the study.



## **3.7 Reliability and Validity of Measurement**

### **3.7.1 Reliability**

Reliability test was used to determine the internal consistency of the measurement. It is also to measure whether all the items each of variables in the questionnaires are really related and reliable or not. In this test, Cronbach's Coefficient Alpha was being used to generate the data. The value will increase if the number of scale is increase.

The reliability coefficient varies from 0 to 1. The unsatisfactory internal consistency reliability happens when the Cronbach's Alpha is less than 0.60. However, the satisfactory internal consistency reliability happens when the value of Cronbach's Alpha is more than 0.60.

### **3.7.2 Validity**

Face validity is considered as a basic and minimum index of content validity. Some researchers do not see the necessities to be concerned with face validity as the element of the validity subject (Sekaran, 2010). In this study, the validity of the questionnaires was conducted through face validity. The researcher consulted the questionnaires to the expert, which is the thesis advisor. The feedback suggested that most of the measures reflected their conceptual content and therefore, some evidence of validity of the variables was obtained in this study.

### 3.8 Pilot Test

The pilot test has been done a week before the real survey being conducted. The 30 respondents were selected among SMEs in Muara Enim, Indonesia. The questionnaires were directly distributed to the respondents. The results proved that all the variables are reliable in this research study. Based in Table 3.6, it indicated that all the variables attained a high test of the reliability coefficient that range 0.863 to 0.907

Table 3.6  
*Result of Reliability for Pilot Test*

<b>Variables</b>	<b>Number of Items</b>	<b>Cronbach' Alpha</b>
Entrepreneurial Orientation	24	.863
Solidarity	28	.864
Business Strategy	30	.907
Firm Performance	5	.705

### 3.9 Statistical Analysis

Data collected from the questionnaires, they are coded for data entry into Statistical Package for Social Science (SPSS) version 24.0. Before entering the data, all the questionnaires returned by the respondents were carefully analyzed. This is to ensure that respondents meet the study criteria, especially SMEs.

Table 3.7  
*Analysis to Answer the Research Questions*

<b>Research Questions</b>	<b>Research Objectives</b>	<b>Hypothesis</b>	<b>Type of analysis</b>
Is there any relationship between entrepreneurial orientation and performance of SMEs in Muara Enim, Indonesia	To examine the relationship between entrepreneurial orientation and performance of SMEs in Muara Enim, Indonesia.	There is a significant relationship between entrepreneurial orientation and performance of SMEs.	Correlational Analysis
Is there any relationship between solidarity and performance of SMEs in Muara Enim, Indonesia	To examine the relationship between solidarity and performance of SMEs in Muara Enim, Indonesia.	There is a significant relationship between solidarity and performance of SMEs.	Correlational Analysis
Is there any relationship between business strategy and performance of SMEs in Muara Enim, Indonesia	To examine the relationship between business strategy and performance of SMEs in Muara Enim, Indonesia.	There is a significant relationship between business strategy and performance of SMEs.	Correlational Analysis

### **3.10 Conclusion**

In summary, this chapter describes the research methodology followed in this study. More precisely, this chapter describes the research design, population and sampling, measurement of variables, scale of measurement, data collection method, reliability and validity of measurement, pilot test, and statistical analysis collected in this study. The next chapter (Chapter 4) describes the finding of study.

## **CHAPTER 4**

### **THE FINDINGS**

#### **4.1 Introduction**

This chapter discusses the data analysis of this study. The purpose of the data analysis is to test the goodness of the data and also to test the hypothesis that has been developed by the researcher (Sekaran & Bougie, 2010). The independent variables in this study are entrepreneurial orientation, solidarity and business strategy. This chapter will discuss the respondent rate, data screening and cleaning, profile of respondent, descriptive analysis, correlation analysis, and multiple regression analysis. Therefore, SPSS 24.0 was used to be analyzed the data gathered from the respondents in this study.

#### **4.2 Response Rate**

The respondents for the study is the SMEs at Muara Enim, Indonesia. Table 4.1 shows the summary of distributed questionnaires to the SMEs owner. Fifty copies of questionnaires were distributed to SMEs owner in Muara Enim, Indonesia. The whole population for this study is 50 respondents. Out of population, 44 responses (88%) were usable as sample size. This is because only 44 responses are equivalent to the sample size of the study suggested by Krejcie and Morgan (1970), while the remaining six are used for the backup if the data is outliers. As have been mentioned in chapter three, total sample of 44 respondents represents the population of SMEs in Muara Enim, Indonesia. In this study, the questionnaires were directly distributed to the respondents to be answered.

Table 4.1  
*Summary of Distributed Questionnaires*

<b>Response Rate</b>	<b>Total</b>	<b>Percentage</b>
Number of questionnaires distributed	50	100%
Number of questionnaires usable	44	88%
Not usable questionnaires	6	12%

### **4.3 Data Screening and Cleaning**

Data cleaning and screening was executed earlier to statistical analysis. The detection of missing data was also assessed. Upon completion of data entry, data screening processes were conducted using statistical software with the purpose of uncover and rectify any erroneous in the data set. Any missing or faulty data was removed so that the data would precisely reflect the respondent's answer.

There were 50 responses received but due to missing data and outlier problem, 6 responses excluded. Thus, the 44 responses were usable for data analysis. As suggested by Table 4.1, any responses contain of suggested to be excluded missing data.

### **4.4 Profile of Respondent**

This section discussed the demography profile of the respondents. Details of the demography profile of respondents are shown in Table 4.2. The frequency distributions were obtained from the personal data or characteristics of the respondents in this study. There are six variables that were collected in this study and were presented in frequency and percentages. A total of 50 copies of questionnaires were required to the respondents in answering the questionnaires and only 44 copies

of questionnaires were used for data analysis. The Table 4.2 shows the frequencies and percentages distribution of Section 1. Section 1 is related to the background of owner that comprises gender, age, education level, ownership, total of business and the position of the owner in the business operation.

Based on the result of gender, the largest respondents were male comprising 29 respondents (65.9%) and the rest were female respondents comprising of 15 (34.1%). The result of age indicates that among 44 respondents, 17 (38.6%) of the respondents were aged of 40 – 49 years old. This was followed by 12 (27.3%) and 11 (25.0%) of the respondents were aged of 30 – 39 years old and 50 years old and above respectively. There are only 4 respondents (9.1%) from the aged of 29 years old and below. Based on the result of marital status, 40 (90.0%) of the 44 respondents were married, another 4 (9.1%) were single, zero was widowed and discover. As for their education level from Table 4.2, 35 respondents graduated from secondary school, another 7 graduated from university, the remained 2 respondents completed their primary school, and zero from diploma graduated. Based on the result ownership of the business, 34 (77.3%) of the 44 respondents were founder, 6 (13.6%) respondents were inherited from family, 4 (9.1%) of the 44 respondents were co-founder. While, 0 (0%) respondents were purchased business (not from family) and hired or promoted by the company.

Based on total business owner, the Table 4.2 explains 31 (70.5%) of 44 respondents have only one business, another 11 (25.0%) respondents have two businesses and 2 (4.6%) respondents have three businesses and more. The last of indication respondents from the Table 4.2 is respondents' position on the business. 21 (47.7%)

of 44 respondents were owner and a manager, 13 (29.6%) respondents were owner and CEO (Manager Director), and another 10 (22.7%) respondents were owner but no a manager.

Table 4.2  
*Owner's Background*

		Frequency	Percentage
Gender	Male	29	65.9%
	Female	15	34.1%
Age	29 years old and below	4	9.1%
	30 – 39 years old	12	27.3%
	40 – 49 years old	17	38.6%
	Over 50 years	11	25.0%
Marital status	Married	40	90.9%
	Single	4	9.1%
	Widowed	0	0%
	Divorced	0	0%
Education	Primary school	2	4.5%
	Diploma	0	0%
	Secondary school	35	79.5%
	University	7	15.9%
Ownership	Founder	34	77.3%
	Co-founder	4	9.1%
	Inherited from family	6	13.6%
	Purchased business (not from family)	0	0%
	Hired or promoted by the company	0	0%
Total business	1 business	31	70.5%
	2 businesses	11	25.0%
	3 businesses and more	2	4.6%

Continue...				
Position	Owner and CEO (Manager Director)		13	29.6%
	Owner and a manager		21	47.7%
	Owner but not a manager		10	22.7%

## 4.5 Descriptive Analysis

Hair et al. (2006; 2010) and Lee (2010) stated that the need for statistical testing uses important assumptions such as linearity, normality and homoscedasticity associated with research variables to be able to confirm results and efficiently caused by the prevalence of errors. Therefore, this study will consider prior testing relating to normality, linearity, multicollinearity and homoscedasticity.

### 4.5.1 Table Descriptive of The Study Variables

As shown in Table 4.3 the minimum ranged from 2.40 to 2.82, maximum ranged from 4.0 to 4.57, mean ranged from 3.2682 to 3.5690, the standard deviations ranged from .36990 to .47421.

Table 4.3  
*Descriptive Result of Study Variables*

	Min	Max	Mean	Standard Deviation	N
Firm Performance	2.40	4.00	3.2682	.39987	44
Entrepreneurial Orientation	2.58	4.38	3.4669	.39020	44
Solidarity	2.82	4.18	3.5690	.36990	44
Business Strategy	2.60	4.57	3.5189	.47421	44



#### **4.5.2 Outliers**

Outliers are data that have unique characteristics that are very far removed from other observations and appear in the form of extreme values for either a single variable or a combination variable. Such extreme data arise because of various possibilities such as procedure errors in entering data or coding, because the really special circumstances such as the views of respondents to something distorted, because there is something unknown reasons why the researchers, appear in the range of existing values, but when combined with other variables to the extreme. The data is said to be outlier if the value of  $z$  is greater than  $+2.5$  or  $z$  less than  $-2.5$ . The result shows that there is no outlier data in the findings. It can be seen at the standardization data table in appendix 2.

#### **4.5.3 Normality Test**

Normalization of data is used to describe the data generator forming curved or twisted like bell (Bell shaped curve). With most the score is gathered in the center, with a little bit of frequency being extreme (Gravetter & Wallnau, 2000). Normality test can be checked through a number of statistics that are Kolmogorov-Smirnov (used for a bigger sample size), Shapiro-Walk statistic (applied to small sample size), skewness and kurtosis. In this study, the researcher used statistic of Shapiro-Walk to check the value of acceptance of the normality test.

Table 4.4  
*Tests of Normality*

	Shapiro-Wilk		
	Statistic	df	Sig.
Firm Performance	.955	44	.082
Entrepreneurial Orientation	.965	44	.205
Solidarity	.961	44	.142
Business Strategy	.966	44	.216

Based on Test of Normality, all the variables have a significant value greater than 0.05 (0.82, 0.205, 0.142, 0.216). Therefore, it can be concluded that the data is normally distributed.

#### 4.5.4 Linearity Test

The Linearity Test is usually used as a prerequisite in correlation analysis or linear regression. According to the regressions analysis, the linearity between variables is extracted from ANOVA analysis. All test shown that there was linearity existed in the analysis. Two variables are said to have a linear relationship when the significant (Linearity) value is smaller than the alpha value (0.05) level. Based on the findings, there was a linearity between entrepreneurial orientation, solidarity and business strategy towards firm performance and this was given in the appendix.

#### 4.5.5 Multicollinearity

Zikmund et al. (2003), Sekaran and Bougie (2010) labeled multicollinearity as an occurrence in which two or more independent variables in a multivariate are

extremely related. The easiest way of finding multicollinearity is through the checking of the correlation matrix of the predicting variables (Tabachnich & Fidell, 2007). Most people consider correlation of 0.7 and above as high (Sekaran and Bougie, 2010), while some assumed that inter-correlation of greater than 0.8 is considered to be evidence of high multicollinearity (Berry & Feldman, 1985). According to Hair et al., (2010) the value of predicting variables is highly correlated among themselves at 0.9. In an effort at find the multicollinearity problem, a bivariate correlation of the entire predicting variables has been conducted, using Pearson's correlation.

Additionally, another method used for detecting multicollinearity is to look at the variance inflated factor (VIF) and tolerance value. Hair et al., (2010) asserted that any VIF exceeding 10 and tolerance value lower than 0.10 indicates a problem of multicollinearity. Table 4.5 shows the VIF and the Tolerance value of independent variables.

Table 4.5  
*Tolerance and VIF Values*

Independent Variables	Collinearity Statistics	
	Tolerance	VIF
Entrepreneurial Orientation	.471	2.123
Solidarity	.537	1.862
Business Strategy	.438	2.283

The result in the table 4.5 above clearly shows the absence of multicollinearity among the predicting variables due to the fact that the VIF values are less than 10 whereas the tolerance values are more than .010.

#### 4.5.6 Homoscedasticity

Homoscedasticity as one of the statistical assumption is considered to be a situation where the variance of the criterion variable is approximately the same at different level of the predicting variables (Hair, et al., 2010). Homoscedasticity is normally measured by visual inspection of the scatter plot of the regression residuals. Homoscedasticity appear to be indicated when the width of the band of the residuals is approximately the same at dissimilar levels of the dependent variable and scatter plots shows a pattern of residuals normally disseminated around the mean (Berry & Feildman, 1985). The assumption of homoscedasticity was assessed using regression in SPSS method. An examination of residual plots for all the independent variables shows that the assumption of homoscedasticity was not violated.

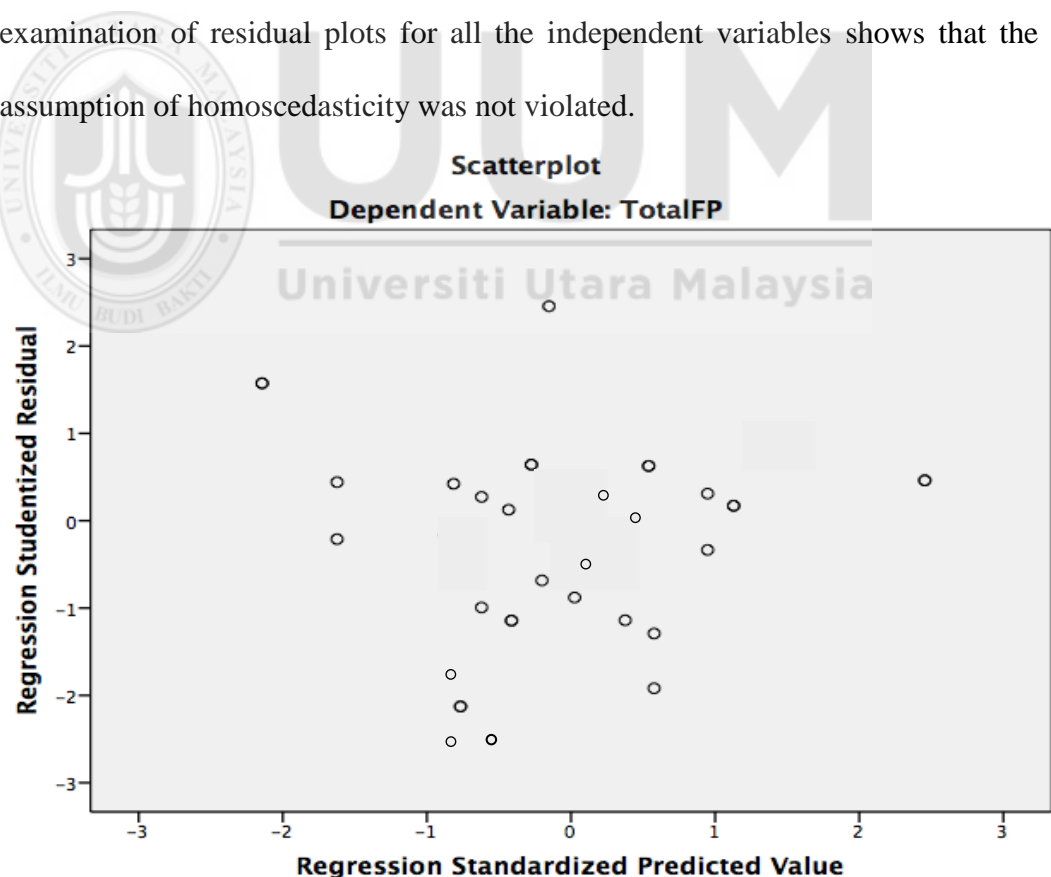


Figure 4.1  
*Residual Plots- EO, SY, BS and FP*

From Figure 4.1 output it can be seen that the points do not form a clear pattern, and the points spread out above and below the number 0 on the Y. So it can be concluded that there is no problem of heteroscedasticity in the regression model

## **4.6 Hypothesis Testing**

This section will be summarising all the result for the hypotheses in this study with correlation test and linear regression analysis. The analysis uses SPSS 24.0, the results to accept or rejected the hypotheses.

### **4.6.1 Pearson Correlation Analysis**

In order to test the hypothesis 1 (one) to 5 (five), a Pearson correlation analysis was conducted to access the nature of the relationship between the two variables, independent variable and dependent variable. The correlation analysis indicates the direction, strength, and significance of the bivariate relationships of the study variables (Sekaran, 2003). The association will enable the reader to understand whether there is any relationship between these variables.

This study attempts to determine the relationship between the dimensions of three independent variables; entrepreneurial orientation, solidarity and business strategy with dependent variable; firm performance. In order to identify the strength of the relationship between two variables and its linear direction, the Pearson correlation test was employed, that is as suggested by Pallant (2007). He urged that if the value of the relationship is 0, it means there is no relationship between two variables, meanwhile if the value is 1, it indicates that there is a

perfect relationship. Table 4.6 below as establish by Cohen (Pallant, 2007) describe the guidelines for the strength relationship between variables.

Table 4.6  
*Correlation Value and The Strength of Relationship*

<b>Correlation Value</b>	<b>The Strength of the Relationship</b>
$r = 0.10$ to $0.29$ / $r = -0.10$ to $-0.29$	Weak
$r = 0.30$ to $0.49$ / $r = -0.30$ to $-0.49$	Medium
$r = 0.50$ to $1.00$ / $r = -0.50$ to $-1.00$	Strong

Table 4.7 shows that the relationship between three independent variables; entrepreneurial orientation, solidarity and business strategy with dependent variable; firm performance.

Based on the Table 4.7, the relationship between variables, which are entrepreneurial orientation and business strategy have a positive and significant relationship with the firm performance. The direction of relationships is positive indicates that if the value of entrepreneurial orientation and business strategy increase, it will lead to increase of the level of firm performance. However the variable of solidarity shows negative and not significant relationship with firm performance.

In terms of the strength of the relationship, the results indicated that the strength of the relationship between entrepreneurial orientation and business strategy with firm performance is considered as medium. But, the strength of the relationship for the solidarity is considered weak.

According to Table 4.7 elaborated the details of the results of the Pearson correlation in order to identify the relationship between the variables. The relationship between entrepreneurial orientation and firm performance were obtained positive and significant relationship which the correlation coefficient,  $r = 0.319$ ,  $p < 0.05$ . Besides that, business strategy demonstrate a significant an positive relationship with the firm performance with a correlation of  $r = 0.334$ ,  $p < 0.05$ . However, for the solidarity, the relationship with the firm performance can be proved as not significant and negative relationship with  $r = -0.132$   $p > 0.05$ . The detail picture can be seen in the Table 4.7 below.

Table 4.7  
*The Results of Pearson Correlation Analysis*

<b>Variable</b>	<b>Firm Performance</b>	<b>Entrepreneurial Orientation</b>	<b>Solidarity</b>	<b>Business Strategy</b>
Firm Performance	1	.319*	-.132	.334*
Entrepreneurial Orientation		1	.608*	.697*
Solidarity			1	.643**
Business Strategy				1

Note: \*. Correlation is significant at the 0.05 level (1-tailed).

Hence, it can be concluded that hypothesis 1 and 3 were accepted. However, hypothesis 2 was rejected. The hypotheses can be seen on Table 4.8.

Table 4.8  
*The Result of Hypothesis Testing for Correlational Test*

<b>Hypothesis</b>	<b>Description</b>	<b>Result</b>
H1	There is a significant relationship between entrepreneurial orientation and performance of SMEs.	Accepted
H2	There is a significant relationship between solidarity and performance of SMEs.	Rejected
H3	There is a significant relationship between solidarity and performance of SMEs.	Accepted

#### **4.6.2 Regression Analysis**

Regression analysis is perhaps the most widely applied data analysis technique for measuring linear relationships between two or more variables. Correlation tells us if a relationship exists between two variables, as well as the overall strength of the relationship (Hair, 2010). Linear Regression analysis was used to examine the hypotheses presented in this study. Linear regression analysis was carried out to examine the relationship between independent variables and dependent variable.

##### **4.6.2.1 The Relationship Between Entrepreneurial Orientation and Firm Performance in SMEs.**

In order to analyze the relationship between the dimensions of entrepreneurial orientation and firm performance, the linear regression has been conducted. The result of the analysis can be seen in the following table.



Table 4.9

*The Result of the Regression Analysis on the Relationship Between Entrepreneurial Orientation and Firm Performance*

<b>Independent Variable</b>	<b>Dependent Variable (MEs Performance)</b>	<b>Sign</b>
Entrepreneurial Orientation	.319	.001
F Value	4.762	
R <sup>2</sup>	.102	
Adjusted R <sup>2</sup>	.080	
Durbin Watson	2.476	

Note: \*Significant level is  $p < .05$ , \*\* Significant level is  $p < .01$ , \*\*\* Significant level is  $p < .001$

From the Table 4.9 above, it indicated that  $\beta = 0.319$ ,  $R^2 = 0.102$ , Adjusted  $R^2 = 0.080$ ,  $F = 4.762$ , with  $p < 0.001$ . Based on the analysis that has been done on the entrepreneurial orientation, it can be explained that coefficient correlation is 0.319 for the measurement of entrepreneurial orientation and firm performance relationship, which entrepreneurial orientation can explain 10.2 percent of variance on firm performance. It means that 89.9 percent of the firm performance is explained by other factors.

#### **4.6.2.2 The Relationship Between Business Strategy and Firm Performance in SMEs.**

In order to analyze the relationship between the dimensions of business strategy and firm performance, the linear regression has been conducted. The result of the analysis can be seen in the following table.

Table 4.10  
*The Result of the Regression Analysis on The Relationship Between Business Strategy and Firm Performance*

<b>Independent Variable</b>	<b>Dependent Variable (MEs Performance)</b>	<b>Sign</b>
Business Strategy	.334	.001
F Value	5,273	
R <sup>2</sup>	.112	
Adjusted R <sup>2</sup>	.090	
Durbin Watson	2.510	

Note: \*Significant level is  $p < .05$ , \*\* Significant level is  $p < .01$ , \*\*\* Significant level is  $p < .001$

From the Table 4.10 above, it indicated that  $\beta = 0.334$ ,  $R^2 = 0.112$ , Adjusted  $R^2 = 0.090$ ,  $F = 5.273$ , with  $p < 0.001$ . Based on the analysis that has been done on the business strategy, it can be explained that coefficient correlation is 0.334 for the measurement of business strategy and firm performance relationship, which business strategy can explain 11.2 percent of variance on firm performance. It means that 88.8 percent of the firm performance is explained by other factors.

#### **4.7 Conclusion**

This chapter has presented the statistical results of this study and the three main hypotheses were tested together. In the next chapter, the researcher will discuss the outcomes and proposed suggestions for future research.

**CHAPTER 5**  
**DISCUSSION, IMPLICATIONS, LIMITATIONS, RECOMMENDATION**  
**AND CONCLUSION**

**5.1 Introduction**

The findings of the research have been written in the previous chapter. This chapter summarizes summary of findings from independent variables (entrepreneurial orientation, solidarity, and business strategy) to dependent variable (firm performance), implication of study (theoretical implications and policy implications), limitation and recommendations for future research.

**5.2 Summary of Findings**

The purpose of this study is to determine the correlations between independent variables (entrepreneurial orientation, solidarity, and business strategy) toward dependent variable (firm performance) of SMEs in Muara Enim, Indonesia. The study has been done toward 44 respondents of SMEs in Muara Enim, Indonesia. The following discussion is the findings that related to research objective. Additionally, discusses on the findings on the relationship between the independent variables toward dependent variable.

As the data collection method present research used questionnaire to get respond from the participants, there are six parts used in the questionnaire. The first section consists of owner background questions such as gender, age, marital status, and also includes the number of businesses owned. Furthermore, the second part consists of

questions about company background such as business type, number of stores, number of employees and length of business venture. The third section consists of the first independent variable, the entrepreneurial orientation and followed by the fourth part focusing on the second independent, namely solidarity. Meanwhile, the fifth part concentrates on the third independent variable, which is business strategy. Finally, the sixth part describes the dependent variable in this research that is firm performance. Respondent was selected at random using simple random sampling.

### **5.2.1 Entrepreneurial Orientation and Firm Performance**

Hypothesis testing based SPSS 24.0 the effect entrepreneurial orientation toward firm performance to generates the path coefficient value 0.319\* and p-value = 0.017 < 0.05, then the hypothesis is accepted. This means that the coefficient is positive and significant pathways can be interpreted that the prospector orientation of its entrepreneurial, the higher the firm performance. This finding concurs with most researchers who found positive relationship between entrepreneurial orientation and firm performance (Wiklund & Shepherd, 2003; Lumpkin & Dess, 1996; Covin & Slevin, 1991).

This result means that the better the entrepreneurial orientation owned by SMEs in Muara Enim, such as innovative behavior, proactive behavior and risk taking, achievement of firm performance will also increase. Increasingly strong entrepreneurial orientation, this will help firms create new ideas, open opportunities for market penetration and pilot though risky, and eventually become market leaders by implementing long-term strategies and goals. This

finding illustrates that SMEs in Muara Enim have made efforts to implement entrepreneurial orientation as a foundation in conducting business activities. Through this process, SMEs in Muara Enim proved able to respond to environmental changes through the application of good entrepreneurial orientation in order to survive. The findings of this study is consistent with the conceptual studies from Miller (1983) and Covin dan Slevin (1989) that revealed entrepreneurial orientation related to the innovative and pro-active behaviours, and the willingness to seize the opportunities in order to improve the business performance.

According to Wiklund and Shepherd (2003), entrepreneurial orientation is needed in business and corporate growth. In other aspects, firm that has an entrepreneurial orientation has an optimum performance compared to firm who do not (Faiz, 2015). Firms that have the character of innovativeness, proactivity, risk taking, autonomy and competitive aggressiveness has strong influence towards the firm performance.

### **5.2.2 Solidarity and Firm Performance**

Hypothesis testing based SPSS 24.0 the effect solidarity on firm performance to generates the path coefficient value  $-.132$  and  $p\text{-value} = 0.196 > 0.05$ , then the hypothesis is rejected. This means that the independent variable is solidarity does not have significant relationship on firm performance.

This result means that stronger influence of solidarity owned by SMEs in Muara Enim will give a decrease toward firm performance. Meanwhile, Robbins (1996)

said a strong culture would have a profound effect on the behavior of its members because of the high level of togetherness and intensity creating an internal climate of high behavioral control. Other factors found that most of the SMEs' employees in Muara Enim have family relationships, or known as family business. The researcher found that social jealousies among employees existed and has been confirmed by the respondents itself during data collection. Hence, this had an impact on firm performance.

Last but not least, it can be concluded that solidarity has a negative implication towards firm performance. The higher the level practices of solidarity in the firm has an opposite relationship. This means that, the firm performance may decline if the practiced of solidarity is continued on.

### **5.2.3 Business Strategy and Firm Performance**

Hypothesis testing based SPSS 24.0 the effect business strategy on firm performance to generates the path coefficient value 0.334\* and p-value = 0.013 < 0.05, then the hypothesis is accepted. This means that the coefficient is positive and significant pathways can be interpreted that the prospector orientation of its strategy, the higher the firm performance. Smith, Guthrie and Chen (1989) found a positive influence business strategy on the performance of the company both in terms of financial and non-financial. Similarly, conducted by Parnell (1997) revealed there is a relationship between business strategy and firm performance.

This finding showed that the better business strategy owned by SMEs in Muara Enim, then the achievement of firm performance will also be better. A stronger business strategy will help the company create new ideas, open up opportunities for market penetration and conduct trials albeit at risk, thereby eventually becoming a market leader by implementing long-term strategies and goals. This finding illustrates that SMEs in Muara Enim have made efforts to implement business strategy as a foundation in conducting business activities. Through the process, SMEs in Muara Enim have been able to respond to environmental changes through the implementation of sound business strategies that are able to survive. The findings found in this study is consistent with te conceptual studies from Porter (1980); Barney (1991; 1997) that the business strategy able to enhance the business performance. This finding also parallel with the study of Covin and Slevin (1991) which found that the performance of SMEs are depend on the business strategy used.

Business strategy has a strong influence toward firm performance and has important relationships to build a business. Strategic management scientists and theorists have proposed the importance of managing an enterprise to use different business strategies that can help the firm's goals (Hashim and Zakaria, 2010). Firms that have the character of niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation strategy, and low cost strategy has strong influence towards the firm performance.

## **5.3 Implication of Study**

### **5.3.1 Theoretical Implications**

This study has contributed to the literature on performance and small enterprises especially in Muara Enim Indonesia. This study provides an understanding of organizational performance in SMEs Muara Enim, Indonesia. Ultimately, the results of the study enhanced the knowledge of empirical evidence about the relationship of entrepreneurial orientation, solidarity and business strategy towards developing performance in SMEs to be more advanced. Furthermore, this study also provides an understanding on current performance in SMEs in the region of Muara Enim, Indonesia.

The research in this study was first conducted on SMEs in Muara Enim, never done in previous studies related to independent variables (entrepreneurial orientation, solidarity, and business strategy) to dependent variable (firm performance). This study can give new information how to build SMEs business in Muara Enim citizen. Especially, the result of this study can help government (Dinas Koperasi dan UKM) in Muara Enim to provide education SMEs owners.

### **5.3.2 Practical Implications**

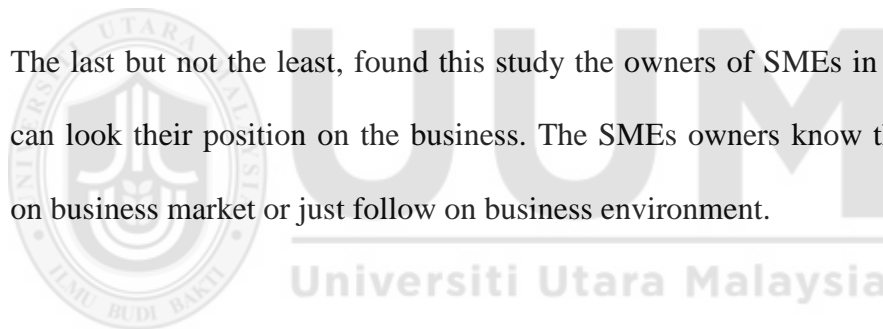
This study has become guide for SMEs to improve performance in SMEs. For example, it is expected that owners or managers understand the relationship between business strategy and performance in SMEs, SMEs can develop performance so as to prioritize the kind of strategy that will be done by the



company. So the results of this study has a major adverse effect on current SMEs managers, especially in SMEs Muara Enim knowledge of the primacy of identifying and developing a more effective strategy based on the resulting firm performance.

Business strategy has good influence to SMEs performance. This result can give information to SMEs owners to develop a new strategy that adjusted business environment. Every year on business environment, many competitors of SMEs always do innovation to expand theirs market. This case can make some SMEs if SMEs owners in Muara Enim do not do anything toward theirs business, they will get lose in competition.

The last but not the least, found this study the owners of SMEs in Muara Enim can look their position on the business. The SMEs owners know they is leader on business market or just follow on business environment.



#### **5.4 Limitations of the Research**

Even though this research has reached its aims, there were some unavoidable limitations. This research has been conducted approximately within four months starting from August 2017 until November 2017. The duration for the data collection was very limited and most of the SMEs were unavailable due to their duty, which leads to inadequate of time to answer the questionnaires. In terms of the data collection process, the researcher only has three weeks to collect all the data due to the limitation of time.

The level of education of owners who only graduates from high school make difficulties in answering the questionnaire, so the need for understanding first before answering the questions asked. Collecting data had done by interviewing SMEs owners, this is done to get the appropriate answer. The large number of questions in the questionnaire used in this study became an obstacle in the research. Academic questions make SMEs owners unable to understand more and more questions unanswered, so the researcher must provide understanding.

Finally, the researcher had faced some problems in accessing the information which been perceived as a confidential data. However, the SMEs still contributed with appropriate information for further research.

### **5.5 Recommendations for Future Research**

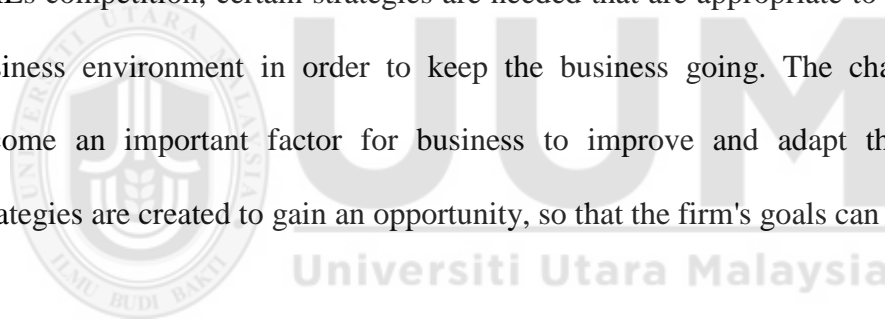
For the next researches that relate of this study focuses on entrepreneurial orientation, solidarity, business strategy and firm performance in SMEs Muara Enim, Indonesia. It is recommended that further researchers will need to study larger populations to have larger samples to find the latest findings. There are still many shortcomings in this study, especially the time spent in the distributing of questionnaires to the respondents is too little.

Besides, there is a lack of understanding among SMEs regarding the SMEs itself and this led to constraints for researchers to retrieve data information. The large number of micro enterprises found during the data retrieval process, caused the researcher to explain the differences of SMEs and micro enterprises.

Finally, it is expected that further research can be developed which is not only done in Muara Enim, but also more focused on the province of South Sumatera. Thus, new findings from upcoming research can provide widely information and knowledgeable contributions to SMEs field.

## **5.6 Conclusion**

In conclusion, SMEs should develop better business. It needs a special innovation in each product to attract consumers. Creating a different product from a competitor to be of more value. On top of that, SMEs should dare to take risks, if new products that have been created not favored by consumers. In the face of competition among SMEs competition, certain strategies are needed that are appropriate to the changing business environment in order to keep the business going. The changing times become an important factor for business to improve and adapt their strategy. Strategies are created to gain an opportunity, so that the firm's goals can be achieved.



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## APPENDIX 1



Sir / Madam

I am a student who is currently pursuing a Master of Science (Management) program at the Universiti Utara Malaysia (UUM), Kedah, Malaysia. To meet the requirements of the Master of Science research project, I am conducting research investigating Entrepreneurial Orientation, Solidarity, Business Strategy and Performance Among Small and Medium Businesses in Muara Enim, Indonesia.

To accomplish this I attached a questionnaire that I will use in data collection for research. I'm very grateful if you can complete the questionnaire and return it to me.

If you are interested in this research, please contact me via my email at [ardio.sagita07@gmail.com](mailto:ardio.sagita07@gmail.com) or call me at +6285758111471 or +60174391941.

Thank you for your cooperation.

Sincerely,

**Ardio Sagita**

Student Master of Science (Management)

Universiti Utara Malaysia (UUM)



## Section One: Background of Owner

Please circle the number that represents your response for each of the following items.

1. My gender is: 1. Male            2. Female
2. My age is \_\_\_\_\_ years old.
3. My marital status is:  
1. Married    2. Single    3. Widowed    4. Divorced
4. My highest completed level of education is:  
1. Primary school  
2. Institute  
3. Secondary School  
4. University
5. How did you become the owner of the firm?  
1. Founder  
2. Co-founder  
3. Inherited from family  
4. Purchased business (not from family)  
5. Hired or promoted by the company
6. I have \_\_\_\_\_ the firm/business.
7. My position in the business is  
1. Owner and CEO (Manager Director)  
2. Owner and a manager  
3. Owner but not a manager

## Section Two: Background of Company

8. My type of business is  
1. Culinary  
2. Fashion  
3. Education  
4. Agribusiness  
5. Other (specify)\_\_\_\_\_

9. How many shops do you currently have?

1. 1 shop
2. 2 shops
3. 3 shops or more than

10. How many employees do you have?

1. 1 Employees
2. 2 – 3 employees
3. 6 – 9 employees
4. 10 employees and above

11. How long have you involved in business?

1. One year and below
2. 2 – 5 years
3. 6 – 9 years
4. 10 years and above

12. My products market is

1. South Sumatera area
2. Sumatera area
3. National
4. International



**Section Three: Entrepreneurial Orientation**

The statements in this section are related entrepreneurial orientation in your organization. Please provide the answer to each statement by using the following numerical scale 1 (strongly disagree), 2 (neither agree nor disagree), 3 (neutral), 4 (agree) and 5 (strongly agree).

No	Statement	Numerical Scale				
		1	2	3	4	5
	<b>Innovativeness</b>					
12	Our company always introduces new service / product / process					
13	Our company puts a strong emphasis on new and innovative products / services					
14	Our company has increased the number of services / products offered over the past two years					
15	Our company continues to pursue new opportunities					
16	Over the past few years, changes in our business processes, services and product lines have been dramatic					
17	There is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented					

18	Our company places a strong emphasis on continuous improvement in products / services					
19	Our company holds the belief that innovation is an absolute necessity for the future of business					
	<b>Pro-activeness</b>					
20	Our company is very often the first in introducing new products					
21	Our company usually performs actions that are responsive to competitors					
22	Our company is constantly looking for new products / services that competitors create					
23	Our company continues to monitor market trends and identify future customer needs					
	<b>Risk taking</b>					
24	When faced with uncertain decisions, our company usually uses boldness to maximize the possibility of exploiting opportunities					
25	In general, our company has a strong tendency towards high-risk projects					
26	Due to the environment, our business believes that bold and extensive actions are needed to achieve business goals					
27	Employees are often encouraged to take calculated risks regarding new ideas					
28	The term "risk-taker" is considered a positive attribute for employees					
	<b>Autonomy</b>					
29	Our employees have enough autonomy in their work to do their job unattended constantly					
30	The company allows our employees to be creative and try different methods to do the work					
31	Our employees are allowed to make decisions without going through complicated justification and approval procedures as long as they are beneficial to the business					
32	Our employees are encouraged to manage their own work and have the flexibility to solve problems					
	<b>Competitive aggressiveness</b>					
33	The company is very aggressive and very competitive					
34	The company effectively assume aggressive approaches to combat trends that may threaten our survival or competitive position					
35	The company knows when in danger of acting too aggressively (this can lead to erosion of business reputation or retaliation by competitors)					

## Section Four: Solidarity

The statements in this section are related solidarity in your organization. Please provide the answer to each statement by using the following numerical scale 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree) and 5 (strongly agree).

No	Statement	Numerical Scale				
		1	2	3	4	5
<b>Association Solidarity</b>						
36	Our company often travels with all employees					
37	Our corporate leaders visit each division just looking at employee performance					
38	Our company often holds meetings between employees					
39	Often hold important conversations between fellow employees as well leaders with employees					
40	The Company conducts activities aimed to bring together the leader with employees					
<b>Affection Solidarity</b>						
41	Leaders are very respectful of employees					
42	Employees respect leader					
43	Employees feel close to the leader					
44	Company leader is very trusting employees					
45	Company leaders are very close to employees					
<b>Functional Solidarity</b>						
46	It should be a successful employee, employee must support the progress of other employees in a division					
47	It should be an employee to pay attention to other employees if the employee is having problems					
48	If the company is experiencing financial problems then morally employees dare to help the company					
49	Employees always try to stay close to the company, the goal in order to pay attention to the development of the company					
50	Every employee looks at the development of other division staff members and is on hand to help if the division needs help					
51	If the company is in an emergency, every employee feels obligated to assist the company even by cutting the salaries of employees					
<b>Normative Solidarity</b>						
52	The company deliberates important business decisions with other employee members					
53	Keeping a company's good name is important					
54	Companies need to pay attention to considerations in employee prosperity					
55	In the activities of advancing the company, employees may participate in decision making					
<b>Structure Solidarity</b>						

56	The company always held a ceremony to bring together the elements that exist in the company					
57	Generally members of company employees are in a prosperous condition					
58	The number of company employees is overwhelming					
<b>Consensus Solidarity</b>						
59	Companies are insulted so employees will feel more					
60	An employee is more concerned with corporate interests than his personal interests					
61	If a company has one particular decision then the employee should not be influenced by another company					
62	If employees have a habit that is contrary to corporate culture habits then the employee must leave his culture					
63	An employee who wants to do something for his or her own interests should be discussed with other company members					

### Section Five: Business Strategy

The statements in this section are related business strategy in your organization. Please provide the answer to each statement by using the following numerical scale 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree) and 5 (strongly agree).

No	Statement	Numerical Scale				
		1	2	3	4	5
<b>Niche Strategy</b>						
64	Our company focus on specialty products					
65	Our company focus on a particular product range					
66	Our company focus on specific foreign markets					
67	Our company focus on a specific foreign markets					
68	Our company focus on new products					
<b>Product differentiation strategy</b>						
69	Our company concentrates on product quality					
70	Our company concentrates on its packaging					
71	Our company concentrates on design and style					
72	Our company concentrates on the uniqueness of the product					
73	Our company concentrates on maximizing perceived product value					
<b>Marketing differentiation strategy</b>						
74	Concentration of our company to adopt a competitive price					
75	Concentration of our company to create a new distribution channel					
76	Our company concentration on increasing advertising and promotion					
77	Our company concentrates on brand building					
78	Our company concentrates on updating product line					
<b>Service differentiation strategy</b>						
79	Our company provides fast product delivery					
80	Our company prompts response to customer orders					

81	Offer extensive customer service					
82	Personal contacts with overseas distributors					
83	Our company provides quality services					
	<b>Innovation strategy</b>					
84	Technological superiority of product					
85	Company always focus on new innovative products					
86	Company uses cutting-edge communication technology					
87	Company improves products process					
88	Company improves the existing products					
	<b>Low cost</b>					
89	Company buys materials in large volume					
90	Producing large quantities of production					
91	Limited range of products					
92	Company maximizes economies of scale					
93	Company sells products at budget prices					

### Section Six: Firm performance

The statements in this section are related firm performance in your organization. Please provide the answer to each statement by using the following numerical scale 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree) and 5 (strongly agree).

No	Statement	Numerical Scale				
		1	2	3	4	5
	<b>Based on the last year (or since its establishment), you business</b>					
94	Sales growth rate					
95	Employment growth					
96	Gross profit growth					
97	Return on asset					
98	Return on investment					

## Questionnaire in Bahasa Indonesia



### LAMPIRAN 1

Salam,

Saya adalah seorang mahasiswa yang saat ini sedang menempuh program Master of Science (Manajemen) di Universiti Utara Malaysia (UUM), Kedah, Malaysia. Untuk memenuhi persyaratan projek penelitian Master of Science, saya melakukan penelitian yang menyelidiki Orientasi Wirausaha, Solidaritas, Strategi Bisnis dan Kinerja Usaha Kecil dan Menengah (UKM) di Muara Enim, Indonesia.

Untuk melakukan penelitian ini saya melampirkan kuesioner yang akan saya gunakan dalam pengumpulan data. Saya sangat bersyukur jika Bapak/Ibu berkenan untuk melengkapi kuesioner dan mengembalikannya kepada saya.

Jika anda tertarik dengan penelitian ini, silakan hubungi saya melalui email saya di [ardio.sagita07@gmail.com](mailto:ardio.sagita07@gmail.com) atau hubungi saya di +6285758111471 atau +60174391941.

Terima kasih atas kerja sama anda. Hormat saya,

**Ardio Sagita**

Mahasiswa Magister Manajemen

School of Business Management (SBM)

Universiti Utara Malaysia (UUM).

### **Bagian Satu: Latar Belakang Pemilik**

Silahkan lingkari nomor yang mewakili tanggapan Anda untuk setiap item berikut.

1. Jenis kelamin saya adalah: 1. Pria 2. Wanita
2. Usia saya \_\_\_\_\_ tahun.
3. Status perkawinan saya adalah:
  1. Menikah 2. Belum Menikah 3. Janda/Duda 4. Bercerai
4. Tingkat pendidikan tertinggi saya adalah:
  1. Sekolah dasar
  2. Institut
  3. Sekolah Menengah
  4. Universitas
5. Bagaimana Anda menjadi pemilik perusahaan?
  1. Pendiri
  2. Milik bersama
  3. Diwarisi dari keluarga
  4. Usaha yang dibeli (bukan dari keluarga)
  5. Dipekerjakan atau dipromosikan oleh perusahaan
6. Saya memiliki \_\_\_\_\_ perusahaan / bisnis.
7. Posisi saya dalam bisnis ini adalah
  1. Pemilik dan CEO (Direktur Manajer)
  2. Pemilik dan manajer
  3. Pemilik tapi bukan manajer

### **Bagian Kedua: Latar Belakang Perusahaan**

8. Jenis bisnis saya adalah
  1. Kuliner
  2. Fashion
  3. Pendidikan
  4. Agribisnis
  5. Lainnya (sebutkan) \_\_\_\_\_
9. Berapa banyak toko yang saat ini Anda miliki?
  1. 1 toko
  2. 2 toko



3. 3 toko atau lebih
10. Berapa banyak karyawan yang Anda miliki?
1. 1 Karyawan
  2. 2 - 3 karyawan
  3. 6 - 9 karyawan
  4. 10 karyawan dan di atasnya
11. Sudah berapa lama Anda terlibat dalam bisnis?
1. Satu tahun ke bawah
  2. 2 - 5 tahun
  3. 6 - 9 tahun
  4. 10 tahun ke atas
12. Pasar produk saya adalah:
1. Wilayah Sumatera Selatan
  2. Wilayah Sumatera
  3. Nasional
  4. Internasional

### Bagian Ketiga: Orientasi Wirausaha

Pernyataan di bagian ini terkait dengan orientasi kewirausahaan di usaha Anda. Silahkan berikan jawaban untuk setiap pernyataan dengan menggunakan skala numerik berikut 1 (sangat tidak setuju), 2 (tidak setuju), 3 (netral), 4 (setuju) dan 5 (sangat setuju).

No	Pernyataan	Skala Numerik				
		1	2	3	4	5
12	Perusahaan kami selalu memperkenalkan layanan / produk / proses baru					
13	Perusahaan kami memberikan penekanan kuat pada produk / layanan baru dan inovatif					
14	Perusahaan kami telah meningkatkan jumlah layanan / produk yang ditawarkan selama dua tahun terakhir					
15	Perusahaan kami terus mengejar peluang baru					
16	Selama beberapa tahun terakhir, perubahan dalam proses bisnis, layanan dan lini produk kami sangat dramatis					
17	Ada hubungan yang kuat antara jumlah ide baru yang dihasilkan dan jumlah ide baru berhasil diimplementasikan					
18	Perusahaan kami menempatkan penekanan kuat pada perbaikan produk / layanan secara berkesinambungan					
19	Perusahaan kami percaya bahwa inovasi merupakan kebutuhan mutlak bagi masa depan bisnis					
20	Perusahaan kami sangat sering menjadi yang pertama dalam memperkenalkan produk baru					
21	Perusahaan kami biasanya melakukan tindakan yang responsif terhadap competitor					

22	Perusahaan kami terus mencari produk / layanan baru yang dibuat pesaing					
23	Perusahaan kami terus memantau tren pasar dan mengidentifikasi kebutuhan pelanggan masa depan					
24	Bila dihadapkan pada keputusan yang tidak pasti, perusahaan kami biasanya menggunakan keberanian untuk memaksimalkan kemungkinan memanfaatkan peluang					
25	Secara umum, perusahaan kami memiliki kecenderungan kuat terhadap proyek berisiko tinggi					
26	Karena lingkungan, bisnis kami percaya bahwa tindakan berani dan ekstensif diperlukan untuk mencapai tujuan bisnis					
27	Karyawan sering didorong untuk mengambil risiko yang diperhitungkan terkait gagasan baru					
28	Istilah "risk-taker" dianggap sebagai atribut positif bagi karyawan					
29	Karyawan kami memiliki cukup otonomi dalam pekerjaan mereka untuk melakukan pekerjaan mereka tanpa pengawasan terus-menerus					
30	Perusahaan memungkinkan karyawan kami untuk menjadi kreatif dan mencoba metode yang berbeda untuk melakukan pekerjaan					
31	Karyawan kami diperbolehkan membuat keputusan tanpa melalui prosedur pembenaran dan persetujuan yang rumit asalkan bermanfaat bagi bisnis					
32	Karyawan kami didorong untuk mengelola pekerjaan mereka sendiri dan memiliki fleksibilitas untuk menyelesaikan masalah					
33	Perusahaan sangat agresif dan sangat kompetitif					
34	Perusahaan secara efektif mengasumsikan pendekatan agresif untuk memerangi tren yang dapat mengancam kelangsungan hidup atau posisi kompetitif kita					
35	Perusahaan tahu ketika berada dalam bahaya bertindak terlalu agresif (ini bisa menyebabkan erosi reputasi bisnis atau membalas dendam oleh pesaing)					

### Bagian Keempat: Solidaritas

Pernyataan di bagian ini terkait dengan solidaritas di usaha Anda. Silahkan berikan jawaban untuk setiap pernyataan dengan menggunakan skala numerik berikut 1 (sangat tidak setuju), 2 (tidak setuju), 3 (netral), 4 (setuju) dan 5 (sangat setuju).

No	Pernyataan	Skala Numerik				
		1	2	3	4	5
36	Perusahaan kami sering bepergian dengan seluruh karyawan					

37	Pemimpin perusahaan kami mengunjungi masing-masing divisi hanya melihat kinerja karyawan					
38	Perusahaan kami sering mengadakan pertemuan antar karyawan					
39	Sering mengadakan percakapan penting antara sesama karyawan sekaligus pemimpin dengan karyawan					
40	Perusahaan melakukan kegiatan yang bertujuan untuk mempertemukan pemimpin dengan karyawan					
41	Pimpinan sangat menghormati karyawan					
42	Karyawan menghormati pemimpin					
43	Karyawan merasa dekat dengan pemimpin					
44	Pimpinan perusahaan sangat mempercayai karyawan					
45	Pimpinan perusahaan sangat dekat dengan karyawan					
46	Sudah semestinya karyawan yang telah berjaya, dia harus mendukung kemajuan karyawan yang lainnya dalam suatu divisi					
47	Sudah semestinya seorang karyawan memperhatikan karyawan yang lain jika karyawan tersebut mengalami masalah					
48	Jika perusahaan mengalami masalah keuangan maka secara moral karyawan berani membantu perusahaan					
49	Karyawan selalu berusaha untuk tinggal berdekatan dengan perusahaan, tujuannya agar bisa memperhatikan perkembangan perusahaan					
50	Setiap karyawan memperhatikan perkembangan anggota karyawan divisi lainnya dan siap membantu jika divisi tersebut membutuhkan bantuan					
51	Jika perusahaan dalam keadaan darurat, setiap karyawan merasa berkewajiban membantu perusahaan tersebut walaupun dengan memotong gaji karyawan					
52	Perusahaan memusyawarahkan keputusan-keputusan bisnis yang penting dengan anggota karyawan yang lainnya					
53	Menjaga nama baik perusahaan adalah hal yang penting					
54	Perusahaan perlu memperhatikan pertimbangan-pertimbangan dalam mensejahterakan karyawan					
55	Dalam kegiatan memajukan perusahaan dimungkinkan karyawan ikut serta dalam pengambilan keputusan					
56	Perusahaan selalu mengadakan upacara untuk mempertemukan elemen yang ada di perusahaan					
57	Pada umumnya anggota karyawan perusahaan dalam keadaan sejahtera					
58	Jumlah karyawan perusahaan sangat banyak					
59	Perusahaan dihina maka karyawan akan lebih ikut merasakannya					

60	Seorang karyawan lebih mementingkan kepentingan perusahaan diatas kepentingan pribadinya					
61	Jika sebuah perusahaan memiliki satu keputusan tertentu maka karyawan tidak boleh dipengaruhi perusahaan yang lain					
62	Jika karyawan mempunyai suatu kebiasaan yang bertentangan dengan kebiasaan kebudayaan perusahaan maka karyawan harus meninggalkan kebudayaan dirinya					
63	Seorang karyawan yang ingin melakukan sesuatu untuk kepentingan dirinya harus dibicarakan kepada anggota perusahaan lainnya					

### Bagian Kelima: Strategi Bisnis

Pernyataan di bagian ini terkait dengan strategi bisnis di usaha Anda. Silahkan berikan jawaban untuk setiap pernyataan dengan menggunakan skala numerik berikut 1 (sangat tidak setuju), 2 (tidak setuju), 3 (netral), 4 (setuju) dan 5 (sangat setuju).

No	Pernyataan	Skala Numerik				
		1	2	3	4	5
64	Perusahaan kami fokus pada produk khusus					
65	Perusahaan kami fokus pada rangkaian produk tertentu					
66	Perusahaan kami fokus pada pasar luar negeri yang spesifik					
67	Perusahaan kami fokus pada pelanggan asing yang spesifik					
68	Perusahaan kami fokus pada produk baru					
69	Perusahaan kami konsentrasi pada kualitas produk					
70	Perusahaan kami konsentrasi pada kemasannya					
71	Perusahaan kami konsentrasi pada desain dan gaya.					
72	Perusahaan kami konsentrasi pada keunikan produk					
73	Perusahaan kami konsentrasi pada memaksimalkan nilai produk yang dirasakan					
74	Perusahaan kami konsentrasi untuk mengadopsi harga yang kompetitif					
75	Perusahaan kami konsentrasi untuk menciptakan saluran distribusi baru					
76	Perusahaan kami konsentrasi pada peningkatan periklanan dan promosi					
77	Perusahaan kami konsentrasi pada pembangunan nama perusahaan					
78	Perusahaan kami konsentrasi mengupdate barisan produk					
79	Perusahaan kami menyediakan pengiriman produk cepat					
80	Perusahaan kami memberikan respon yang cepat terhadap pesanan pelanggan					

81	Tawarkan layanan pelanggan yang luas					
82	Kontak pribadi dengan distributor luar negeri					
83	Perusahaan menyediakan layanan yang berkualitas					
84	Keunggulan teknologi baru					
85	Perusahaan selalu fokus pada produk inovatif baru					
86	Perusahaan menggunakan teknologi komunikasi mutakhir					
87	Perusahaan memperbaiki proses produk					
88	Perusahaan memperbaiki produk yang ada					
89	Perusahaan membeli bahan dalam volume besar					
90	Menghasilkan produksi dalam jumlah besar					
91	Terbatasnya berbagai produk					
92	Perusahaan memaksimalkan skala ekonomi					
93	Perusahaan menjual produk dengan harga anggaran					

**Bagian Keenam: Kinerja Perusahaan**

Pernyataan di bagian ini terkait dengan kinerja perusahaan di usaha Anda. Silahkan berikan jawaban untuk setiap pernyataan dengan menggunakan skala numerik berikut 1 (sangat tidak setuju), 2 (tidak setuju), 3 (netral), 4 (setuju) dan 5 (sangat setuju).

No	Pernyataan	Skala Numerik				
		1	2	3	4	5
	Berdasarkan tahun terakhir (atau sejak pendiriannya), bisnis Anda					
94	Tingkat pertumbuhan penjualan					
95	Pertumbuhan lapangan kerja					
96	Pertumbuhan laba kotor					
97	Pengembalian aset					
98	Laba atas investasi					

Terima kasih banyak  
Atas partisipasi dan kerja sama anda

## APPENDIX 2

### The Standardization Data of Outliers

ZTotalFP	ZTotalEO	ZTotalSY	ZTotalBS
-0.67068	-0.44897	0.00658	0.10065
-0.17051	-2.26426	-0.76582	-1.93782
-1.17084	0.2985	-0.37962	-0.03994
0.32965	0.83241	0.19968	-0.32111
-1.17084	0.08494	0.48933	0.10065
-0.17051	-0.02184	0.87553	0.4521
-0.17051	0.51207	-0.18652	-0.18052
-0.67068	0.2985	-0.37962	-0.03994
0.82982	-0.23541	-1.05547	-0.60227
0.32965	0.93919	0.68243	-0.11023
-0.17051	-1.30322	-0.57272	0.17094
-0.67068	0.83241	0.19968	-0.32111
1.32998	-0.02184	-2.02097	-1.09432
-0.17051	0.51207	1.06863	1.15502
1.83015	1.04598	1.35828	0.87386
-0.17051	-2.26426	-0.76582	-1.93782
0.82982	-0.23541	-1.05547	-0.60227
-2.17117	-0.34219	0.10313	-0.53198
0.32965	0.83241	1.16518	0.87386
-1.17084	0.08494	0.48933	0.10065
-0.17051	-0.76931	-0.08997	-0.53198
0.82982	2.32736	1.64793	1.85794
0.32965	-0.44897	-1.53822	-0.60227
-0.67068	-1.30322	-0.37962	-0.53198
-0.17051	-0.55575	-0.28307	0.17094
-0.17051	1.15276	1.16518	0.5224
1.32998	-0.12862	-2.02097	-1.09432
-0.67068	-1.73035	-0.57272	-1.44578
-0.17051	0.40529	1.35828	1.01444
-1.17084	-0.02184	0.87553	0.4521
-1.17084	-1.73035	-0.57272	-1.44578
1.32998	-0.12862	-2.02097	-1.09432
0.32965	0.93919	0.68243	-0.11023
-0.67068	-0.76931	-0.08997	-0.60227
0.82982	-0.44897	-1.53822	-0.60227
0.82982	2.32736	1.64793	1.85794

Continuation ...

-0.67068	-0.76931	-0.08997	-0.53198
-0.67068	0.51207	-0.18652	-0.18052
1.83015	-0.02184	-0.57272	2.2094
0.32965	0.83241	1.16518	0.87386
-2.17117	-0.34219	0.10313	-0.53198
1.83015	1.04598	1.35828	0.87386
-0.17051	0.51207	1.06863	1.15502
1.83015	-0.02184	-0.57272	2.2094



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### APPENDIX 3

#### Normality Test

**Case Processing Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Total Firm Performance	44	100.0%	0	0.0%	44	100.0%
Total Business Strategy	44	100.0%	0	0.0%	44	100.0%
Total Entrepreneurial Orientation	44	100.0%	0	0.0%	44	100.0%
Total Solidarity	44	100.0%	0	0.0%	44	100.0%

**Tests of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Total Firm Performance	.159	44	.007	.955	44	.082
Total Business Strategy	.114	44	.178	.966	44	.216
Total Entrepreneurial Orientation	.099	44	.200*	.965	44	.205
Total Solidarity	.085	44	.200*	.961	44	.142

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction



### Descriptives

		Statistic	Std. Error	
Total Firm Performance	Mean	16.3409	.30141	
	95% Confidence Interval for Mean	Lower Bound	15.7331	
		Upper Bound	16.9488	
	5% Trimmed Mean	16.3687		
	Median	16.0000		
	Variance	3.997		
	Std. Deviation	1.99934		
	Minimum	12.00		
	Maximum	20.00		
	Range	8.00		
	Interquartile Range	3.00		
	Skewness	.090	.357	
	Kurtosis	-.222	.702	
Total Entrepreneurial Orientation	Mean	83.2045	1.41181	
	95% Confidence Interval for Mean	Lower Bound	80.3574	
		Upper Bound	86.0517	
	5% Trimmed Mean	83.2020		
	Median	83.0000		
	Variance	87.701		
	Std. Deviation	9.36490		
	Minimum	62.00		
	Maximum	105.00		
	Range	43.00		
	Interquartile Range	11.25		
	Skewness	-.153	.357	
	Kurtosis	.635	.702	
Total Solidarity	Mean	99.9318	1.56143	
	95% Confidence Interval for Mean	Lower Bound	96.7829	
		Upper Bound	103.0807	
	5% Trimmed Mean	100.1616		
	Median	99.0000		
	Variance	107.274		
	Std. Deviation	10.35733		
	Minimum	79.00		
	Maximum	117.00		
	Range	38.00		
	Interquartile Range	15.00		

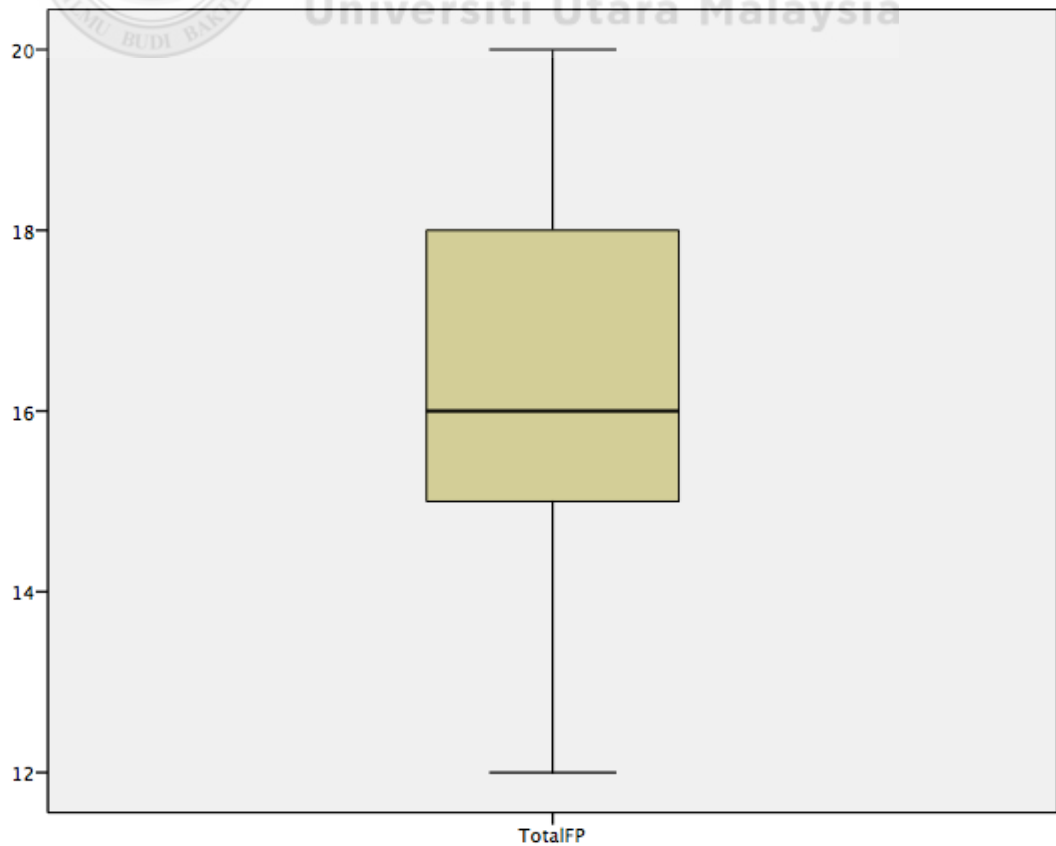
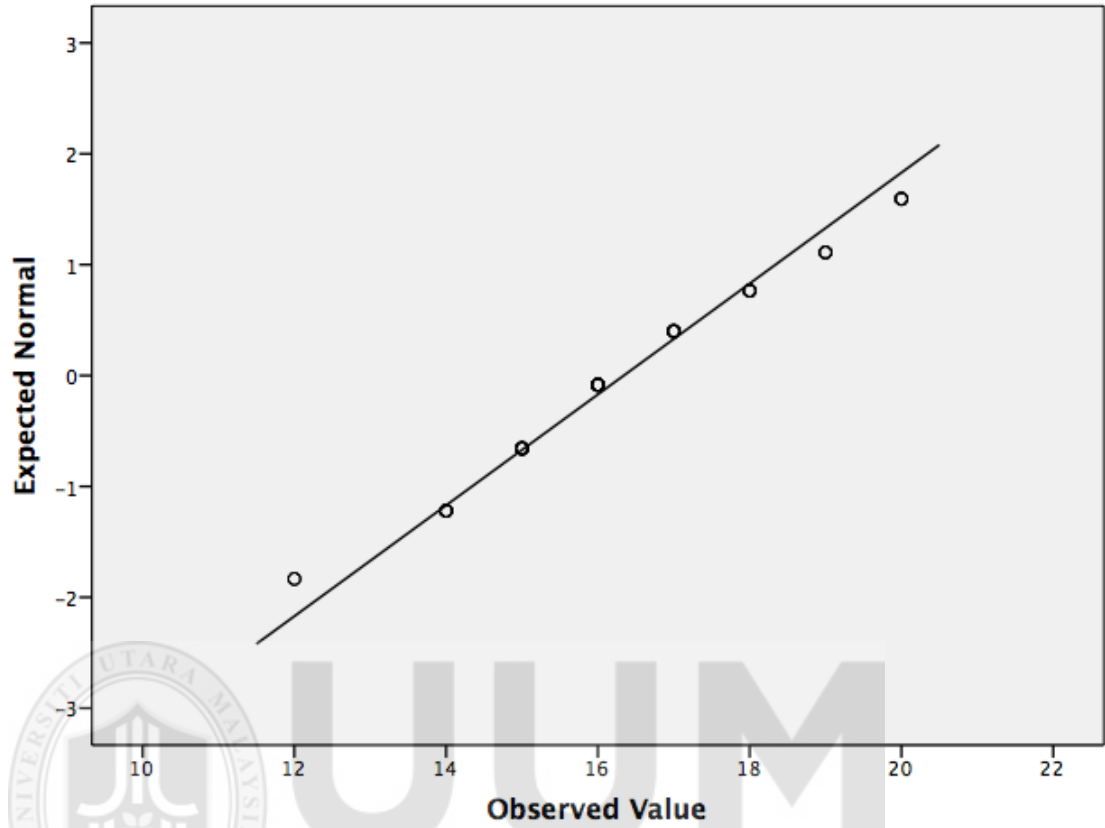
	Skewness		-0.257	.357
	Kurtosis		-0.551	.702
Total Business Strategy	Mean		105.5682	2.14471
	95% Confidence Interval for Mean	Lower Bound	101.2430	
		Upper Bound	109.8934	
	5% Trimmed Mean		105.3434	
	Median		104.0000	
	Variance		202.391	
	Std. Deviation		14.22640	
	Minimum		78.00	
	Maximum		137.00	
	Range		59.00	
	Interquartile Range		19.75	
	Skewness		.367	.357
	Kurtosis		.012	.702



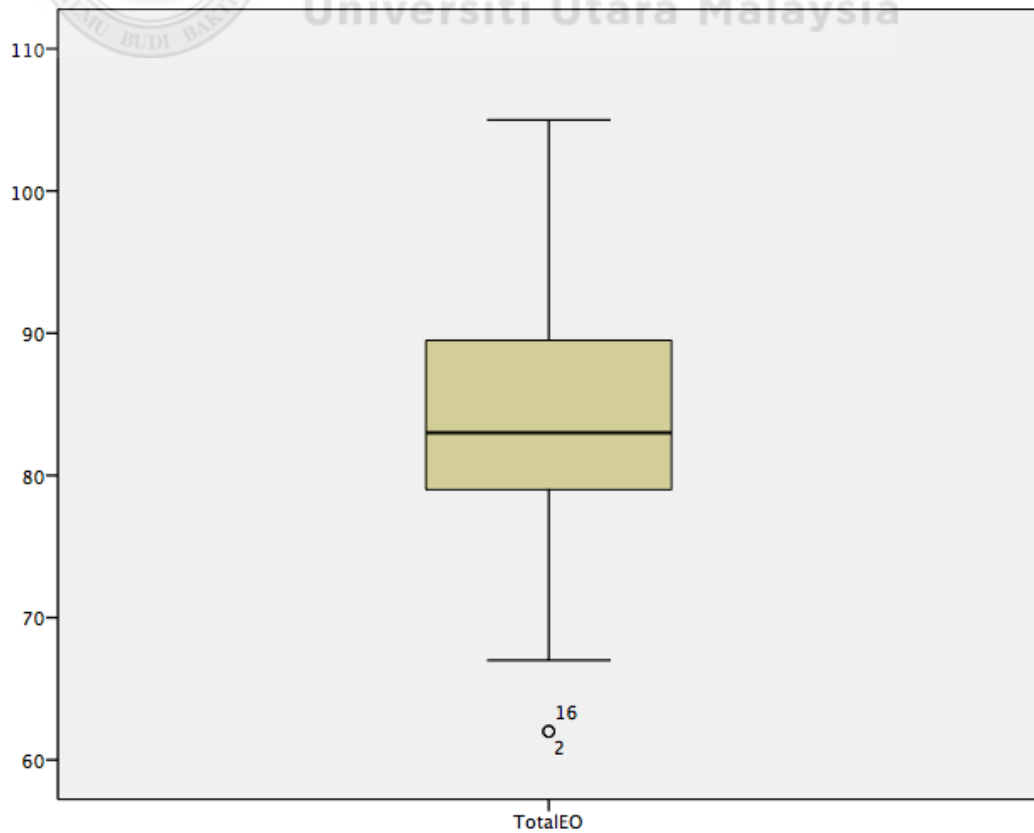
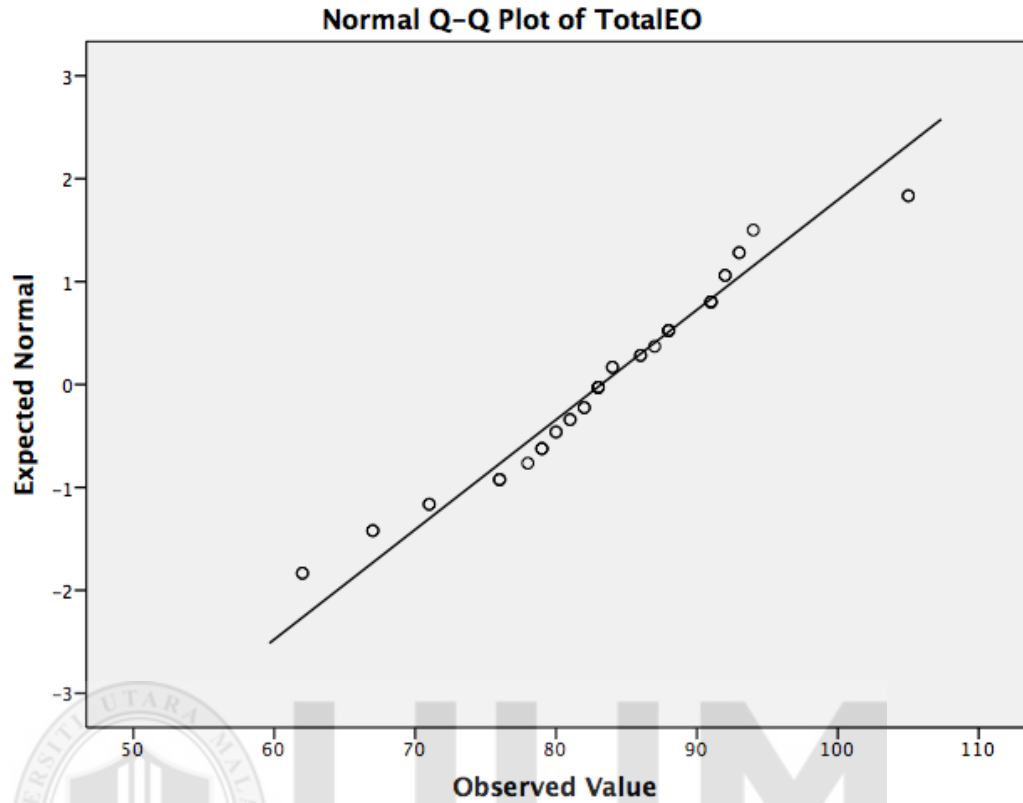
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## Firm Performance

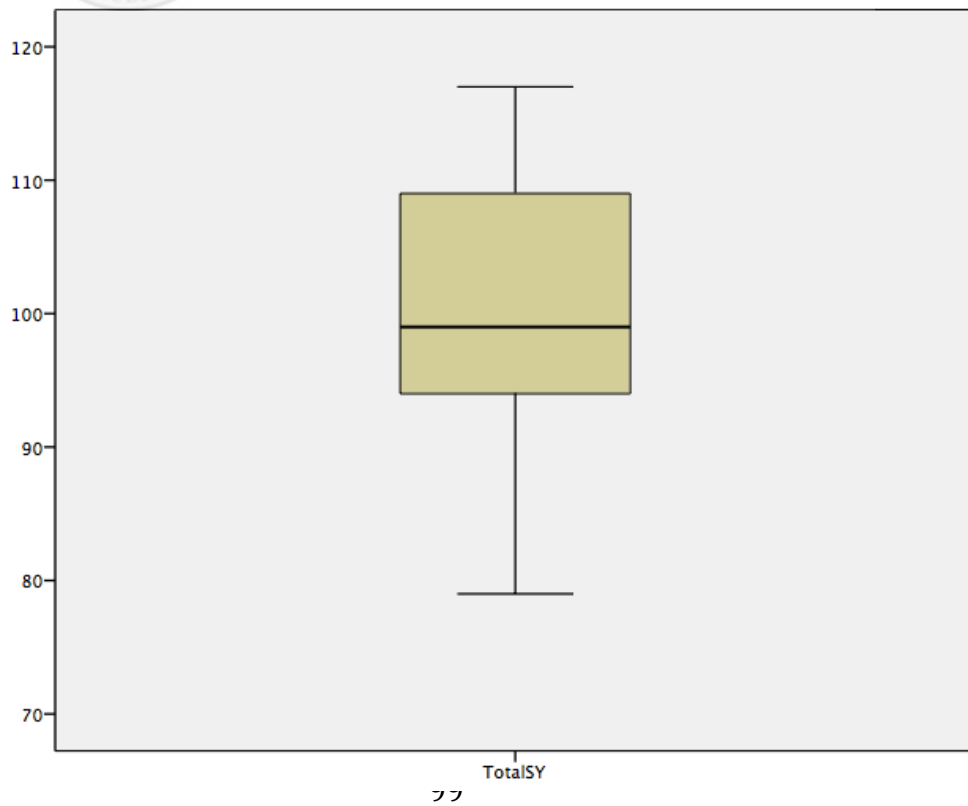
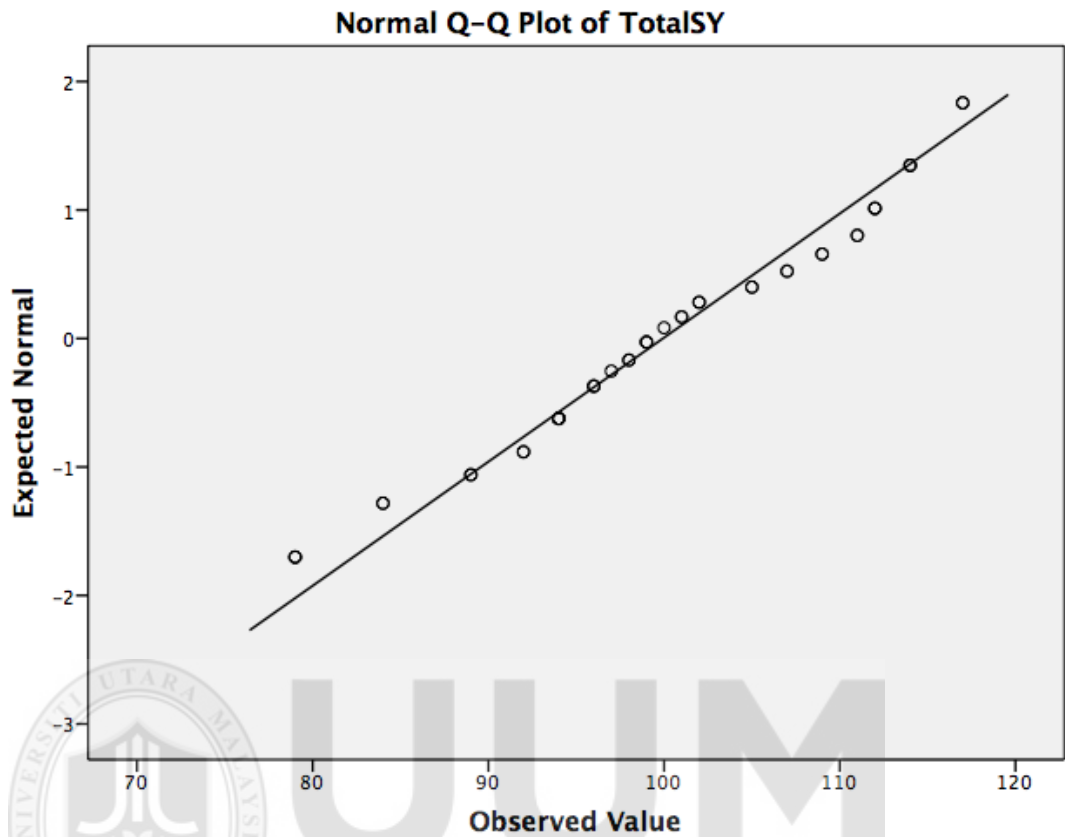
Normal Q-Q Plot of TotalFP



## Entrepreneurial Orientation

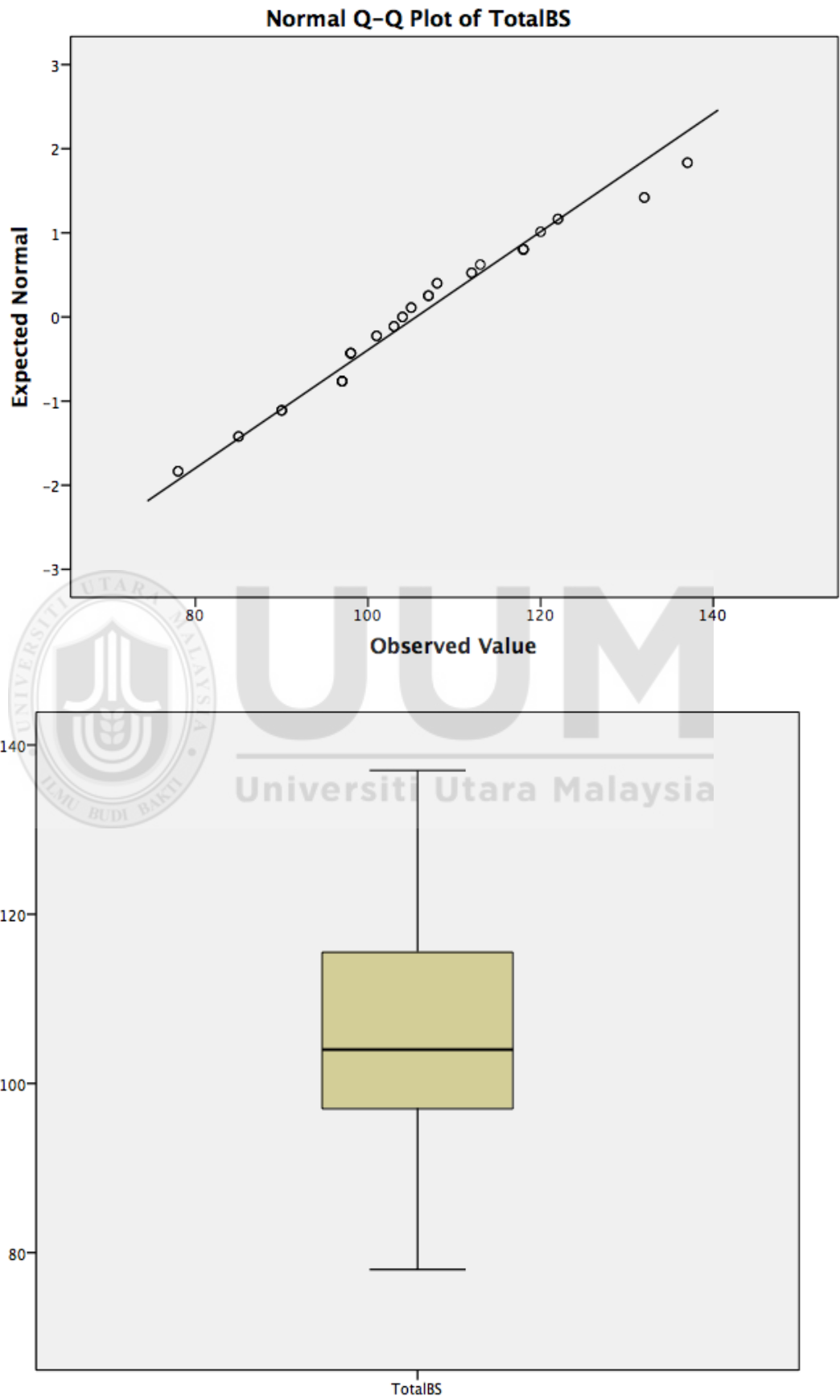


## Solidarity



ソフ

## Business Strategy



## APPENDIX 4

### Linearity Test

#### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	66.447	3	22.149	8.403	.000 <sup>b</sup>
Residual	105.440	40	2.636		
Total	171.886	43			

a. Dependent Variable: Total Firm Performance (TotalFP)

b. Predictors: (Constant), Total Business Strategy (TotalBS), Total Solidarity (TotalSY), Total Entrepreneurial Orientation (TotalEO)

## APPENDIX 5

### Correlation Analysis

#### Correlations

		TotalFP	TotalEO	TotalSY	TotalBS
Total FP	Pearson Correlation	1	.319*	-.132	.334*
	Sig. (1-tailed)		.017	.196	.013
	N	44	44	44	44
Total EO	Pearson Correlation	.319*	1	.608**	.697**
	Sig. (1-tailed)	.017		.000	.000
	N	44	44	44	44
Total SY	Pearson Correlation	-.132	.608**	1	.643**
	Sig. (1-tailed)	.196	.000		.000
	N	44	44	44	44
Total BS	Pearson Correlation	.334*	.697**	.643**	1
	Sig. (1-tailed)	.013	.000	.000	
	N	44	44	44	44

\*. Correlation is significant at the 0.05 level (1-tailed).

\*\* . Correlation is significant at the 0.01 level (1-tailed).

## APPENDIX 6

### Regression Analysis

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.622 <sup>a</sup>	.387	.341	1.62357	2.547

a. Predictors: (Constant), TotalBS, TotalSY, TotalEO

b. Dependent Variable: TotalFP

#### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	66.447	3	22.149	8.403	.000 <sup>b</sup>
Residual	105.440	40	2.636		
Total	171.886	43			

a. Dependent Variable: Total Firm Performance (TotalFP)

b. Predictors: (Constant), Total Business Strategy (TotalBS), Total Solidarity (TotalSY), Total Entrepreneurial Orientation (TotalEO)

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	15.325	2.581		5.937	.000		
	TotalEO	.082	.039	.384	2.129	.039	.471	2.123
	TotalSY	-.134	.033	-.696	-4.122	.000	.537	1.862
	TotalBS	.072	.026	.514	2.748	.009	.438	2.283

a. Dependent Variable: TotalFP