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**THE EFFECT OF ADVERSITY QUOTIENT AND MARKET
ORIENTATION ON FIRM PERFORMANCE THROUGH THE
MEDIATING ROLE OF ENTREPRENEURIAL ORIENTATION
IN SMALL AND MEDIUM-SIZED TEXTILE INDUSTRIES IN
INDONESIA**



TOWAF TOTOK IRAWAN (902902)

**DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
2024**

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INDONESIA**



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**A thesis submitted to the Ghazali Shafie Graduate School of Government in
fulfillment of the requirements for the Doctor of Philosophy
Universiti Utara Malaysia**



Kolej Undang-Undang, Kerajaan dan Pengajian Antarabangsa
(College of Law, Government and International Studies)
UNIVERSITI UTARA MALAYSIA

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ABSTRACT

Small and medium-sized textile industries are facing competition constraints and the Covid-19 pandemic. The impact can be seen from its increasingly decreased contribution to gross domestic product and export performance. This situation has implications for the industrial sustainability in which some industries can survive and others cannot. The purpose of this study is to respond to the research needs, namely, to examine the effects of adversity quotient, entrepreneurial orientation, and market orientation on firm performance in small and medium-sized textile industries in Indonesia. This study used the theoretical model based on the resource-based view approach. Quantitative survey methods were employed, while questionnaires were used to collect data from a total of 287 respondents from small and medium-sized textile and textile product industries. The data were analyzed using a statistical technique, namely structural equation modeling - partial least squares to examine the direct and indirect effects of exogenous and endogenous variables. The findings show a positive and significant effect of adversity quotient on firm performance; adversity quotient on entrepreneurial orientation; entrepreneurial orientation on firm performance; and market orientation on entrepreneurial orientation, while market orientation has a negative and significant effect on firm performance. The mediating role of entrepreneurial orientation is partially shown in the relationship between adversity quotient and firm performance, and fully shown in the relationship between market orientation and firm performance. These results provide evidence that supports the theoretical model of resource-based view, which explains the relationship between adversity quotient, market orientation, entrepreneurial orientation and their effect on the performance of small-scale textile industries. These findings have theoretical and practical implications for small-scale textile industries in Indonesia. This study presents limitations and recommendations.

Keywords: Adversity Quotient, Market Orientation, Entrepreneurial Orientation, Firm Performance, Textile

ABSTRAK

Industri tekstil kecil dan sederhana sedang menghadapi kekangan persaingan dan pandemik Covid-19. Kesannya boleh dilihat daripada sumbangannya yang terus menurun kepada keluaran dalam negara kasar dan prestasi eksport. Keadaan ini menjejaskan kelestarian industri iaitu ada industri yang boleh bertahan dan ada yang tidak. Tujuan kajian ini adalah untuk menjawab keperluan kajian yaitu untuk mengkaji kesan adversity quotient, orientasi keusahawanan, orientasi pasaran terhadap prestasi firma dalam industri tekstil kecil dan sederhana di Indonesia. Dalam kajian ini, model teori yang digunakan adalah berdasarkan pendekatan resource-based view. Kaedah tinjauan kuantitatif digunakan dalam kajian ini, dan soal selidik digunakan untuk mendapatkan data daripada pemilik/pengurus produk tekstil dan tekstil kecil dan sederhana dengan jumlah seramai 287 industri. Data dianalisis menggunakan teknik statistik yaitu structural equation modeling - partial least square untuk mengkaji kesan langsung dan tidak langsung pembolehubah eksogen dan endogen. Dapatan kajian menunjukkan terdapat kesan positif dan signifikan terhadap adversity quotient dan prestasi firma; adversity quotient dan orientasi keusahawanan; orientasi keusahawanan dan prestasi firma; orientasi pasaran dan orientasi keusahawanan, manakala orientasi pasaran mempunyai kesan negatif dan ketara terhadap prestasi firma. Peranan pengantara ; orientasi keusahawanan sebahagiannya ditunjukkan dalam hubungan antara adversity quotient dan prestasi firma, manakala sepenuhnya dalam hubungan antara orientasi pasaran dan prestasi firma. Keputusan ini memberikan bukti yang menyokong model teori resource-based view, yang memberikan penjelasan tentang hubungan antara adversity quotient, orientasi pasaran, orientasi keusahawanan dan kesannya terhadap prestasi industri kecil dan sederhana tekstil. Dapatan ini memberikan implikasi teori dan praktikal untuk industri kecil sederhana tekstil di Indonesia. Batasan kajian dan cadangan dikemukakan dalam kajian ini.

Kata Kunci: Adversity Quotient, Market Orientation, Entrepreneurial Orientation, Firm Performance, Tekstil.

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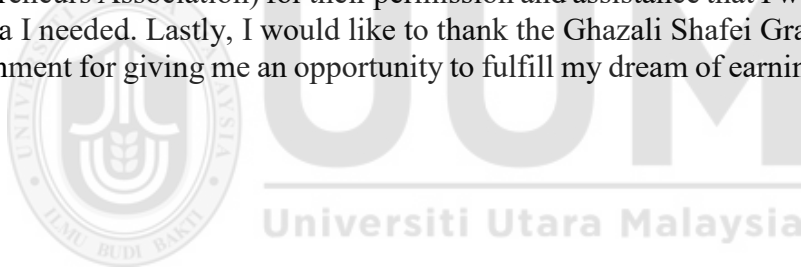


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GLOSSARY OF TERMS

Glossary of Term	Glossary Definition
Average Cost	The total cost of production divided by the quantity of output, providing a measure of the cost per unit of production.
Adversity Quotient	A measure of an individual's ability to navigate and persevere through challenges and adversity, often linked to resilience and the capacity to overcome difficulties.
Average Variable Cost	The variable costs (costs that vary with the level of production) divided by the quantity of output, indicating the average variable cost per unit of production.
Cronbach's Alpha	A statistic used to assess the internal consistency or reliability of a set of measurement scales or survey questions, commonly employed in psychological and social research.
Coverage-Based Structural Equation Model	A statistical method used to analyze the relationships between observed and latent variables in a research model, considering the extent to which the model accurately represents the data.
Chief Executive Officer	The highest-ranking executive in a company responsible for making major corporate decisions, managing operations, and implementing strategies to achieve organizational goals.
Confirmatory Factor Analysis	A statistical technique used to validate the measurement structure of a set of observed variables by confirming the presence of the underlying latent constructs or factors.
Control	In research and management, the process of regulating or influencing variables to ensure that the study or organization functions as intended, allowing for effective decision-making.
Dissemination	The distribution and sharing of information, research findings, or knowledge to a wider audience, often through various channels and mediums.
Endurance	The ability to withstand challenges, persist in the face of difficulties, and maintain effort and resilience over an extended period.
Entrepreneurial Orientation	A strategic mindset and organizational culture that emphasizes innovation, risk-taking, and

Glossary of Term	Glossary Definition
	proactiveness in identifying and exploiting entrepreneurial opportunities.
Average Variance Extracted	A measure in structural equation modeling that assesses the amount of variance captured by a latent construct relative to the amount of measurement error.
Factor Loading	In factor analysis, the correlation between an observed variable and the underlying latent factor, indicating the extent to which the variable contributes to the factor.
Fornell-Lacker Criterion	A criterion used to assess the discriminant validity of latent constructs in structural equation modeling by comparing the square root of the average variance extracted.
Firm Performance (or Financial Performance)	The overall success and effectiveness of a company in achieving its financial goals and objectives, often measured by profitability, growth, and shareholder value.
Growth	The process of increasing in size, quantity, or degree over time. In the context of business or economics, it often refers to the expansion of a company, industry, or economy.
Gross Domestic Product (GDP)	The total market value of all goods and services produced within a country in a specific time period, often used as a key indicator of a nation's economic performance.
Generation	A group of individuals born and living at the same time, sharing common experiences and cultural traits, often categorized into specific age groups or cohorts.
Goodness of Fit Index	A statistical measure used in structural equation modeling to assess how well the observed data fit the hypothesized model, indicating the model's overall goodness of fit.
Ghazali Shafie Graduate School of Government	An academic institution dedicated to providing education and training in the field of government, named after Ghazali Shafie, a prominent figure in Malaysian politics.
Innovation	The process of introducing new ideas, methods, products, or services that lead to positive change, improvement, or the creation of value within an organization or society.
Input-Output	A modeling technique in economics that examines the interdependencies between different sectors of an economy by analyzing the inputs and outputs of various production processes.
Indonesian Textile Association	An organization representing the interests of the textile industry in Indonesia, often involved in

Glossary of Term	Glossary Definition
	advocacy, policy discussions, and promoting the welfare of its member companies.
Kilowatt hour	A unit of electrical energy equivalent to one kilowatt of power expended for one hour, commonly used in measuring and billing electricity consumption.
Marginal Cost	The additional cost incurred by producing one more unit of a good or service, often compared to marginal revenue to determine optimal production levels in economic decision-making.
Million Metric British Thermal Unit (MMBTU)	A unit of measurement commonly used in the energy industry to quantify the amount of heat energy produced or consumed, often in the context of natural gas and other fuels.
Market Orientation	A business philosophy that emphasizes an organization's focus on understanding and meeting the needs and wants of its target market, shaping its strategies based on market dynamics.
Marginal Revenue	The additional revenue generated by producing and selling one more unit of a good or service, often compared to marginal cost to optimize production levels in economic decision-making.
Machine Weaving Tools	Equipment and machinery used in the process of weaving textiles through automated or mechanical means, increasing efficiency and production capabilities.
Non-Machine Weaving Tools	Tools and implements used in manual or traditional textile weaving processes, often involving hand-operated techniques and craftsmanship.
Organizations of Similar Companies	A group or association composed of companies that share similar characteristics, goals, or industries, often collaborating for mutual benefit or addressing common challenges.
Ownership	The legal right to possess, control, use, or dispose of property or assets, often associated with ownership of shares in a company or control over a business entity.
Doctor of Philosophy (Ph.D.)	The highest academic degree awarded by universities in various fields of study, typically requiring original research and the completion of a dissertation to contribute to knowledge in the chosen field.
Structural Equation Modeling – Partial Least Square (SEM-PLS)	A statistical technique used in social sciences and other fields to analyze the relationships between observed and latent variables, with a focus on predicting and understanding complex relationships.

Glossary of Term	Glossary Definition
Proactiveness	A behavioral trait or organizational approach characterized by taking initiative, anticipating future events, and acting in advance to capitalize on opportunities or address challenges.
Resource-Based View (RBV)	A management theory that focuses on the internal resources and capabilities of a firm as key determinants of its competitive advantage and long-term success.
Responsiveness	The ability of an individual, organization, or system to respond promptly and adapt effectively to changing circumstances, demands, or external stimuli.
Small and Medium Enterprises (SMEs)	Businesses that fall within a defined range of size criteria, often based on factors like revenue, assets, or number of employees. SMEs play a crucial role in economic development.
Statistical Program for Social Science (SPSS) Application	A software package widely used for statistical analysis in social science research, providing tools for data manipulation, statistical modeling, and data presentation.
Textile Association of Similar Companies	An organization representing the interests of textile companies with common goals, fostering collaboration, and addressing shared challenges within the textile industry.
Terminal Handling Charge	A fee charged for handling cargo at a terminal, typically associated with activities such as loading, unloading, and transferring goods between different modes of transportation.
Small and Medium – Sized Textile Industries	Textile manufacturing enterprises falling within a specific size range, often defined by factors such as the number of employees, annual revenue, or total assets.

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LIST OF ABBREVIATIONS

AC	Average Cost
AQ	Adversity Quotient
AVC	Average Variabel Cost
CA	Cronbach's Alpha
CBSEM	Coverage-Based Structural Equation Model
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
Cont	Control
Dissem	Dissemination
Endu	Endurance
EO	Entrepreneurial Orientation
EVA	Average Variance Extracted
FL	Factor Loading
FLC	Fornell-Lacker Criterion
FP	Firm Performance
FP	Financial Performance
G	Growth
GDP	Gross Domestic Product
Gener	Generation
GoIF	Goodness of Fit Index
GSGSG	Ghazali Shafie Graduate School of Government
Innov	Innovation
IO	Input-Output
ITA	IndonesianTextile Associaton
Kwh	Kilowatt hour
MC	Marginal Cost
MMBTU	Million Metric British Thermal Unit
MO	Market Orientation
MR	Marginal Revenue
MWT	Machine Weaving Tools

NMWT	Non-Machine Weaving Tools
OSC	Organizations of Similar Companies
Own	Ownership
PhD	Doctor of Philosophy
PLS-SEM	Structural Equation Modeling – Partial Least Square
Proac	Proactiveness
RBV	Resource-Based View
Respon	Responsiveness
SMEs	Small and Medium Enterprises
SPSS	Statistical Program for Social Science
Std	Standard
TASC	Textile Association of Similar Companies
THC	Terminal Handling Charge
Textile SMIs	Small and Medium – Sized Textile Industries
UUM	Universiti Utara Malaysia



CHAPTER ONE

INTRODUCTION

1.1. Research Background

Indonesia's textile sector is lack of competition in the international market, especially against China, Vietnam and Bangladesh, causing a decline in exports (CNBC Indonesia, 2019; Kompas, 31 March 2023). Declining exports has occurred since 2015. In 2019, Indonesia's textile exports decreased by 2.79% compared to the figure in 2018, and in 2020 they dropped by 16.6% compared to the figure in 2019 (Indonesian Ministry of Trade and Industry, 2021).). Based on this data, the decline in exports is expected to affect the performance of Indonesia's textile industry, including small and medium-sized textile industries (textile SMIs).

Overall, the value of Indonesia's textile exports in 2019 reached US\$ 13 billion. However, this export value was still lower than Vietnam's in the same year, which reached US\$ 35 billion (Tempo.Co, 2021), and China, which reached US\$ 151.37 billion (Apparel Resources, 24/02/2020). The contribution of Indonesia's textile products makes up 10.1% of the country's total manufacturing exports. This contribution is lower than the contribution made by Pakistan's textile, which reached 60% of its total exports (Hayat et al., 2020).

Indonesia's largest textile export destination countries in 2020 were the United States with a market share of 36.21 percent, Japan (10.34%), China (6.03 percent); South Korea (4.79 percent), and Germany (4.10 percent). Meanwhile, during the period of 2015-2020, Indonesia's textile exports to non-traditional markets such as India amounted to 16.81 percent, the Philippines (8.55 percent), Saudi Arabia (7.58 percent),

Bangladesh (5.82 percent), and the Netherlands (5.73 percent) (Indonesian Ministry of Trade and Industry, 2021).

The competitor countries for Indonesian's textile in the international market are Vietnam, China and Bangladesh. This is also true for India (Aziz, 2011). Vietnam has an advantage over Indonesia mainly because of its market access (Kompas, 15 February 2019). China excels as it has better global logistics lines and supply chains in the African region. China and Nigeria have even established cooperation since 1971 (Eneji et al, 2012). The study of Aydin, Eryuruk, & Kalaoglu (2014) supports the importance of a good supply chain in the textile market. The textile of Bangladesh is more profitable than Indonesia's textile because of the distance factor. Bangladesh is closer in location to Africa and the Middle East than Indonesia (Bisnis.com, 21 January 2019).

Prices also attribute to the competitiveness performance of textile (Aydin, Eryuruk, & Kalaoglu, 2014). In the European Union market, Indonesia is unable to compete with Vietnam and Bangladesh because of the tariff factor. Indonesia is subject to high import duty rates, so that its products are expensive and make it difficult to compete in the European Union market. The low contribution of Indonesian textile industry is not only due to competitive pressures in the international market, but also in the domestic market. Vietnamese textile is superior in the Indonesian textile market due to the factors of energy efficiency, innovation, labor productivity, and logistical capabilities (Asmara et al., 2013). The Vietnamese textile industry applies 48 hours of working hours in 1 week, while Indonesia applies 40 hours. The electricity tariff in Vietnam per kilowatt hour (kWh) is only 7 US cents, while Indonesia 10 US cents (Kompas, 15 February 2019). In Vietnam, the natural gas price is set at 7.5 US dollars

per million metric British thermal unit (MMBTU), while Indonesia sets 9.3 US dollars per MMBTU. For Terminal handling charge (THC), Vietnam charges 46 US dollars and 69 US dollars for THC containers of 20 feet and 40 feet sizes respectively, while Indonesia charges 95 US dollars and 145 US dollars respectively (Kompas, 15 February 2019).

Indonesia's domestic textile market is also filled with textile products from China, especially when it nears big holidays such as Eid (Bisnis.com., 4 June 2018). Tight competition in the domestic market, especially against competitors from Vietnam and China, has resulted in the condition where market domination by the Indonesian textile industry, including small and medium-sized industries (SMIs) of textile, is only 30% of the total domestic market value of nearly US\$10 billion.

Textile are also facing an increase in the price of imported textile raw materials such as yarn by 40%. Most of the supporting raw materials for the Indonesian textile industry are still imported. The strengthening of the dollar currency has resulted in an increase in the production costs of textile. As a result, a number of textile entrepreneurs in Majalaya, Bandung Regency, are threatened with bankruptcy. In these two years, the number of registered textile SMIs entrepreneurs in Majalaya is only 56 business units, while others have closed down their businesses (Eljabar.Com, 9 September 2018). Based on data from the Bandung Majalaya Textile Entrepreneurs Association (BMTEA), the number of textile was previously 400 business units (Validnews.co, 24 August 2017). In the past, Majalaya textile products dominated the national textile market (Kompas, 13 February 2019). Based on research by Visi Teliti Seksama (2017), closure of Textile SMIs businesses not only occurred in Majalaya but also in other

parts of West Java, Banten and Jakarta, Bogor, Depok, Tangerang and Bekasi (AntaraNews.Com, 15 February, 2019).

Decline in the export performance of Indonesian textile industry continued in 2020. Aside from the competition factor, the decline in the performance of this industry was also caused by the pandemic of Covid-19. In May 2020, Indonesia's textile industry exports dropped by 52 percent compared to the same period in 2019. This decline was a continuation of the decline in March and April 2020 which reached 14.6 percent and 38.9 percent, respectively (EastAsiaForum, 10 August 2020). The largest decline was for textile exports to the United States market, by 51 percent. As is known, 60 percent of Indonesia's textile export destinations are the United States.

One year into the Covid-19 pandemic, many textile SMIs were forced to make large-scale workforce reduction, some were forced to shut down operations, which resulted in an increasing number of unemployed workers. The textile SMIs sector is a labor-intensive industry that can offer significant employment opportunities (Detik Finance, 19 March 2021). The pandemic of Covid-19 has also had an implication on the supply side. Several textile SMIs have closed their businesses. Others have reduced their production capacity to half of normal capacity. This condition occurs because of the impact of government regulations to maintain social distance, maintain physical distance, reduce the number of workers in factories, to regional restrictions. (EastAsiaForum, 10 August 2020).

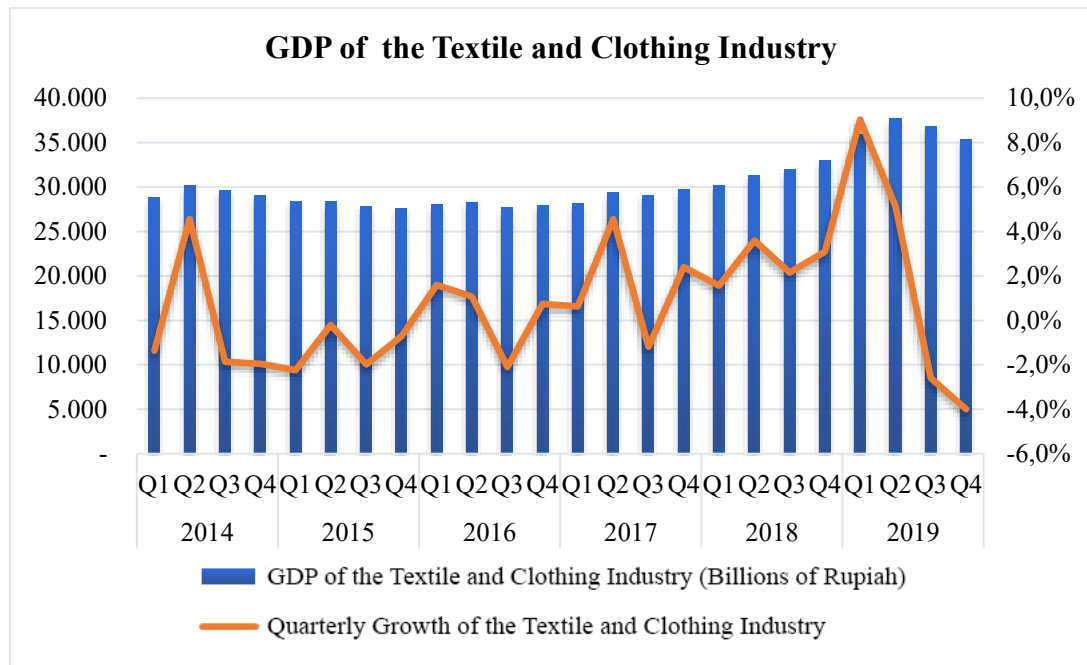


Figure 1. 1 GDP of the Textile and Clothing Industry

(Source: Industrial Data, 2020)

Closure of businesses by some textile has an impact on their national income. Based on data from the Industrial Data for 2020, the performance of the textile sector in Indonesia from 2014 to 2019 fluctuates. In Q2 2014, the GDP of the textile and clothing industry reached US\$25,000 billion. But in Q4 of the same year, the GDP figure decreased to below US\$10,000 billion. The same pattern occurred in 2015, 2016, 2017, 2018 and 2019. In Q1 2019, the GDP reached the highest figure, over US\$30,000 billion, but then decreased sharply in Q4 to US\$5,000 billion. The decline in the GDP of the textile industry in 2019 caused a growth rate of minus 4%.

Taking into account these data, the fluctuating GDP reflects high level of competition in the textile industry market. Especially in 2020, apart from competition, the decline in the performance of the Indonesian textile industry is also the impact of the Covid-19 pandemic. In such situation, Indonesian textile (textile SMIs), especially the surviving enterprises, must quickly adapt to market changes by providing more

competitive internal resources to influence the performance of small and medium-sized textile industries.

1.2. Research Problem

As presented in the background of the research, competition in foreign and domestic markets, as well as the Covid-19 pandemic has affected the performance of textile in Indonesia. This situation has two implications; some textile SMIs are still able to maintain their business, and some others are closing down their businesses. Some textile that are able to maintain their business operation may have competitive advantage that comes from the company's internal resources. This opinion refers to the resource-based view (RBV) theory introduced by Wernerfelt (1984), with a philosophical background that the company's competitive advantage comes from the company's internal, not from the company's external environment (Othman, 2015; Gupta et al., (2018); Nurhilalia, 2019; Wibowo, 2020). Hence Barney (1991); Kaufman (2016); Ruivo et al. (2015); Khan et al, (2020) suggest that creating a competitive advantage must be done by identifying the unique internal resources of the company, not by evaluating the opportunities and threats that come from the company's external environment.

According to Barney (1991); Amit and Shoemaker (1993); Gregory et al. (2017); Jensen et al. (2016); and Lorenzo et al. (2018), a company's internal resources consist of physical resources (physical, technology, plant and equipment), man resources (training, experience, insight), and institution resources. Regarding the firm's internal resources, the researcher wants to focus on human capital resources.

The function of human resources (HR) and human capital (HC) is to take care of people in business organizations. In HR department, all budget expenditures by a firm related

to employment are calculated as corporate costs, not as investment as in HC. Considering these costs, HR must implement strategies that allow employees to bring profits to the firm (Aji et. al, 2023; Wahyoedi et. al, 2023; Sirathanaku et. al, 2023; Shah et. al, 2023). In the current organizational context, human capital is defined as the department that manages people as valuable corporate assets whose value needs to be increased so they can bring profits to the firm. They are not a depleting resource, and firms see them as assets whose value can be developed (Borshch et. al, 2023; Zhang et. al, 2023; Marlina et. al, 2023; Setiawan et. al, 2023).

Some previous scientific works have also suggested that the aspects get a more in-depth study to determine its effect on the firm performance (Hanafi, 2012; Hansen and Wernerfelt, 1989; Rumelt, 1991; Adnan et al., 2018; Arsyad et al., 2019; and Ariana et al., 2020). This also strengthens other studies that maintain that human capital resources affect the firm performance (Cooper et al, 1992; Pinho, DeSa, 2014; Othman et al., 2015; and Ariana et al., 2020). Through his study, Ku (2020) argues that aside from entrepreneurial orientation and customer orientation, adversity quotient is also an internal competency that affects the performance of small firms.

However, studies of companies' internal resources related to human capital resources have not sufficiently discussed the capacity of entrepreneurs in overcoming their business difficulties so that they affect the firm performance. Stoltz (1997) in his study argues that the success of entrepreneurs in maintaining their business is influenced by the type of their individual characters in responding to adversity (adversity quotient). However, Stoltz's study does not fully support it. Riyanti's studies (2004) regarding adversity quotient on the business success of SMEs indicate that the personality type variable does not have an implication on the innovative behavior of entrepreneurial

success. Efnita et al. (2007) shows that the individual capacity of entrepreneurs in facing life difficulties (adversity quotient) is more on talent.

In contrast to previous findings, Zahreni & Malini's study (2014) supports Stoltz's findings that the capacity of entrepreneurs can turn difficulties into business opportunities. Another study complements it that the dimensions of adversity quotient such as control, ownership, reach, and endurance simultaneously have a positive and significant effect on firm performance, and only the dimensions of control and endurance have a partially significant effect (Hutagalung et al., 2018). The study of Agustina et al. (2020) and Tambunan (2020) also support Stoltz's research that adversity quotient affects firm performance. Riza et al. (2017) found that hardiness and resourcefulness are two factors that have a significant effect on firm performance. Pozzobon (2019) emphasizes that firm performance can be related to the personal resilience of entrepreneurs. According to her, this is logical because the company is managed by its owners and managers in facing difficulties so that the desired performance can be achieved. This has also been proven by Ku (2020).

Ku (2020) confirms that the dimensions of adversity quotient such as control and ownership have an implication on entrepreneurial orientation and only the dimension of ownership has an indirect effect on customer orientation through the mediating effect of entrepreneurial orientation. In another study, Changbong & Junghee (2019) and Wadayati (2017) found a direct effect adversity quotient on entrepreneurial orientation. Meanwhile, one of the dimensions of adversity quotient, i.e ownership can influence entrepreneurial orientation through innovation (Stoltz, 2000). From the results of these studies, further studies are needed to fill the research gap. The research

gap is to examine the relationship between other adversity quotient dimensions, namely reach and endurance and the other dimensions of entrepreneurial orientation.

Findings of Tzeng et al. (2007) and Hassim et al (2011) confirm that entrepreneurial orientation has an influence on firm performance. The results of studies show that entrepreneurial orientation and innovation have an influence on firm performance. In the context of small enterprises, entrepreneurial orientation has an influence on performance (Lechner et al., 2014). The study of Ramirez et al. (2014), in relation to SMEs, found an influence of market orientation on entrepreneurial orientation. With regard to innovation, both proactive market orientation and responsive market orientation have a positive total effect in improving product innovation performance (Zhang et al., 2010). Meanwhile, market orientation has a significant relationship with innovation characteristics such as the suitability of marketing innovation and product excellence (Atuahene-Gima, 1996; Beck et al., 2011). In contrast to previous opinions, many scholars now agree that market orientation is necessary, but not sufficient to facilitate the type of innovation that produces long-term competitive advantage (Baker & Sinkula; 1999; Dickson, 1996; Lin et al., 2008). Considering the abovementioned studies, there are still gaps in the literature, especially studies on the dimensions of market orientation and several dimensions that exist in entrepreneurial orientation such as pro-activeness and risk taking.

In addition, the study of Zhang et al. (2010) shows that one of the constructs of entrepreneurial orientation, i.e innovation, mediates the relationship between market orientation and product innovative performance. The findings of Kwak et al. (2013) emphasize that the role of entrepreneurial orientation mediation has a relationship with one of the market orientation constructs, namely responsiveness. The results of these

two studies still provide a room for exploration to study the relationship between several dimensions of market orientation and entrepreneurial orientation, especially the role of entrepreneurial orientation mediation in the relationship between market orientation and firm performance.

Another study shows that entrepreneurial orientation has a strong initial effect on firm performance, and this effect gradually decreases over time (Gupta, 2015). A study by Rubera, G. & Kirca (2012) found a positive relationship between innovation and corporate values (stock market performance, market capitalization), market position (sales growth, market share), and financial position (profitability, ROI). Wang et al. (2012) also found that the quality of innovation has an influence on firm performance, but not on operational performance. The findings of Rosli et al. (2013); Filser (2014) and Azar et al. (2014) confirm that innovation has a significant effect on firm performance. But Filser's study found only innovation and risk taking have an influence on FP, not proactiveness. According to him, this is because the dimension of entrepreneurial orientation is influenced by the aspect of a country's business environment. This result is also supported by previous studies that the dimension of entrepreneurial orientation on firm performance is influenced by environmental aspects (Lumpkin and Dess, 2001; Zahra and Bogner, 2000; Zahra and Garvis, 2000; Kreiser & Davis, 2010). In the context of developing countries, the study of Charles et al. (2012) also found the same result.

The research finding confirms that innovation activity is not always associated with higher profitability (Koellinger, 2008). Atalay's study (2013) also found that there is no significant and positive relationship between non-technology innovation (organizational innovation and marketing) and firm performance. Only in the study of

entrepreneurial orientation on firm performance, technology innovation (product and process innovation) has a positive effect on firm performance.

Long's study (2013) conducted in Vietnam found that entrepreneurial orientation has an effect on market orientation. Morgan et al. (2009) and Lings et al. (2009) found that market orientation contributes and has a positive impact on superior firm performance. From a dimensional perspective, the findings of Cillo et al. (2010) show that the market information approach and product innovation jointly affect firm performance. Due to the moderating factor of external environment, the findings of Hassim et al. (2011) show the opposite result, namely market orientation has a negative effect on firm performance.

The results of analysis show that entrepreneurial orientation mediates the relationship between strategic human resource management and firm performance (both financial performance and employee performance) (Zehir et al. 2016). Another finding was presented by Zainol et al. (2011) that in Malaysian firms, the relationship between personality traits and firm performance is not mediated by entrepreneurial orientation. This construct is, however, significant as a predictor of firm performance.

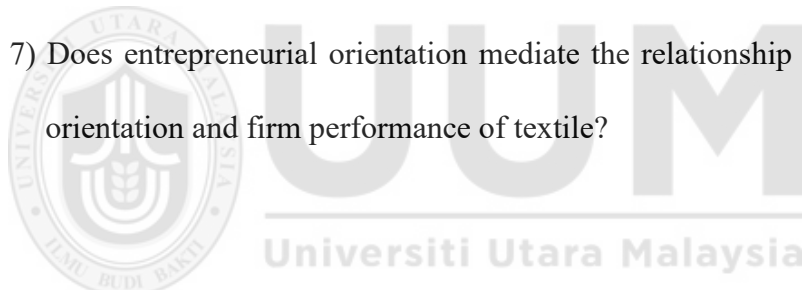
Referring to the background of study and the results of research of firm performance which is influenced by various factors, the researcher intends to conduct a study that can provide new findings through testing of several research questions as below.

1.3. Research Questions

The research questions from this study are developed as follows:

- 1) Does adversity quotient have a positive and significant effect on the performance of textile SMIs?

- 2) Does adversity quotient have a positive and significant effect on the entrepreneurial orientation of textile SMIs?
- 3) Does entrepreneurial orientation have a positive and significant effect on the performance of textile SMIs?
- 4) Does entrepreneurial orientation mediate the relationship between adversity quotient and firm performance of textile?
- 5) Does market orientation have a positive and significant effect on the firm performance of textile?
- 6) Does market orientation have a positive and significant effect on the entrepreneurial orientation of textile?
- 7) Does entrepreneurial orientation mediate the relationship between market orientation and firm performance of textile?



1.4. Research Objectives

The objectives of this research are as follows:

- 1) To determine the positive and significant influence of adversity quotient on the performance of textile SMIs.
- 2) To determine the positive and significant influence of adversity quotient on entrepreneurial orientation of textile SMIs.
- 3) To determine the positive and significant influence of entrepreneurial orientation on the performance of textile SMIs.

- 4) To determine whether entrepreneurial orientation mediates the influence of market orientation on the entrepreneurial performance of textile SMIs.
- 5) To determine the positive and significant influence of market orientation on the performance of textile SMIs.
- 6) To determine the positive and significant influence of market orientation on the entrepreneurial orientation of textile SMIs.
- 7) To determine whether entrepreneurial orientation mediates the influence of market orientation on the performance of textile SMIs.

1.5. Scope of Study

This study focuses on the performance of textile SMIs in Indonesia. As stated above, Indonesian textile SMIs are experiencing competitive pressures at both the national and international levels as well as the Covid-19 pandemic which have affected the firm performance during the last five years. This is indicated from the fact that some textile SMIs have closed their business operation. In practice, the classification of SME companies is relatively different depending on the point of view of each stakeholder. The Ministry of Trade of the Republic of Indonesia classifies SMEs based on the total amount of their turnover. The Central Bureau of Statistics (BPS) of the Republic of Indonesia classifies SMEs based on the number of workers employed in the company, while the Ministry of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia classifies them based on assets and sales. In this study, the researcher will use the definition of SME as used by BPS and the Ministry of Industry of the Republic of Indonesia, because this definition is widely used by researchers and is easy to classify.

The provinces of East Java, West Java, Central Java and Banten were determined as the population areas for this study because these four provinces are on the island of Java, and Java is the center of small and medium-sized textile industries in Indonesia. Data on the number of textile SMIs used in this research is based on data obtained from the Indonesian Textile Association (API) and the Ministry of Industry of the Republic of Indonesia.

1.6. Significance of the Study

This study is conducted for two purposes, namely theoretical and practical purposes, as presented below:

1.6.1. Theoretical Significance

The theoretical benefits of this study are as follows:

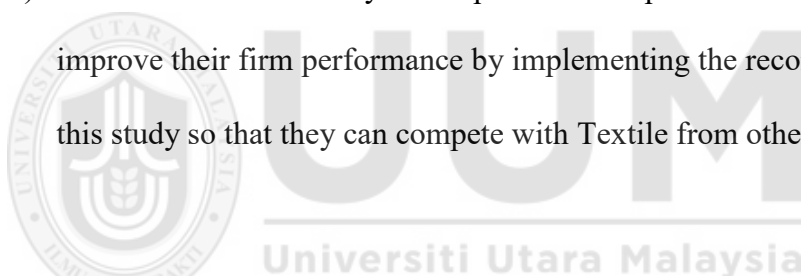
- 1) Provide new findings from previous studies on the dimensions of adversity quotient such as control, ownership, reach and endurance, to entrepreneurial orientation and firm performance.
- 2) Provide new findings from previous studies related to market orientation and entrepreneurial orientation which only positively affect the dimensions of innovation and risk-taking and not the dimension of proactiveness due to environmental factors.
- 3) Provide new findings from previous studies on the mediating role of entrepreneurial orientation towards market orientation which only affects the responsiveness dimension.
- 4) The findings of this study are expected to provide new knowledge related to studies on firm performance so that it can inspire further studies and

enrich scientific knowledge in the fields of adversity quotient, entrepreneurial orientation, market orientation and firm performance.

1.6.2. Practical Significance

The practical benefits of this study are as follows:

- 1) The results of this study are expected to serve as a reference for the Government of Indonesia in formulating policies related to improving the performance of textile SMIs in Indonesia by implementing the recommendations of this study so that it has an impact on improving the competitiveness of companies.
- 2) The results of this study are expected to help textile SMIs in Indonesia improve their firm performance by implementing the recommendations of this study so that they can compete with Textile from other countries.



1.7. Definition of Terms

In this definition, the terms of Textile SMIs, firm performance, adversity quotient, entrepreneurial orientation and market orientation are explained to ensure the same perception.

1.7.1. Small and Medium Industries of Textile (Textile SMIs)

By adapting the definition of small and medium industries (SMIs) from BPS (2012), and the Ministry of Industry of the Republic of Indonesia, and referring to the division of textile industry activities (Egismy.wordpress, 2008), the definition of Textile SMIs in this study is an economic activity of converting basic goods into finished / semi-finished goods and or goods with less value to become goods that have added value,

and employ 1 to 19 workers and more than 20 people with output in the form of finished fabrics and apparel.

1.7.2. Firm Performance

The definition of firm performance in this study adapts the definition by Wiklund (1999) which means growth and financial performance. Subjective and self-reported firm performance measures will be used in this study. The business performance scale (seven items) will be used to measure two areas: growth and financial performance.

1.7.3. Adversity Quotient

After discussing the concept of adversity quotient above, the researcher chose to adapt the definition of adversity quotient as formulated by Stoltz (1997), namely the capability of an individual entrepreneur/organization in responding to and overcoming difficulties, and turning them into an opportunity for improving firm performance. There are 4 dimensions of adversity quotient, namely control, ownership, reach and endurance (Stoltz, 2006).

1.7.4. Entrepreneurial Orientation

Entrepreneurial orientation is defined as the CEO's strategic orientation that reflects the company's willingness to engage in entrepreneurial behavior. Shepherd & Wiklund (2005) emphasize that entrepreneurial orientation is one of the organizational-level entrepreneurial elements. There are three dimensions of entrepreneurial orientation: innovativeness, proactiveness, and risk-taking (Covin & Slevin, 1991). The author adapts three dimensions and does not adapt the other two dimensions, namely autonomy and competitive aggressiveness considering the environmental situation during pandemic, as it is not appropriate to use the autonomy dimension which is

oriented to independence, and the dimension of competitive aggressiveness which is oriented to offensive attitudes and actions against competitors.

1.7.5. Market Orientation

The researcher adopts the concept of Kohli and Jaworski (1990) which relates market orientation as a process of gathering and sharing important knowledge related to buyers and competitors to improve firm performance. Market orientation is measured using 3 dimensions, namely intelligence generation, intelligence dissemination and responsiveness.

1.8. Organization of the Study

This study comprises several chapters. Chapter 1 covers the background of the study which describes the general problems being faced by textile in Indonesia, including a summary of the contents of the following chapters such as research problems, research questions, research objectives, scope of the study, significance of the study, definition of terms, and organization of the study.

Chapter 2 discusses literature review which includes explanations of concepts related to the variables of firm performance, adversity quotient, entrepreneurial orientation and market orientation. In addition, this chapter provides an explanation of the underlying theory, theoretical framework and development hypotheses.

Chapter 3 focuses on explaining the research methodology which includes an explanation of the research design, research approach, population and sampling, unit of analysis, questionnaire design and questionnaire structure. In addition, this chapter explains the validity of the instrument, the reliability of the instrument, the data collection procedures and the data analysis techniques used.

Chapter 4 focuses on analysis and research findings. Analysis consists of descriptive analysis which describes the profile of respondents who gave responses to the questionnaires distributed. The next analysis is descriptive analysis of the respondent variable to determine the tendency of responses to the questionnaire by the respondents. This chapter also presents an evaluation of the measurement model in which there are a validity test and a reliability test. In addition, this chapter presents an evaluation of the structural model which includes the determinant coefficient test, determination of the value of Goodness of Fit Index, hypothesis testing, effect size test, and analysis of the factor loadings carried out with two approaches, namely first order and second order.

In chapter 5, the researcher presents the discussion, recommendations, and conclusions of the research results. In more detail, this chapter presents an overview of findings, hypothesis test results, study limitations, theoretical and practical contributions of this study, suggestions for future research, and conclusions.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

In this literature review, the initial discussion focuses on small and medium industries (SMIs). The first discussion is on the definition of SMIs. A clear definition of SMIs can make it easier for readers to understand the SMIs discussed in this study. After presenting the definition of SMIs, the next discussion is to elaborate the criteria of SMIs according to the applicable regulations in Indonesia. In addition to providing the definition of SMIs, this description also presents the meaning of textiles and textile products.

An overview of the condition of small and medium textile and textile product (Textile SMIs) industries in Indonesia is also presented in this literature review. The discussion on Textile begins by showing the role of Textile in Indonesia, the problems currently being faced and the various efforts made by Textile to maintain their businesses.

In this chapter, the researcher also discusses the grand theory underlying this study. Additionally, the researcher also reviewed the middle theory and applied theory, allowing the researcher to develop a conceptual framework from the review process.

2.2. Small and Medium Industries (SMIs)

Based on the Press Release of the Ministry of Industry of the Republic of Indonesia (2018), the Ministry of Industry recorded that the number of SMIs business units in Indonesia continues to grow every year. In 2013, the number of SMIs reached 3.43million units, then in 2014 increased to 3.52 million business units. Further

developments, in 2015, SMIs reached a total of 3.68 million business units, increased to 4.41 million in 2016, and in the second quarter of 2017, SMIs were 4.59 million business units in number. Of the total number of business units in 2017, the workforce absorbed reached 10.1 million people. This is the largest number of the industrial workforce population in Indonesia. It is estimated that the number of national SMIs will increase along with the growth of the middle class which is estimated to reach 70 percent of the total population of Indonesia in 2025.

The government has prepared policies and strategies to boost national export performance. In addition to handicraft products, the SMIs that receive priority to improve their export performance include food and beverage SMIs, electronic SMIs, automotive component SMIs, and textile and textile product SMIs (Warta Ekonomi.co.id, 20 May 2019)

2.3. Small and Medium Industries of Textiles and Product Textiles (Textile) in Indonesia

The history of Indonesian textiles began with home industry in 1929, starting with the weaving and knitting sub-sectors using the tool of Textile Inrichting Bandung (TIB) Gethouw or known as Non-Machine Weaving Tools (NMWT) created by Daalennoord in 1926, with products in the form of traditional textiles such as sarongs, long cloths, lurik, belt, and scarves. The use of NMWT began to shift to Machine Weaving Tools (MWT) which were first used in 1939 in Majalaya – West Java, the area which had received electricity supply earlier in 1935. Since then, the Indonesian textile industry began to enter the technological era using MWT (Egismy.wordpress, 2008).

In its development in the 1960s, under the era of guided economic policy, the Indonesian government formed Organizations of Similar Companies (OSC) which

included, among others, Machine Weaving OSC; Hand Weaving OSC; Knitting OSC; Batik OSC; and others coordinated by the Textile Association of Similar Companies (TASC) which management was appointed by the Minister of People's Industry with the following developments (Egismy.wordpress, 2008):

- 1) In the mid-1965s, OSCs and TASC were merged into OSC Textile with several parts according to its type or sub-sector, namely spinning, weaving, knitting, and finishing.
- 2) By 1970, various organizations such as Perteksi were founded; Printer's Club (later became Textile Club); government-owned companies (Clothing Industry, Pinda Clothing West Java, Pinda Clothing Central Java, Pinda Clothing East Java), and Cooperatives (GKBI, Inkopteksi).
- 3) On 17 June 1974, these organizations held a Congress which agreed to form Indonesian Textile Association (ITA) and at the same time became members of ITA.
- 4) The textile industry in Indonesia commenced in the 1970s. The Indonesian textile industry began to develop with investment from Japan in the upstream industrial sub-sector (spinning and man-made fiber making). The development phases are as follows:
 - From 1970 to 1985, the Indonesian textile industry grew slowly and limited and was only able to meet the needs of domestic markets (import substitution) with the lower-middle market segment.
 - In 1986, the Indonesian textile industry began to grow rapidly due to the following main factors: (1) a conducive business climate, such as effective government regulations focusing on non-oil and gas exports, and (2) the

industry was able to meet high quality standards to enter export markets in the top-fashion market segment.

- During the 1986 – 1997 period, the export performance of Indonesian textile and textile products industry continued to increase and proved to be a strategic industry, and was the mainstay of foreign exchange earners for the non-oil and gas sector. In this period, clothing became a prima donna commodity.
- The 1998 – 2002 period was the most difficult time. The national textile export performance fluctuated. This period can be referred as a rescue and survival period.
- The 2003 – 2006 period was the outstanding period for rehabilitation, normalization and expansion. The revitalization effort was stagnant due to several obstacles, such as: (1) difficult sources of financing, and (2) an unfavorable business climate.
- The mid-2007 period – the beginning of restructuring of Indonesian textile industry machinery.

Technically, the textile industry in Indonesia is divided into 3; upstream industry, midstream industry and downstream industry. Upstream industry is an industry that produces fibers (natural fiber and man-made fiber or synthetic) and processes spinning into unblended and blended yarn products. Upstream industry is capital intensive, fully automatic, large-scale, relatively small in number of workers and large output per worker (API, 2008).

Midstream Industry includes the process of interlacing yarns into gray fabric through weaving and knitting processes which are then further processed through dyeing, finishing and printing to become finished fabrics. The nature of the industry is semi-

capital intensive, intermediate technology and modern – growing steadily, and the number of workers greater than that in the upstream industrial sector (Egismy.wordpress, 2008).

Meanwhile, downstream industry is the garment manufacturing industry, including the cutting, sewing, washing and finishing processes that produce ready-made garment. This downstream industry absorbs the most labor so that the nature of the industry is labor intensive (API, 2008).

2.4. Resource Based View (RBV)

The RBV sees a company as a pool of resources (Wernerfelt 1984). These resources must be managed appropriately and uniquely to make the company different from the others, so that the company has the opportunity to gain a competitive advantage (Prahalad & Hamel, 1990). The resource-based view argues that competitive advantage is produced by a unique set of resources in the company (Conner & Prahalad, 1996; Barney 1991). Grant (1991) and Wernerfelt (1989) maintains that RBV is a central concept and a source of sustainable competitive advantage.

The contribution of thoughts related to RBV has been conveyed by several scholars. Penrose (1959) in explaining RBV emphasizes more on the company's internal resources. She argues that company growth is based on the company resources and is limited by managerial resources. Andrews (1971) as Penrose emphasizes the management of the company's internal resources. Lippman and Rumelt (1982) argue that sustainable competitive advantage results from a rich relationship between uniqueness and causal ambiguity.

Wernerfelt (1984) argues that the term resource can be understood broadly as something that can be considered as the strength or weakness of the company. Barney (1991); Amit and Shoemaker (1993) assert that an organization can be considered as a collection of physical resources, human resources and organizational resources. Learn et al. (1969); Daft (1983); Barney (1991); and Mata et al. (1995) stated that resources can be broadly defined to include assets, organizational processes, company attributes, information, or knowledge controlled by the company that can be used to understand and implement its strategy. Examples of resources are brand names, technological capabilities, and efficient procedures (Wernerfelt, 1984; Olavarrieta & Ellinger, 1997; Spanos & Lioukas, 2001).

Other researchers classify various resources as tangible and intangible (Itami & Roehl, 1987; Hall, 1992; Hall, 1993). Brumagim (1994) divides four levels of resources; production / maintenance, administrative, organizational learning, and strategic vision. Meanwhile, Barney (1991) categorizes three types of resources such as physical capital (physical, technology, plant and equipment), human capital resources (training, experience, insight), and organizational capital resources (formal structure). They are all internal resources of a company or organization (Panrose, 1959; and Andrews, 1971).

As the case for Michael Porter who developed the traditional five-force strategy model, most of researchers in their study see less at the resources within the company. Conversely, the resource-based view emphasizes the need for a match between the external market context in which the company operates and the company's internal capabilities (Barney, 1991). This is different from the Input / Output Model (market model I / O), a resource-based model which sees that the company's internal

environment, in terms of its resources and capabilities, is more important in determining strategic action than the external environment (Hanafi, 2012). Hansen and Wernerfelt (1989) conducted an empirical study that supports Rumelt's hypothesis (1991) that firm-specific resources or organizational factors are more important than industry variables to explain a firm's superior performance.

Barney (1991) and Madhani (2010) believe that main strategic resources can be a source of strategic competitive advantage if they are scarce, difficult to imitate, cannot be replaced, and are valuable. RBV focuses on the concept of attributes that are difficult for competitors to imitate as a source of superior performance and competitive advantage (Barney, 1986; Hamel and Prahalad, 1996).

Chandler and Hanks (1994) argue that performance is a parameter by which an entrepreneur can measure the success of his business. One of the superior performances is firm performance, which is an indicator of success that includes financial and non-financial (Aldrich and Martinez, 2001). An important question in entrepreneurship studies that must be answered is why some companies are successful and some fail (Cooper and Gascon, 1992). A study should be conducted to find information about the motivation and ways entrepreneurs make different efforts from other companies to achieve success. But the more important thing to do is to find out how these entrepreneurs manage their business successfully, despite many obstacles (Aldrich and Martinez, 2001).

Experts emphasize that entrepreneurship studies should be carried out at various levels of analysis and complement each other (Aldrich and Martinez, 2001; Brown and Wilklund, 2001; Gartner, 2001; Low, 2001; Shane and Venkataraman, 2000). Several factors such as personal qualities, available resources, entrepreneurial strategies or the

environment may influence the success of a company (Gartner, 1985b; Miller 1987; Mugler, 2000; Snuif and Zwart 1994). Cooper and Gascon (1992), through their literature review, show that individual factors affect firm performance. Other experts conclude that individual characteristics such as motivation, ability to manage risk and planning are important determinants of firm performance (Stevenson and Jarillo, 1990; Vesper; 1990; Gartner, 1985; Cooper, 1981). Firm performance will show positive results depending on how the owner or manager of the company, as confirmed by Madhani (2010), is able to analyze and interpret the internal resources and capabilities of the organization to produce corporate strategies that support superior performance.

Based on brief description above, a resource-based view (RBV) provides a theoretical basis for exploring adversity quotient, entrepreneurial orientation, market orientation and their effects on firm performance. Given the company's resources and capabilities as factors that underlie performance, the researcher adopts RBV as a suitable theoretical basis for use in this study.

2.5. Firm Performance

In general, performance is related to human performance, process performance, or market conditions (Kellen, 2002). Performance can also be defined as a multi-dimensional construct (Dess et al. 1984; Glick et al., 2005; Venkatraman & Ramanujam, 1987)). Another opinion maintains that performance is a measure of differences in a company's financial position or financial results due to the effect of efficiency (Carton et al., 2006). Meanwhile, Kaplan and Norton (2001) argue that financial and non-financial indicators can be used as performance measures, which indicate an organization's ability to achieve its goals. This opinion is supported by Santo & Brito (2012); Keh et al. (2007); and Rauch et. Al. (2009). In a subsequent

study, Santos and Brito (2012) show a performance evaluation that only uses a single indicator as indicated by several other research results. Dess et al. (1984) and Richard et al. (2009) argue that firm performance is an important and phenomenal study in the field of strategic management is. For Kennerly et al. (2003) measuring firm performance is important to identify the success of the company's business, and according to George et al. (2002) aims to improve the firm value and shareholders' wealth through efficiency measures. This was also stated by Neely et al. (1995) and Shahzad et al. (2012) that performance measurement is the process of measuring the efficiency and effectiveness in achieving organizational goals through managed resources. Firm performance can be interpreted as effectiveness, efficiency and adaptability, and effectiveness refers to the success of business strategies against competitors in serving certain markets (Walker & Ruekert, 1987). According to Hambrick (1983), operational efficiency emphasizes more on controlling costs through standardizing operating procedures. Organizations must be able to respond to changes in external environment from time to time as a form of adaptability, so as to create opportunities.

Richard et al. (2009) explain more elaborately that organizational performance is related to three things; financial performance, market performance and economic value added. Keh et al. (2007); and Santo & Brito, (2012) show that performance includes objective and subjective measures, which are sourced from primary and secondary data. In the field of management, performance is the dependent variable that is usually placed in models (Richard et al., 2009). Carton (2004); and Murphy et al., (1996) stated that there are several dimensions to measure performances including efficiency, profitability, growth, leverage, size / liquidity, and market share. Drucker (1989) argues that financial output is an important approach to determine whether the

company is doing business effectively or not. An important management tool is a measure that can provide managers with up-to-date information about their firm's performance (Hammer, 2003). Drucker (1954) argues that business goals are realized when the firms identify the relationship between strategic methods and profitability. Yusuf (2002) adds that there is no consensus on an appropriate firm performance measure. Previous studies found a strong correlation between objective and subjective responses (Dawes, 1999; Dess et al., 1997; Dess & Robinson, 1984; Kohli & Jaworski, 1990). Pearce, Robbins, & Robinson (1987) suggest that subjective evaluation is a reliable way to measure performance. Firm performance can be measured in two concepts: (a) objective concept based on absolute performance, and (b) subjective concept involving self-reported actions (Sin et al., 2004).

After a review of the opinions of the above experts, the author adapts the definition of firm performance in this study as defined by Wiklund (1999) which is growth and financial performance. Subjective and self-reported firm performance measures will be employed in this study. The business performance scale (seven items) will be used to measure two areas: growth and financial performance.

2.6. Adversity Quotient

The idea of adversity quotient appears because of a question about why two individuals with the same intelligence quotient and emotional quotient handle life adversity differently. The importance of the role of adversity quotient in a person was expressed by Hari K. Laksono (in Sudaryono, 2014), that one's success in business and career does not rely solely on the intelligence quotient and emotional quotient but also adversity quotient. Stoltz (in Sudaryono, 2014) emphasized the role of adversity quotient, namely individuals with good intellectual quotient and emotional quotient

does not determine their success, even though both have important roles. In the context of firm performance, it is impossible for this performance to ignore the role of individual quality of entrepreneurs in responding to difficulties. Each entrepreneur especially within the Textile environment, is different in overcoming difficulties according to his endurance. According to Paul G. Stoltz (in Sudaryono, 2014), entrepreneurs are divided into three types in responding to difficulties; quitters, campers and climbers.

Entrepreneurs under the quitter type are individuals who give up easily. Individuals under this type ignore his/her potentials. They tend to dislike entrepreneurs under the climber or camper types (Stoltz, 2006). Campers are individuals who are satisfied because they have found a comfortable camping spot and have stopped climbing. Meanwhile, entrepreneurs under the climber type are individuals who climb for life, are always enthusiastic and are immune to difficulties. Individuals under this type continue to face challenges and refuse to become an insignificant part of their life (Stoltz, 2006).

The concept of adversity quotient is rooted in cognitive psychology, psychoneuroimmunology and neurophysiology (Phoolka & Kaur, 2012). Stoltz (1997) defines adversity quotient as an individual's capability to respond to and overcome difficulties, and turn them into opportunities for greater achievement. Other experts define it as resilience intelligence (Sudaryono, 2014) or overcoming difficulties (trans. Sindoro in Stoltz, 2006). Individual adversity quotient describes a person's pattern in responding to all forms and intensity of difficulties from large and small disturbances (Stoltz, 2006). According to Maltz (in Sudaryono; 2014), adversity quotient is a measure of how individuals perceive various challenges and how well they face them.

While Nelson (in Sudaryono; 2014) defines adversity quotient as a measure of a person's capability in solving problems. According to Tambunan (2020), adversity quotient is the ability of an entrepreneur to deal with various difficulties with their intelligence so that they can be resolved.

Several researchers define adversity quotient with various perspectives and interpretations. The definition of adversity quotient can be categorized into three, namely: (a) conceptual framework for enhancing all aspects of success; (b) measurement of how a person responds to adversity; and (c) a network of scientific tools based on knowledge to improve one's response to adversity (Stoltz, 1997). Regarding the relationship between adversity quotient and firm performance, Pozzobon's findings (2019) support the idea that firm performance may relate with the personal resilience of entrepreneurs. This is because the company is governed and run by its owners and managers. So, it is logical that the firm performance may relate to the capacity of individuals to deal with difficulties in the companies they lead.

An entrepreneur's adversity quotient can be measured using four indicators, namely control, ownership, reach, and endurance. The studies by Hutagalung et al. (2018); Agustina et al. (2020) and Tambunan (2020) show that an entrepreneur's adversity quotient has an influence on firm performance. Cahayani & Gunawan's (2020) study reveals that entrepreneurs who have a high adversity quotient have more ability to maintain firm performance. The important criteria for determining firm performance (Prihatin & Riyanti, 2003) are increases in capital accumulation, production volume, total number of customers, business expansion, marketing area expansion, physical facility improvements, and business income. Suryana (2011) maintains that firm performance indicators comprise: capital, income, sales volume, production output,

and labor. Meanwhile Lorenzo (2018) found that individual resilience has an effect on firm performance, although not strong.

In another study, Changbong & Junghee (2019) and Wadayati (2017) found a positive relationship between adversity quotient and entrepreneurial orientation. The results of the study by Cura & Gozum (2011) indicate that people with high adversity quotient can easily overcome the challenges they face; estimate their ability to withstand and overcome adversity, predict who will fail; who will exceed and fail to meet their expectations in performance and potential; and who will give up and win (Canivel, 2010); this is a reflection of someone in dealing with problems (Pangma, Tayraukham, & Nuangchalerm, 2009). Ku's findings (2020) reveal that one of the adversity quotient dimensions, I.e ownership, has a positive effect on customer orientation through the mediating effect of entrepreneurial orientation.

After discussing the concept of adversity quotient, the researcher chooses to adapt the definition of adversity quotient formulated by Stoltz (1997), namely as the capability of an individual entrepreneur in responding to and overcoming adversity, and turning it into an opportunity for improving firm performance. There are 4 adversity quotient dimensions, namely control, ownership, reach and endurance (Stoltz, 2006). This is in accordance with RBV as the underlying theory, which focuses on analyzing the resources and competencies of a company to achieve a sustainable competitive advantage.

A. Control

Control meant herein is a person's ability to positively influence the situation and the extent to which he is able to control his own response to the situation (Stoltz, 2003). Control is increasingly an important source of long-term

performance and success. Kobasa's research (1985) reveals that a person who has the ability to control has resistance to stress. This has been confirmed by other studies (see Miller, 1995; Edward McAuley, 1997; Nordstrom et al., 1997). Generally, there are two types of response control, namely delayed control and spontaneous response control (Stoltz, 2003). Improving the control of spontaneous responses reinforces innovation, optimism and hope, which can turn adversity to new opportunities. The study by Hutagalung et al. (2018) shows that partially the dimensions of control and resilience have a positive and significant effect on firm performance. The findings of Ku (2020) indicate that control has a positive effect on entrepreneurial orientation.

B. Ownership

Ownership meant herein is the attitude of self-reliance to improve the situation, regardless of the cause (Stoltz, 2003). Ownership means that if there is a problem someone will take the initiative to play a role for recovery, without having to blame others. Teams or organizations that point fingers blaming others will get into trouble. Blaming is irrelevant (Stoltz, 1997). Learning and climbing together are essential for success (Stoltz, 2003). Through ownership, people are involved in completion, improvement, innovation, and long-term success. The results of Ku's study (2020) confirm that ownership as a dimension of adversity quotient has a positive effect on entrepreneurial orientation.

C. Reach

Reach means a person's ability to limit a difficulty not to enter into other fields of business or life. The more problems appear, the greater the potential to

arouse fear, helplessness, apathy, and inaction (Stoltz, 20003). When a problem is constrained, the more manageable it is, the less it tends to disrupt. In addition, one will be stronger and able to settle it. Titus Ng's study (2013) on company resilience using the adversity quotient measurement reveals that a higher ability to limit the spread of impact of adversity has a positive impact on firm performance. Hutagalung et al. (2018) found that the adversity quotient dimensions such as control, ownership, reach and endurance simultaneously have a positive and significant effect on firm performance. But partially, only the dimensions of control and endurance have an effect on firm performance.

D. Endurance

Endurance herein means one's ability to withstand adversity. Someone with low level of adversity settlement thinks a problem will last long (Stoltz, 1997). On the other hand, if someone has high settlement rate, they have extraordinary ability to get through, even in a very harsh environment. Stoltz (2003) argues that remaining in the past or fearing the future causes no action to be taken. Regarding the dimension of resilience, the findings of Jaafar (2017) and Hutagalung (2018) show that this dimension has a significant effect on firm performance.

2.7. Entrepreneurial Orientation

Entrepreneurial orientation as a driving force for the achievement of result of entrepreneurial activities has been a major focus in the entrepreneurship literature and research for more than 30 years (Covin and Wales, 2011). In a proactive perspective, Mintzberg (1973) describes the concept of entrepreneurial orientation as strategy-making that emphasizes an active search for new opportunities as well as a dramatic

leap forward in facing uncertainty. Entrepreneurial orientation can also be understood individually as an entrepreneurial style characterized by bold, risky, and aggressive decision making (Khandwalla, 1976/1977). The findings of Chen (2007) confirm that in addition to social capital and organizational resources, entrepreneurial orientation has a positive effect on firm performance. Meanwhile, Miller and Friesen (1982) emphasize that the entrepreneurial model can only be applied to companies that innovate boldly and orderly and are ready to face risks for their products.

In a corporate perspective, Miller (1983) defines an entrepreneurial company as a corporation that innovates in the product market, runs risky ventures, innovates and outshines its competitors. Emphasizing the same substance, Morris & Paul (1987) formulate that entrepreneurial companies are companies that use decision-making norms which emphasize proactive, innovative strategies that contain an element of risk. Covin and Slevin (1998) also emphasize individual perspective which sees entrepreneurial companies as corporations in which top managers have an entrepreneurial management style, by which corporate strategic decisions and operations management philosophy can be proven. Russel and Sauber (1995) define entrepreneurial orientation as the level of proactive (aggressiveness) of the company in the selected product market unit and its willingness to innovate and make new offers.

Entrepreneurial orientation is generally understood as the tendency of organizational decision-making that supports entrepreneurial activities such as acting independently, innovating, taking risks, being aggressive towards competitors and proactive towards market opportunities (Lumpkin & Dess, 1996). In addition, entrepreneurial orientation is defined as radical corporate innovation, proactive action and taking risks on projects with uncertain results (Zahra and Neubaum, 1998). Voss, Voss, & Norman (2005) who

emphasize the internal and external aspects of a company, define entrepreneurial orientation as a company-level disposition that is reflected in risk-taking behavior, innovation, proactive, autonomy and competitive aggressiveness, with orientation to changes in the organization or market. Profit-oriented, Avlonitis & Salavou (2007) defines entrepreneurial orientation as an organizational phenomenon that can be seen from managerial competence where companies take proactive and aggressive initiatives to make competition turn to profit. Cools and Van den Broeck (2007), limiting it to three indicators, define entrepreneurial orientation as a top management strategy related to innovation, proactivity, and risk taking. Lumpkin & Dess (1996) and Voss, Voss, and Norman (2005); Pearce, Fritz, and Davis (2010) also define entrepreneurial orientation as a set of behaviors related to the quality of innovation, proactivity, aggressiveness. Competitiveness, risk-taking, and autonomy. Shepherd & Wiklund (2005) emphasize that entrepreneurial orientation is one of organizational level entrepreneurial elements. There are three dimensions of entrepreneurial orientation: innovation, proactivity, and risk taking (Covin & Slevin, 1991).

The study of Gupta et al. (2015) concludes that entrepreneurial orientation has a strong effect on firm performance, and due to competition and demand volatility, the effect decreases over time. The effect of entrepreneurial orientation on performance is also strong, as in the results of the study by Lechner et al. (2014) in small companies. Several studies have concluded that the effect of entrepreneurial orientation on positive firm performance occurs in dynamic and magnificent environments, but not in hostile environments (Zahra and Bogner, 2000; Zahra and Garvis, 2000; Kreiser and Davis, 2010). Other findings produced by Hassim (2011); Wales et al. (2013); Long (2013); and Jiang et al. (2018) emphasize that entrepreneurial orientation has positive relationship with firm performance.

The mediating role of entrepreneurial orientation occurs in the relationship between human resource management and firm performance (Zehir, 2016). In the case of Malay companies, entrepreneurial orientation does not mediate the relationship between personality traits and firm performance. However, this construct is significant as a predictor of firm performance (Zainol et al., 2011). Wales et al. (2013) found the effect of partial mediation of entrepreneurial orientation on the relationship between CEO narcissism and firm performance variants. The adversity quotient dimension, namely ownership has a positive influence on customer orientation through the mediating role of entrepreneurial orientation (Ku, 2020). One of the entrepreneurial orientation constructs is that innovation mediates the relationship between customer orientation and firm performance (Bamfo et al., 2019). Khedhaouria et al. (2015) found that the relationship between creativity and firm performance is mediated by entrepreneurial orientation.

The findings of Hussain et al. (2017); Alalawi et al. (2020); Albasri & Mohammed (2020) reveal that firm performance and entrepreneurial orientation are positively related to each other. The study of Perlina, Cisneros, Soriano, Guerrero (2020) shows that the three dimensions of innovation, proactiveness, and risk taking, especially innovation, have a positive effect on entrepreneurial orientation. Ribau et al. (2017) reveal that small companies that are proactive to external stimuli are not only more innovative but their entrepreneurial orientation capabilities also support the firm performance in international markets and internationalization (Karami & Tang, 2019). In another study, the entrepreneurial orientation variable is found to be a significant predictor of the performance of small and medium enterprises (Asad et al., 2020; Arsyad et al., 2020).

The findings of Henely & Wijaya (2020); and Shu et al, (2018) reveal that there is a considerable influence on the financial performance and non-financial performance of SMEs if OE and Strategic Entrepreneurship go well. The study of Ofem et al. (2020) also shows a positive relationship between entrepreneurial orientation and firm performance in economically depressed areas such as Kentucky. Previous research by Faiz & Faiz (2020) on SMEs in Libya reveals that entrepreneurial orientation positively predicts firm performance, and confirms the theory of positive and significant path of Hughes et al. (2017).

The Hoque's study (2018) conducted in Bangladesh shows that entrepreneurial orientation significantly relates to SME performance. The findings of Kruja (2020) in Albania, and Zhai et al. (2018) in China, Butkouskaya et al. (2020) and Kittikunchotiwut (2020) confirm the same results. The findings of Choi et al. (2020) reveal that entrepreneurial orientation is more positively related to firm performance, especially in case of high environmental dynamics. Related to the environment, a study by Onwe et al. (2020) reveals that a hostile environment actually encourages companies to adopt entrepreneurial orientation to improve the firm performance. In the case of other SMEs, Khan et al. (2020) shows that entrepreneurial orientation significantly improves financial and non-financial performances.

The study of Nuvriasri et al. (2020) on SMEs in Indonesia reconfirms that entrepreneurial orientation directly affects the performance of SMEs. The same finding was also shown by Rumman et al. (2021), Khan (2020) in Pakistan, and Maaodhah et al. (2021) in Malaysia. According to Khan & Bashir (2020), entrepreneurial orientation is a key strategic resource, but with a Learning Orientation, organizations can utilize this resource more effectively.

After discussing the concept of entrepreneurial orientation, the author chooses to adopt the definition of entrepreneurial orientation as developed by Shepherd & Wiklund (2005) which emphasizes that entrepreneurial orientation is one of the elements of organizational-level entrepreneurship. There are three dimensions of entrepreneurial orientation, namely innovation, proactivity, and risk taking (Covin & Slevin, 1991). The author adapts three dimensions and does not adapt the other two dimensions, namely autonomy and competitive aggressiveness considering the environmental situation during the pandemic, as it is not appropriate to use the autonomy dimension which is oriented towards independence and competitive aggressiveness which is oriented towards offensive attitudes and actions against competitors.

A. Innovation

Innovation can be defined as a behavior that supports creativity and experimentation with new products or services, and novelty, technology leadership and R&D in developing new processes (Lumpkin & Dess, 1996). Schumpeter (1934) argues that entrepreneurship is concerned with combining resources in new ways. He emphasized that innovation is the essence of entrepreneurship. The dimension of entrepreneurial orientation innovation focuses on involvement in generating new ideas, novelty, experiments, and creative processes. Lumpkin & Dess (1996) argue that innovation must positively relate to success, because through new ideas, a person can get an important market segment. Wiklund (1999) emphasized that innovation is considered related to performance because it provides opportunities for companies to take advantage of emerging market opportunities. In addition, Ozkaya et al. (2015) present other findings that market-based innovation plays

a role in mediating a positive relationship between customers and competitors' knowledge competencies and overall performance. Previous studies conducted by Zhang et al. (2010), show that one of the constructs of entrepreneurial orientation, namely innovation, mediates the relationship between market orientation and innovative product performance.

Rubera, G. & Kirca AH's study (2012) found a positive and strong relationship between innovation and firm performance such as firm value, market position and finance. Other findings also show that innovation has an effect on firm performance (Cillo et al., 2010; Azar et al., 2014; Filser et Al., 2014; and Wang et al., 2012; and Roxas et al., 2013). The findings of Racela (2014) reconfirm the relationship between innovation and better firm performance through customer-oriented contributions. But the findings of Koolliger (2008) explain that innovation activity is not always associated with higher profitability. The findings of Prifti (2017) show that innovation has an effect on firm performance, but innovation in service companies is higher than that of production companies. Concerning product innovation and process innovation, the findings of Rosli et al. (2013) and Atalay (2013) show that product innovation has a stronger influence on firm performance, but not for non-technological innovation, namely organizational and marketing innovation (Atalay, 2013). In terms of innovation, both proactive market orientation and responsive market orientation have a positive total effect in improving the performance of product innovation (Jing Zhang and Yanling Duan, 2010).

Another study shows that there is a significant relationship between adversity quotient and innovative work behavior (Fauziah, Budiani, 2021). Findings by

Fadda (2017); Haider et al. (2017); Nwachukwu, Chládková, ufan (2017); Diaz & Sensini (2020); Vaitoonkiat & Charoensukmongkol (2019); Naala et al. (2017) and Chenge (2019); (Hossain & Rahman, 2019); Khan et al. (2021); Klongthong et al. (2020) and Meekaewkunchorn (2021) confirm the direct and significant relationship between innovation and firm performance.

B. Pro-Activeness

According to Lumpkin & Dess (2001) pro-activeness is an effort to seek opportunities, be forward-looking to introduce new products or services before competition and act as an anticipation for future demands that can create environmental changes. Covin & Slevin (1989) interpret proactivity as a tendency to take initiatives to compete aggressively with other companies. Under low industrial pressure, the relationship between proactive orientation and entrepreneurial performance is positive and vice versa (Gao et al., 2018).

This environmental factor also drew the attention of Filser et al. in their study (2014), who found different influences of the dimension of entrepreneurial orientation on firm performance in various countries due to environmental factors. One of the findings is proactiveness has no effect on firm performance. Previous studies by Lumpkin et al. (2001) also show environmental factors and their influence on the relationship between entrepreneurial orientation and firm performance, namely the proactive dimension has a strong influence on firm performance in the industrial environment at an early stage of development, and the dimension of aggressive in more mature industries. Meanwhile Laforet (2008) maintains that to succeed in an intense competition environment, non-technology manufacturing SMEs must be proactive in market opportunities.

Based on the findings of Fadda (2017), not only innovation and risk taking, proactiveness also affects firm performance. This finding is also reinforced by Ibrahim and Abu (2020); Haider et al. (2017); and Hossain & Rahman (2019); even Khan et al. (2021) reveal a significant relationship between proactiveness and firm performance either directly or through a mediator. A previous study by Lomberg et al. (2016) even show that proactiveness and firm performance had a stronger relationship than innovation and firm performance. In fact, the findings of Garcia & Calvo (2020) show only the proactive dimension that positively relates to company growth. Meekaewkunchorn Study (2021); and Diaz & Sensini (2020) also reveal that being proactive has a positive effect on firm performance.

C. Risk-Taking

Miller & Friesen (1982) define risk taking as the willingness to act to allocate resources to projects whose success cannot be ascertained. This is reaffirmed by Covin & Slevin (1989) who define risk taking as a company's tendency to take business opportunities through strategic actions in the face of uncertainty. Kuratko & Hodgetts (2004) complement that risk taking is part of entrepreneurial attribute. For Stearns and Hills (1996), successful entrepreneurs are good risk managers, or those who are able to calculate the risks and rewards. Taking risk and success are related, because taking risk requires the owner to make profitable transactions (Lumpkin and Dess, 1996). The study by Filser (2014) shows that risk taking has an effect on firm performance. Subsequent studies by Ibrahim and Abu (2020); Haider et al. (2017); Hossain & Rahman (2019); Khan et al. (2021); and Diaz & Sensini

(2020) show that risk taking has a positive and significant effect on firm performance. But a previous study by Putni & Sauka (2007) reveal that the relationship between risk taking and firm performance depends on innovation.

2.8. Market Orientation

Market-oriented organizations are organizations whose actions are consistent with the concept of marketing (Kohli & Jaworski, 1990). Academics and practitioners' interest in the concept of marketing and its implementation has developed for a long time (Deshpande & Webster, 2010; Houston, 1986; Slater et al., 2011, 1987; and Webster, 1988). The concept of marketing is basically a business philosophy, ideal statements or policies (Barksdale and Darden, 1971; McNamara 1972).

The definition of marketing concept has been conveyed by many experts. Felton (1959) defines it as the state of mind of a company that integrates and coordinates all marketing functions for the purpose of generating long-term corporate profits. McNamara (1972) emphasizes the philosophy of business management, which is customer-oriented, profit-oriented, and recognizes the importance of marketing in conveying market needs to all elements in the company. These various concepts were also conveyed by other experts (see Lavidge, 1970; Levitt, 1969; Konopa & Calabro, 1971; Bell & Emory, 1971; and Stampfl, 1978).

Kohli and Jaworski (1990) argue that the philosophy underlying marketing management turning into a practice that gives birth to market orientation is not specifically known. Shapiro (1988) clarifies why the term market orientation is preferred over marketing orientation, namely because: (i) the factors of market

intelligence, deployment and actions are not only the responsibility of marketing and misleading marketing orientation label; (ii) the market orientation label has less political implications; (iii) labels focus on the market, namely the customers and the influencing forces. This is consistent with the broader market management orientation proposed by Park and Zaltman (1987).

Conceptually, Kohli (1990) formulated a market orientation construct comprising three behavioral constructs; intelligence generation, intelligence dissemination and responsiveness. Intelligence generation focuses on factors that influence customers' needs and preferences as well as the actions of competitors. Often too focused on customers overrides competitors (Day & Wensley 1983). Market intelligence is not only to respond to current needs, but also to future needs (Houston, 1986).

Meanwhile, intelligence dissemination emphasizes that effective response to the market requires the participation of all departments. Levitt (1969) argues that organizational direction is the result of marketing managers' works in educating and communicating with managers in other functional areas, and that the marketers' most important role is selling within the firm (Anderson 1982). Intelligence dissemination should be carried out informally (Aquilar, 1967) to build horizontal communication (Zeithaml, Berry, and Parasuraman 1988), and carried out within and between departments (Daft and Steers, 1986). Meanwhile, responsiveness is an action taken on the results of intelligence (Kohli, 1990).

Apart from Kohli and Jaworski (1990), the definition of market orientation is also presented by Narver and Slater (1990) in a slightly different perspective. Both formulate the concept of market orientation by focusing directly on customers, competitors and coordination between functions (Grinstein, 2008b; Jimenez-Jimenez

et al., 2008). Both approaches have been thoroughly tested for reliability in large companies through studies, but did not establish a dominant consensus method (Jones and Rowley, 2011).

Many researchers have conducted market orientation studies. Long's study (2013) shows that there is a positive influence between market orientation and firm performance. However, this is not the case with the results of study by Hassim et al. (2011) stating that market orientation has a negative effect on firm performance. This is due to external environmental factors which have a moderating effect on the relationship between the two. Previous studies by Lingsa et al. (2009); Morgan et al. (2009); and Charles (2012) conclude that market orientation has a positive impact on firm performance. Market orientation also has a significant relationship with innovation characteristics such as suitability of marketing innovation and product excellence (Atuahene-Gima, 1996; Beck et al., 2011). In contrast to previous opinions, many scholars now agree that market orientation is necessary, but not sufficient to facilitate the type of innovation that produces long-term competitive advantage (Baker & Sinkula; 2007; Dickson, 1996; Lin et al., 2008).

Other studies show that entrepreneurial interactions and market orientation have a significant impact on customer value and innovation (Nasution et al., 2011; Boso & Cadogan, 2012; Lukas & Ferrell, 2000; Sandvik, 2003; Kwak et al, 2013; and Suliyanto & Rahab, 2012). By involving environmental aspects, Grinstein's study (2006) confirms that the relationship between market orientation and the consequences of innovation is stronger in a highly competitive environment but weaker in turbulent technology environments. Other findings also show that market orientation is related

to innovation. Still in the context of SMEs, the study of Ramirez et al. (2014) shows the positive effect of market orientation on entrepreneurial orientation.

The findings of Asad et al. (2020); Octavia et al. (2020); and Khamaludin et al. (2022) show that market orientation is a significant predictor of SME performance. According to Khan and Bashir (2020), market orientation is a key strategic resource, and with a Learning Orientation, an organization can employ resources more effectively. Market-oriented companies need to improve their innovation processes to improve business performance (Shamsudin, Hassim, 2020). Findings of Maaodhah et al. (2021); and Suryanto & Mukhsin (2020) verify the hypothesis that market orientation has a positive impact on firm performance.

After discussing the concept of market orientation above, the author adapts the concept of Kohli and Jaworski to define market orientation as a process of gathering and sharing important knowledge related to buyers and competitors to improve firm performance.

A. Intelligence generation

Intelligence generation is the process of gathering necessary information related to customers' desires (Boso et al., 2012a; Gonzales et al, 2009). Chao & Spillan (2010) and Chung (2012) argue that intelligence generation is an act of analyzing how customers can be influenced by government regulations, technology, competitors and other environmental factors, which according to Zahra (2008) in order to obtain potential market opportunities. An understanding of customer needs and continuous monitoring of corporate strategy or decisions are important for SMEs to perform corporate innovative activities (Wei et al., 2011; Wei and Wang, 2011; and Aziz & Omar, 2015).

B. Intelligence Dissemination

As asserted by Beck et al. (2011), Chung (2012), and Zhang & Duan (2010) intelligence dissemination is an act of sharing knowledge between parts and members of company, exchange of ideas resulting from intelligence between departments and individuals in the organization through formal and informal methods (Chao & Spillan, 2010), which is carried out horizontally and vertically (Chung, 2012). A study by Cillo (2010) shows that market information has an effect on firm performance.

C. Responsiveness

Chang et al. (2013); and Welsch (2003) argue that responsiveness is related to performance and represents the speed and coordination of implementation and review of relevant actions, and complemented by Lumpkin & Dess (1996), which allows companies to be adaptive to challenges. This also means an action referring to the development and use of all necessary actions resulting from information gathering and information sharing to meet customer needs (Beck et al., 2011; Chao & Spillan, 2010; Chung, 2012, Grinstein, 2008b; and Todorovic & Ma, 2008).

Meanwhile, Jaworski, Kohli, and Sahay (2000) distinguish the two complementary concepts from the concept of market orientation, namely market-driven and market-driving concepts, which take into account the conditions of consumers, competitors and the market. Being market driven means learning, understanding and responding to customer perceptions and behavior within a particular market structure; while market driving is a change

in the structure or rules of market players (Blesa & Ripolles, 2003; Zhang & Duan, 2010).

The findings of Kwak et al. (2014) emphasize that the role of entrepreneurial orientation mediation has a positive relationship with one of the market orientation constructs, namely responsiveness. Responsiveness is proven to be a reflection of good firm performance (Prifti, 2017).

2.9. Theoretical Framework

In RBV's view, the company is a collection of resources (Wernerfelt, 1984), internal resources (Penrose, 1959) that must be managed appropriately and uniquely so that the company gains a competitive advantage (Prahalad & Hamel, 1990). These internal resources can be in the form of physical capital (physical, technology, plant, and equipment), human capital resources (training, experience, and insight), and organizational resources or formal structures (Barney, 1991), which are difficult to imitate, irreplaceable, and valuable (Madhani, 2010). According to Hanafi (2012); Hansen and Wernerfelt (1989); Rumelt (1991); Othman (2015); Gupta et al. (2018); Nurhilalia (2019); and Wibowo (2020), the company's internal environment, i.e. its resources and capabilities, is more important in determining strategic actions than the external environment (industry variables) to explain the firm's performance. According to Madhani (2010) that the firm's performance shows positive results depends on the owner or manager of the company in analyzing and interpreting the organization's internal resources and capabilities to prepare the company's strategy that supports superior performance. This is in line with Pozzobon (2019) who emphasizes that firm performance may relate to the personal resilience of the entrepreneurs. According to her, this is logical because the firm is ruled by the owner

and manager in facing difficulties so that the desired firm performance can be achieved.

According to Barney, RBV theory comes from the philosophy that competitive advantage lies in the firm's internal resources, and not from the firm's external environment. Therefore, efforts to create a competitive advantage must be carried out by identifying the firm's unique capabilities and resources, and not evaluating opportunities and threats from the external environment (Wibowo, 2020).

The firm's resources include all assets such as capabilities, organizational processes, firm attributes, information, knowledge controlled by the firm which are used to formulate and implement strategies that can improve efficiency and effectiveness. The diversity of resources owned by each firm is long term. Therefore, to create a firm's competitive advantage, strategic resources owned by a firm must fulfill the following characteristics: (i) valuable, in the sense of being able to exploit opportunities and neutralize threats; (ii) rare; (iii) cannot be replicated; and (iv) cannot be replaced by other resources (Barney, 1991). A conceptual chart of the RBV theory can be seen in the image below.

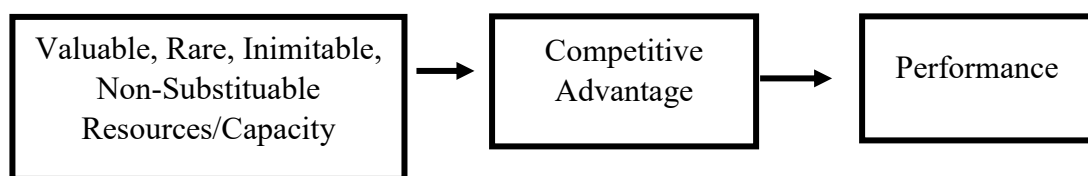


Figure 2.1. RBV Conceptual Model
Source: Wibowo (2020)

Firm performance is not only influenced by the firm's internal competencies such as entrepreneurial orientation (Tzeng, Ou & Chang, 2007; Hassim et al., 2011) and

market orientation (Morgan et al., 2009; Lingsa et al., 2009) but also influenced by the adversity quotient which is the firm's internal competence (Ku, 2020).

Previous studies have suggested that the aspect of firm's internal resources can be studied more indepth to determine its effect on firm performance (Hanafi, 2012; Hansen and Wernerfelt, 1989; Rumelt, 1991, Adnan et al., 2018; Arsyad et al., 2019; and Ariana et al., 2020), especially in the aspect of human resources (Cooper et al., 1992; Pinho, DeSa, 2014, Othman et al., 2015; Ariana et al., 2020). Richard et al. (2009) argues that firm performance is related to 3 things; financial performance, market performance, and economic value added.

Hutagalung et al. (2018) argue that all dimensions of adversity quotient simultaneously have a positive and significant effect on business success, while partially only the dimensions of control and resilience have an effect (Jaafar, 2017). Meanwhile, the findings of Ku (2020) show that control and ownership have a positive effect on entrepreneurial orientation. In another study, Changbong & Junghee (2019) and Wadayati (2017) found a positive relationship between adversity quotient and entrepreneurial orientation.

The theory used to explain the role of entrepreneurial orientation is Cohen and Levinthal's absorptive capacity theory. By definition, absorptive capacity is a firm's ability to identify, assimilate, and exploit knowledge from the environment (Cohen and Levinthal, 1989). This knowledge comes from consumers and competitors' behaviors which can be used in product innovation to expand the market and improve the firm's performance. The studies of Gupta et al. (2015); Hassim (2011); Wales et al. (2013); Long (2013); Jiang et al. (2018) conclude that entrepreneurial orientation has a strong effect on firm performance, especially in dynamic environments (Zahra

and Bogner, 2000; Zahra and Garvis, 2000; Patrick M. Kreiser, Justin Davis, 2010). The mediating role of entrepreneurial orientation occurs in the relationship between firm performance and human resource management (Zehir, 2016), and CEO narcissism (Wales et al., 2013). Entrepreneurial orientation also mediates relationships at the construct level such as ownership to customer orientation (Ku, 2020), customers to performance through innovation (Ozkaya et al., 2015), market orientation to firm performance through innovation (Zhang et al., 2010; Rubera, G. & Kirca AH., 2012; Cillo et al., 2010; Azar et al., 2014; Filser et al., 2014; Wang et al., 2012; Roxas et al., 2013; and Prifti, 2017). The findings of Rosli et al. (2013) and Atalay (2013) show that product innovation has a strong influence on firm performance. Meanwhile, the entrepreneurial orientation construct, such as being proactive, has an effect on firm performance (Lumpkin et al., 2001); and risk-taking affects the firm's performance (Lumpkin and Dess, 1996; Filser Study, 2014).

The findings of market orientation have a positive effect on firm performance as shown by Long (2013); Lingsa et al. (2009); Morgan et al. (2009); and Charles (2012). Another study shows that market orientation also has an impact on innovation as suggested in the study conducted by Nasution et al. (2011); Boso & Cadogan (2012); Luke & Ferrell (2000); Sandvik (2003); Kwak et al. (2014); Suliyanto & Rahab (2012); and Grinstein (2006). In addition, the study by Ramirez et al. (2014) confirms the positive influence of market orientation on entrepreneurial orientation. One of the constructs of market orientation, i.e responsiveness, has a positive effect on entrepreneurial orientation (Kwak et al., 2014), and firm performance (Prifti, 2017).

As a justification for this research, there is still a void or gap from previously published studies related to the dimensions of adversity quotient such as control, ownership, reach and endurance to entrepreneurial orientation and firm performance. This

provides new findings from previous studies related to market orientation that entrepreneurial orientation only positively affects the dimensions of innovation and risk taking not the proactive dimension due to environmental factors, providing new findings from previous studies related to the mediating role of entrepreneurial orientation in market orientation which only affects the responsiveness dimension. This also shows new findings in the mediating role of entrepreneurial orientation in the relationship between adversity quotient and firm performance (Ku, 2020). Therefore, this research is expected to contribute both academically and practically. Presenting a framework for firm performance as an antecedent will deepen understanding of this research academically in the future. In addition, it can encourage a firm to adopt adversity quotient, entrepreneurial orientation, and market orientation by highlighting the factors that can affect the firm's performance.

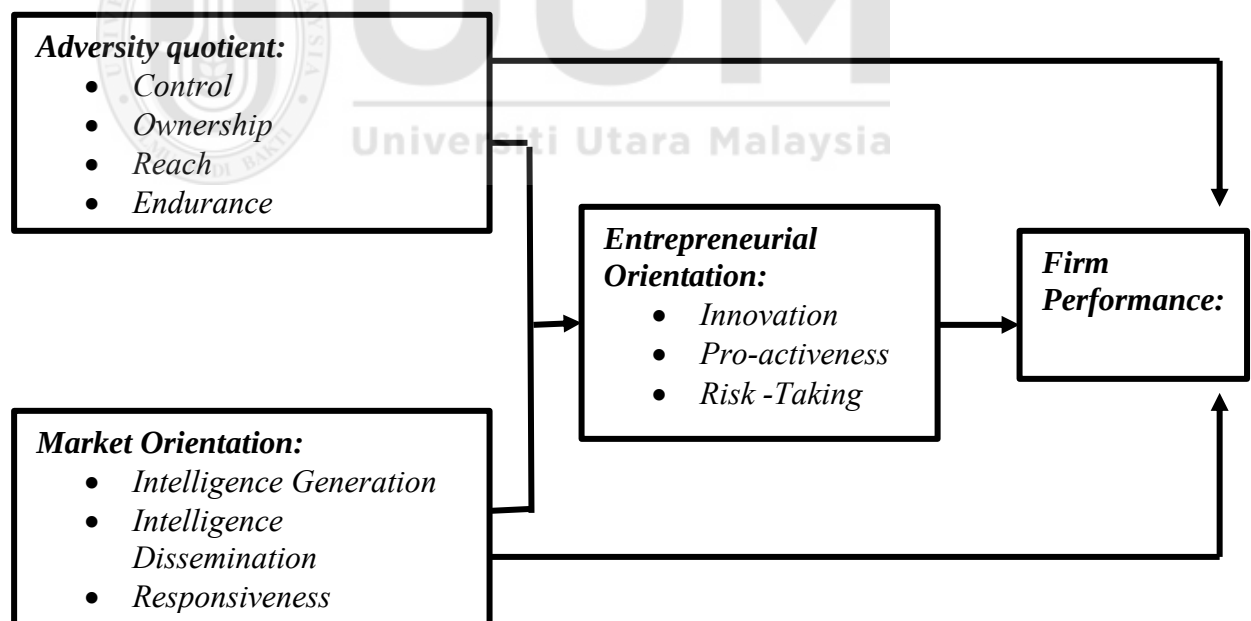


Figure 2. 2 Conceptual Framework

2.10. Hypotheses Development

2.10.1. Relationship between Adversity Quotient and Firm Performance

Studies on adversity quotient and firm performance have been carried out by several researchers. Studies by Agustina et al. (2022); Agustina & Gerhana (2020); and Nurhayati et al. (2021) on SME owners show a positive relationship between adversity quotient and firm performance. Studies by Agustina et al. (2020) and Tambunan (2020) show that a person's adversity quotient has an influence on firm performance. Meanwhile, Lorenzo (2018) found that the endurance of individual entrepreneurs affects firm performance. Hutagalung et al. (2018) found that adversity quality dimensions such as control, ownership, reach and endurance simultaneously have a positive and significant effect on firm performance. However, partially only the dimensions of control and endurance have an effect on firm performance. In terms of the dimension of endurance, the findings of Jaafar (2017) and Hutagalung (2018) show that this dimension has a significant effect on firm performance. Titus Ng's study (2013) on company resilience using the adversity quotient measurement shows that better ability to limit the spread of impact of adversity has a positive impact on firm performance.

Cahayani & Gunawan (2020) argue that entrepreneurs who have a high adversity quotient have more ability to maintain the firm performance. The important criteria for determining firm performance (Prihatin & Riyanti, 2003) are increases in capital accumulation, production volume, total number of customers, business expansion, marketing area expansion, physical facility improvements, and business income. Suryana (2011) stated that the indicators of firm performance are capital, income, sales volume, production output, and labor.

Research by Agustina et al (2022) and Nurhayati et al (2021) revealed that Adveristy Qoutient has a positive and significant effect on Firm Performance. Other research

shows that adversity quotient is a predictor and has a statistically significant relationship with firm performance (Delgado, 2023; Nurhayati et al., 2021). The literature review supports that adversity quotient plays an important role in SME business continuity, especially in unforeseen situations. Adversity Quotient as a characteristic can be a strength for SME owners to maintain their performance through innovation. This article postulates that adversity quotient can influence SME performance and strengthen the relationship between innovation and SME performance (Achmadi, 2022).

H1: There is a significant relationship between adversity quotient and firm performance

2.10.2. Relationship between Adversity Quotient and Entrepreneurial Orientation

Studies of Changbong & Junghee (2019) and Wadayati (2017) found a positive relationship between adversity quotient and entrepreneurial orientation. Another finding by Ku (2020) shows that control and ownership have a positive effect on entrepreneurial orientation. Another study shows that there is a significant relationship between adversity quotient and innovative work behavior (Fauziah, Budiani, 2021). Tambunan (2020) shows the result that adversity quotient has an effect on entrepreneurial orientation. Adversity quotient is the capability of the company owner in overcoming various difficulties and turning these difficulties with his intelligence into opportunities. Adversity quotient company owners can strengthen their ability and perseverance in dealing with various difficulties when running their business, and based on this it can be concluded that adversity quotient has an effect on entrepreneurial orientation (Tambunan, 2020).

H2: There is a significant relationship between adversity quotient and entrepreneurial orientation

2.10.3. Relationship between Entrepreneurial Orientation and Firm Performance

The study of Gupta et al. (2015) and Lechner et al. (2014) concludes that entrepreneurial orientation has a strong effect on firm performance. Several other studies have concluded that the influence of entrepreneurial orientation on positive firm performance occurs in dynamic and grandiose environments, but not in hostile environments (Zahra and Bogner, 2000; Zahra and Garvis, 2000; Patrick M. Kreiser, Justin Davis, 2010). Other findings produced by Hassim (2011); Wales et al. (2013); Long (2013); Jiang et al. (2018) confirm that entrepreneurial orientation is positively related to firm performance. Rubera, G. & Kirca AH. (2012) found a positive and strong relationship between innovation and firm performance such as firm value, market position and finance. Other findings also show that innovation has an effect on firm performance (Cillo et al., 2010; Azar et al., 2014; Filser et al., 2014; Wang et al., 2012; and Roxas et al., 2013). Prifti's findings (2017) show that innovation affects the firm's performance, but the innovation of service companies is higher than that of production companies. On product innovation and process innovation, the findings of Rosli et al. (2013) and Atalay (2013) show that product innovation has a stronger effect on firm performance. The relationship between proactive orientation and entrepreneurial performance is positive and vice versa (Gao et al., 2017). Filser's study (2014) shows that risk taking has an effect on firm performance.

The findings of Hussain et al. (2017); Alalawi et al. (2020); Albasri & Mohammed (2020) reveal that organizational performance and EO are positively related to each other. The study of Perlins, Cisneros, Soriano, Guerrero (2020) shows that the three

dimensions of innovation, proactiveness, and risk taking, particularly innovation, have a positive effect on entrepreneurial orientation. Ribau et al. (2017) reveal that small companies that are proactive to external stimuli are not only more innovative but their EO capabilities also support the companies' performance in international markets and internationalization (Karami & Tang, 2019). In another study, the entrepreneurial orientation variable is found to be a significant predictor of the performance of small and medium enterprises (Asad et al., 2020; Arsyad et al., 2020).

The findings of Henely & Wijaya (2020) and Shu et al. (2018) reveal that there is a considerable influence on the financial performance and non-financial performance of SMEs if entrepreneurial orientation and Strategic Entrepreneurship go well. The study of Ofem et al. (2020) also shows a positive relationship between entrepreneurial orientation and firm performance in economically depressed areas such as Kentucky. Previous research by Faiz & Faiz (2020) on SMEs in Libya reveals that entrepreneurial orientation positively predicts firm performance, and confirms the theory of positive and significant path of Hughes et al., (2017).

The Hoque's study (2018) conducted in Bangladesh shows that entrepreneurial orientation is significantly relates to SME performance. The findings of Kruja (2020) in Albania, and Zhai et al. (2018) in China, Butkouskaya et al. (2020) and Kittikunchotiwut (2020) confirm the same results. The findings of Choi et al. (2020) reveal that entrepreneurial orientation is more positively related to firm performance, especially in cases of high environmental dynamics. Related to the environment, a study by Onwe et al. (2020) reveals that a hostile environment actually encourages companies to adopt entrepreneurial orientation to improve the firm performance. In

the case of other SMEs, Khan et al. (2020) shows that entrepreneurial orientation significantly improves financial and non-financial performances.

The study of Nuvriasri et al. (2020) on SMEs in Indonesia reconfirms that entrepreneurial orientation directly affects the performance of SMEs. The same finding was also shown by (Rumman et al. 2021), Khan (2020) in Pakistan, and Maaodhah et al. (2021) in Malaysia. According to Khan & Bashir (2020), entrepreneurial orientation is a key strategic resource, but with a Learning Orientation, organizations can utilize this resource more effectively.

Findings of Fadda (2017); Haider et al. (2017); Nwachukwu, Chládková, ufan (2017); Diaz & Sensini (2020); Vaitoonkiat & Charoensukmongkol (2019); Naala et al. (2017) and Chenge (2019); (Hossain & Rahman, 2019); Khan et al. (2021); Klongthong et al. (2020) and Meekaewkunchorn (2021) confirm the direct and significant relationship of innovation to firm performance.

Based on the findings of Fadda (2017), not only innovation and risk taking, proactiveness also affects firm performance. This finding is also reinforced by Ibrahim and Abu (2020); Haider et al. (2017); and Hossain & Rahman (2019). Even Khan et al. (2021) reveal a significant relationship between proactiveness and firm performance either directly or through a mediator. A previous study by Lomberg et al. (2016) even shows that proactiveness and company performance have a stronger relationship than innovation and firm performance. In fact, the findings of Garcia & Calvo (2020) reveal that only the proactive dimension is positively related to company growth. Studies by Meekaewkunchorn (2021) and Diaz & Sensini (2020) also reveal that proactiveness has a positive effect on firm performance.

Subsequent studies by Ibrahim and Abu (2020); Haider et al. (2017); Hossain & Rahman (2019); Khan et al. (2021); and Diaz & Sensini (2020) show that risk taking has a positive and significant effect on firm performance. But a previous study by Putni & Sauka (2007) reveals that the relationship between risk taking and firm performance depends on innovation. The literature review supports that entrepreneurial orientation plays an important role in SME's performance, especially in unexpected situations (Achmadi, 2022).

H3: There is a significant relationship between entrepreneurial orientation and firm performance

2.10.4 Entrepreneurial Orientation Mediates the Relationship between Adversity Quotient and Firm Performance

The findings of Kwak et al. (2014) confirms that the mediating role of entrepreneurial orientation has a positive relationship with one of the constructs of market orientation, namely responsiveness. The mediating role of entrepreneurial orientation occurs in the relationship between human resource management and firm performance (Zehir, 2016). In addition, Ozkaya et al. (2015) has presented another finding that market-based innovation plays a role in mediating a positive relationship between customers and competitors' knowledge competencies and overall performance. Previous studies by Zhang et al. (2010), showed that one of the constructs of entrepreneurial orientation, i.e innovation, mediates the relationship between market orientation and product innovative performance. Entrepreneurial orientation also mediates relationships at the construct level such as ownership of customer orientation (Ku, 2020).

H4: EO mediates the relationship between adversity quotient and firm performance

2.10.5. Relationship between Market Orientation and Firm Performance

Many researchers have conducted studies on market orientation and firm performance. Bamfo et al. (2019); Lekmat et al. (2018); Hermawan et al. (2018); and Haryanto et al. (2017) studied the relationship between market orientation and firm performance in SMEs with the results being market orientation is a positive and significant predictor for firm performance. Long's study (2013) shows that there is a positive influence between market orientation and firm performance. The previous study by Lingsa et al. (2009); Morgan et al. (2009); Charles (2012); and Prifti et al. (2017) concludes that market orientation has a positive impact on firm performance. Cillo's study (2010) shows that market information affects firm performance. However, this is not the case with the results of the study by Hassim et al. (2011) and Octavia et al. (2017) that market orientation has a negative effect on firm performance. This is because of the external environmental factors that have a moderating influence on the relationship between the two.

Findings of Asad et al. (2020); Octavia et al. (2020); and Khamaludin et al. (2022) show that market orientation is a significant predictor of SME performance. According to Khan and Bashir (2020), market orientation is a key strategic resource, and with Learning Orientation, organizations can utilize resources more effectively. Market-oriented companies need to improve their innovation processes to improve their business performance (Shamsudin, Hassim, 2020). Findings of Maaodhah et al. (2021); and Suryanto & Mukhsin (2020) verify the hypothesis that market orientation has a positive impact on firm performance.

The findings show that market orientation has a positive and significant effect on firm performance (Amin, 2016). Other studies show that market orientation is an important variable for firm performance (Abdullahi et al, 2015). According to Rahaman et al (2021) MO is a strong predictor of SME performance, and there is no gender difference in MO. Research by Rashid et al (2020) the market orientation dimension at a high level has an impact on firms.

H5: There is a significant relationship between market orientation and firm performance

2.10.6. Relationship between Market Orientation and Entrepreneurial Orientation

The study of Ramirez et al. (2014) shows a positive influence of market orientation on entrepreneurial orientation. With regard to innovation, both proactive market orientation and responsive market orientation have a positive total effect in improving product innovation performance (Jing Zhang and Yanling Duan, 2010). Market orientation also has a significant relationship with innovation characteristics such as suitability in marketing innovation and product excellence (Kwaku Atuahene-Gima, 1996; Beck et al., 2011). A study by Hoang (2013) in Vietnam found that entrepreneurial orientation has an effect on market orientation.

H6: There is a significant relationship between market orientation and entrepreneurial orientation

2.10.7 Entrepreneurial Orientation Mediates the Relationship between Market Orientation and Firm Performance

One of the entrepreneurial orientation constructs, i.e innovation, mediates the relationship between customer orientation and firm performance (Bamfo et al, 2019). Khedhaouria et al. (2015) found that the relationship between creativity and firm performance is mediated by entrepreneurial orientation. The findings of Kwak et al. (2014) confirm that the mediating role of entrepreneurial orientation has a positive relationship with one of the constructs of market orientation, i.e responsiveness. The mediating role of entrepreneurial orientation occurs in the relationship between human resource management and firm performance (Zehir, 2016). In addition, Ozkaya et al. (2015) has presented another finding that market-based innovation plays a role in mediating a positive relationship between customers and competitors' knowledge competencies and overall performance. Previous studies conducted by Zhang et al. (2010), show that one of the constructs of entrepreneurial orientation, i.e innovation, mediates the relationship between market orientation and product innovative performance.

H7: Entrepreneurial orientation mediates the relationship between market orientation and firm performance

2.11. Chapter Summary

Previous research has suggested that the aspect of internal resource of the company or organization get a more in-depth study to determine their impact on firm performance. Entrepreneurship studies must be able to answer why a company succeeds, fails or survives. Hence, it is necessary to conduct a review of the firm's performance with financial and non-financial indicators that can be carried out at various levels of

analysis, including the effect of company owner/manager's resilience on firm performance in small and medium textile and textile product industries.

As a basis for justifying this research, there are still conflicts caused by scarce previous empirical efforts, and scattered related studies. Therefore, this research is expected to contribute both academically and practically. Presenting a framework for firm performance as a dependent variable will deepen understanding of this research academically in the future. In addition, it can encourage companies to adopt entrepreneurial activities by highlighting factors that can affect firm performance. This study aims to examine the adversity quotient, entrepreneurial orientation and market orientation as independent variables that affect firm performance at the level of Textile in Indonesia. RBV was chosen as the theory underlying this study, because researchers used this theoretical basis in previous studies related to resources, capabilities and firm performance. Based on a review of the relevant literature, a theoretical framework has been developed through the determinants that affect firm performance. As an implication, there are seven research hypotheses that have been formulated and justified to validate and support the proposed model.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

Based on the research questions, objectives and theoretical frameworks above, this study is designed to examine the relationship between adversity quotient, entrepreneurial orientation, market orientation and firm performance within Textile in Indonesia. To fulfill this purpose, this chapter will provide some information including the research design, research approach, sampling and questionnaire design, variables and measurements, in addition to the data collection methods and analysis methods employed in this study.

3.2. Research Design

Research design is the initial activity carried out by the researcher before conducting the actual research activities. Sekaran & Bougie (2009) emphasize that the main purpose of the research design is to ensure that the data and facts collected can help identify and solve the research problems, so that they can provide solutions to the research questions posed. Singh (2006) and Babbie (2011) argue that in principle, research design preparation must refer to a set of decisions about what topics to study, how to determine the population, what research methods to use and the purpose of the research.

The researcher classifies the research design based on the level of explanation. Saunders, Lewis, and Thornhill (2009) classify research designs into exploratory, descriptive and explanatory research designs. Meanwhile, Zikmund et al. (2010) divide research designs into three types, namely: exploratory, descriptive, and casual research designs. Sekaran & Bougie (2009) classify research designs into exploratory, descriptive and hypothesis testing. In general, exploratory research is carried out to further explore the previous research topics that are considered not providing good explanations. Meanwhile, descriptive research is conducted to verify and describe the specific characteristics of the variables studied (Sekaran & Bougie, 2009). The purpose of descriptive research is to describe an exact profile of an individual, incident, phenomenon or situation (Zukmund et al., 2010). In other words, the main purpose of descriptive research is to provide an accurate picture of data, and describe a process or mechanism and the relationship between events.

Hypothesis testing research is intended to test the hypothesis of the relationship between two or more variables, so that the test can identify and explain the level of the relationship. Sekaran & Bougie (2009) argue that researchers who use hypothesis testing usually intend to explain the dynamics of the dependent variable due to the influence of other variables. It is intended to enhance or support the original theory (Cohen et al., 2007; Kothari, 2004). Nauman (2007) asserts, in testing an interesting hypothesis, researchers consider evidences that support a different hypothesis from previous evidence. The hypothesis testing design is based on inferential analysis to determine the validity of data about the relationship between the variables studied (Kothari, 2004). Therefore, in this study, the researcher used a hypothesis testing design as a reference.

3.3. Research Approach

In research practice, generally social researchers choose one of the two commonly used research approaches, namely qualitative or quantitative research. Qualitative research is aimed at forming a substantive theory based on concepts arising from empirical data. In qualitative research, a researcher departs from a position of not knowing in depth the object of research to be studied, so that the research design developed is always an open possibility for various changes that are needed and flexible to the conditions in the field of observation (Suryani & Hendryadi, 2015). Meanwhile, Khotari (2004); Marczyk, Dematio & Festinger (2005); and Singh (2006) asserts that qualitative research deals with symptoms that are qualitative, either in form or type, and are generally used by academics for historical or philosophical research.

Creswell (2003) argues that quantitative methods are best used to test or verify theories, identify variables, and link between variables proposed as a hypothesis, and use standards of validity and reliability through standard statistical procedures. In practice, quantitative research uses numerical data, adopts a predetermined approach, and usually uses closed questions. In quantitative research, data is collected through a questionnaire which is used to collect respondents' opinions. The data is then processed and analyzed, the results of which can explain the relationship between variables as generalizable findings, as are the variables in this study, namely adversity quotient, entrepreneurial orientation, market orientation and firm performance.

Meanwhile, Babbie (2011) and Cohen et al. (2007) argue that the requirements of research and the nature of the data processed by researchers can influence the choice of logical approach to use, either inductively or deductively, to provide answers to the research problems. Researchers generally use the inductive logic approach because of

concerns over the qualitative phenomena that occur. With the inductive logic approach, they can develop new theories from the results of data analysis. Meanwhile, the deductive logic approach is an approach employed by researchers intended to prove the validity of a theory with empirical evidence through quantitative data analysis (Saunders et al. 2009). Horna (1994) emphasizes that quantitative research designs are best used to describe and make inferences related to natural and social phenomena through deductive logic.

Scholars, such as Babbie (2011), Neuman (2007); and Sekaran and Bougie (2009) mention that researchers who use a deductive logic approach, have an understanding of the mechanism and they want to test it empirically. Researchers generally start with absorbed ideas, and formulate logical relationships between concepts to obtain empirical evidence. Researchers who follow an inductive approach usually start research from broad observations of the phenomena to reach more abstract ideas and build a theory from down up.

In line with the research questions proposed, researchers generally think that quantitative research is the most adequate approach for this research, because of its ability to measure facts in the form of numbers. Hair et al. (2010) suggest that a quantitative approach allows researchers to generalize the findings obtained by examining a specific sample of the population as a whole. Referring to the explanation of the research approach and logic above, the researcher finally chose to use a quantitative research approach in this study.

3.4. Population and Sampling

To get a good sample, researchers must be able to define the population precisely and accurately, thus helping to make it easier to determine the sample frame to be selected

(Babbie, 2011). In conducting research, researchers are faced with various aggregate elements such as the elements of people, groups, organizations, events and possible social action. As noted by Marczyk (2005); Neuman (2007); and Sekaran & Bougie (2009), every element that attracts researchers can represent the research population.

3.4.1. Population

Based on data from the Ministry of Industry of the Republic of Indonesia, the total number of textile SMIs players is 1,613 business units, located spreading across several regions of Indonesia, especially in the Provinces of Banten, Central Java, West Java and East Java. These are legal textile SMIs registered with the Ministry of Industry of the Republic of Indonesia. The profile of these textile SMIs is shown in table 3.1 below.

Table 3. 1.
Small and Medium-sized Textile Industries

Industry group	Industrial activity	Number of industries	Total
SMIs	Weaving	22	1,311
	Knitting	138	
	Dyeing	48	
	Finishing	6	
	Printing	102	
	Textile/fabric	995	302
	Washing	7	
	Garment	295	
Total			1,613

Source: The Indonesian Ministry of Industry (2021)

3.4.2. Sampling

Cochran (1977); Marczyk et al. (2005); and Zikmund et al. (2010) emphasize that before determining a research sample, a researcher must first determine the target population accurately. This study determines that the target population is the textile

industry players that are under the textile SMIs category. Based on data from the Ministry of Industry of the Republic of Indonesia, the textile SMIs population spread across several regions in Indonesia, the majority of which operate in the provinces of Central Java, West Java, East Java and Banten.

The sampling technique in this study is probability sampling; a sampling technique that provides equal opportunities for each element of the population to be selected as sample members (Creswell, 2003). As the textile SMIs operating area covers several regions in Indonesia, the sampling technique uses a cluster sampling technique approach, which is to determine the regional population in advance. After the regional sample is determined, the next step is to determine the industrial categorization and afterward assign individual industry samples.

In this study, the regions from which samples were collected were Central Java, West Java, East Java and Banten. The consideration for choosing these regions to collect samples from is because textile in these four regions are largest in number. The category of industries chosen was the textile industries which have been in operation for more than 5 years. This industrial category is taken because it match the scope of the object of study.

Based on data from the Indonesian Ministry of Industry, there are 1,311 business units in the medium-sized textile industry and 302 business units in the small-scale textile industry, making a total of 1,613 business units in this industry. If there is a 5% error in the number of samples collected, the multiplier industry sample would be 275 business units (Sugiono, 2016). Based on the number of samples, the industries from the textile industry categorization assigned through random sampling techniques are as follows:

- Medium-sized Textile Industry = $(1,311 / 1,613) \times 275 = 224$ business units
- Small-scale Textile Industry = $(302 / 1,613) \times 275 = 52$ business units
- From the above calculation results, the number of samples to be collected is 276 industrial units. This sample size is the minimum sample size that must be met.

In this study, the respondents from the two industry categories were company owners or company managers. The consideration for determining both as respondents because this study focuses on firm performance.

3.6. Unit of Analysis

In particular, unit of analysis is related to the main entity that can be represented in the research activities being carried out (Babbie, 2011). Sekaran & Bougie (2009) emphasize that in conducting research, a researcher is required to determine the level of unit of analysis to be measured, whether at the level of events, organizations, strategic business units, or groups of individuals. Zikmund et al. (2010) share this opinion adding that studying or analyzing a problem can be carried out in more than one level of analysis. More specifically, usually in a survey and experimental research, individuals are determined as the unit of analysis (Neuman, 2007).

Referring to some of the opinions above, in this study, the researcher determined that organization is the unit of analysis. Determination of analysis unit at the organizational level is based on the following considerations: first, this study is related to entrepreneurial orientation, market orientation and firm performance, and focuses on organizational resources and competencies. Second, the analysis unit justification for adversity quotient can be equalized at the organizational level. This refers to the opinion of Pozzobon (2019) that firm performance can be related to the personal resilience of entrepreneurs. This is logical because the company is regulated by its

owners and managers in facing difficulties so that the company's desired performance can be achieved.

3.7. Questionnaire Design

This section describes the items used to measure the researched variables. The questionnaire is divided into five sections: first, cover letter demonstrating the title and the aim of the study in addition to general information about the organization. Then a separate section has been assigned to each investigated variable; the endogenous (dependent) variable is firm performance. The exogenous (independent) variables are adversity quotient, entrepreneurial orientation, and market orientation. The mediator variable is entrepreneurial orientation. A more detailed explanation is presented in Table 3.2 below.

Table 3. 2
List of research variables

No.	Variable	Dimension	Number of Questions
1.	Independent Variables		
a.	Adversity Quotient	Control	3
		Ownership	3
		Reach	3
		Endurance	3
b.	Market Orientation	Intelligence Generation	5
		Intelligence Dissemination	5
		Responsiveness	5
c.	Entrepreneurial Orientation	Proactiveness	6
		Risk-taking	4
		Innovativeness	10
2.	Dependent Variable		
d.	Firm Performance	Growth	4
		Financial Performance	3

3.8. Structure of Questionnaire

Section 1: General Information

This section aims to comprehend the general profile of the company, which includes the age of the owner, gender, education, type of industry, total number of employees, year of company establishment, company location, and ownership.

Section 2. Independent Variable – Adversity Quotient

In this section, there are 12 question items that the respondents have to answer regarding the four main dimensions of adversity quotient (Stoltz, 2003) which comprises; (i) Control which refers to the control of spontaneous responses which is the highest form of control. Controlling spontaneous responses can prove useful in the most unpredictable environments. The real test of spontaneous response control is difficulty; (ii) ownership which refers to the ability of a person/company to control themselves to improve the situation at hand, regardless of the cause; (iii) reach which refers to how a person/company would not allow difficulties to enter other areas of work and life; (iv) endurance which refers to how long a person/company think the adversity will last.

In this study, the measurement of adversity quotient employs the Likert scale with a measurement range in which the score of 7 is for the option of strongly agree and the score of 1 for the option of strongly disagree. The statement items proposed in this questionnaire are adapted from Titus Ng (2013), with details as in Table 3.3 below. adversity quotient Measures.

Table 3. 3
Adversity quotient measures

Dimension & Source	Code	Item Description
Control (Ng, T., 2013)	Con1	Our company focuses on the difficulties faced
	Con2	Our company keeps its commitment despite extraordinary challenges
	Con3	Our company control challenges through cooperation with other parties
Ownership (Ng, T., 2013)	Own1	Our company is responsible for mistakes and errors caused by other parties in the company
	Own2	Our company takes the initiative to take ownership of problems caused by other parties in the company
	Own3	Our company is objective in evaluating the problems that exist within the company
Reach (Ng, T., 2013)	Reach1	Our company observes other areas in the company that are affected by adversity.
	Reach2	Our company will limit the company's problems so as not to have an impact on other environments within the company
	Reach3	Our company observes other important corporate responsibilities within the company during difficult times
Endurance (Ng, T., 2013)	Endu1	The company continues to motivate other parties within the company not give up in dealing with the company's difficulties
	Endu2	The company has always shown tenacity and persistence in difficult situations that the company faces
	Endu3	The company remains optimistic that the difficulties faced by the company can be resolved

Section 3: Independent Variable – Market Orientation

The measure of market orientation is adopted from Kohli and Jaworski (1993). The scale has three dimensions: (i) intelligence generation which is the process of gathering the required information related to customers' wishes; (ii) intelligence dissemination, which pertains to knowledge sharing in different sections and members of the firm: and (iii) responsiveness which refers to formulation and implementation of all the

required actions toward generating and disseminating intelligence to meet customers' needs.

This variable is measured using a total of 15 items: the subscales comprise five items for all disseminations. Questions are accompanied by a seven-point response scale ranging from 7 for Strongly agree to 1 for Strongly disagree. Boso et al. (2012a) showed a high reliability exceeding 0.81; while Jimmese-Jimenez et al. (2008) found that composite reliability ranged from 0.84 to 0.79. Table 3.4 shows the items to measure market orientation.

The reason for selecting the 7-point Likert scale is to avoid response-set or response-style problems, which happen when some people try to respond to a large number of items in the same way and they agree in usual mode because of laziness or psychological predisposition (Neuman, 2007). In addition, Scholars (Ishak, 2012; Perdomo-Ortiz et al., 2009) have adopted this approach to avoid variance in general methods before data analysis as suggested by Podsakoff et al. (2003).

Table 3. 4
Market orientation measures

Dimension Source	& Code	Item Description
Intelligence generation (Boso et al., 2012a); (Jimenez-Jimenez et al., 2008); (Kohli & Jaworski, 1993)	Gener1	We generate a lot of information concerning trends (e.g., regulations, technological development, politics, economy) in our market.
	Gener2	We constantly monitor our level of commitment in serving customer needs
	Gener3	The likely effects of changes in the business environment on the enterprise are frequently reviewed.
	Gener4	We periodically analyze the effect of shifts in the business environment on the enterprise.
	Gener5	Our enterprise adapts quickly to shifts in the business environment
Intelligence dissemination:	Dissem1	When something important happens to a major customer, the whole enterprise is informed about it within a short period of time.

Dimension & Source	Code	Item Description
(Boso et al., 2012a); (Jimenez-Jimenez et al., 2008); (Kohli & Jaworski, 1993)	Dissem2	Data on customer satisfaction are disseminated at all levels in our enterprise on a regular basis.
	Dissem3	We always consider the information that can influence the way we serve our customers
	Dissem4	We always hold meetings at least once in every quarter to discuss market trends and developments.
	Dissem5	If we find out something about a competitor, we quickly inform other employees
Responsiveness: (Boso et al., 2012a); (Jimenez-Jimenez et al., 2008); (Kohli & Jaworski, 1993)	Respon1	Our enterprise responds quickly to its competitors' price changes.
	Respon2	Our enterprise reacts quickly to changes in its customers' product needs.
	Respon3	If a major competitor was to launch an incentive campaign targeted at our customers, we would respond immediately
	Respon4	Our enterprise constantly reviews its product development efforts to ensure that they are in line with what customers want
	Respon5	Our enterprise is fast in adapting to the changes in the business context.

Section 4: Independent Variable – Entrepreneurial Orientation

This section includes 20 items that probe the three main dimensions of entrepreneurial orientation: (i) proactiveness which refers to the level of firm's anticipation and response to the future needs of the market and customers; (ii) risk-taking which refers to the extent to which firm owners / managers are interested in employing a big proportion of the firm's resources and to afford huge debt in their seeking for the opportunity; (iii) innovativeness which refers to the firm's capability and tendency to participate in and encourage new ideas which may lead to producing new products or applying new processes. The objective of this section is to determine the level to which the surveyed firms have entrepreneurial orientation.

Drawing on Miller and Friesen (1982), the entrepreneurial orientation instrument was built. The measuring process relies on the five-point Likert scale ranging from 7 for

“strongly agree” to 1 for Strongly disagree. For better clarity and to avoid respondents' confusion, the questions are deliberately categorized into boxes. Boso at al. (2013) found that composite reliability ranged from 0.92 to 0.71: Avlonitis & Salavou (2007) found that the Cronbach's Alpha was 0.78 which indicates that the measure is reliable. Table 3.5 presents the items to measure entrepreneurial orientation.

The questions in this section consist of 20 items that will be answered by respondents which reveal three main dimensions of entrepreneurial orientation: (i) proactiveness which refers to the level of anticipation and response of the company to market and customer needs in the future; (ii) risk taking which refers to the extent the company owners / managers are interested in using a large portion of the company's resources and pay large debts in their search for opportunities; (iii) innovation which refers to the ability and tendency of firms to participate in and encourage new ideas which can lead to the production of new products or implement new processes. The purpose of this section is to determine the level of entrepreneurial orientation of the companies being surveyed.

The measurement process relies on the seven-point Likert scale ranging from 7 for "strongly agree" to 1 for Strongly disagree. In order to avoid confusion among respondents, the questions are deliberately categorized into boxes. Table 3.5 below presents items for measuring entrepreneurial orientation.

Table 3. 5
Entrepreneurial orientation measures

Dimension & source	Code	Item Description
Proactiveness: (Avlonitis & Salavou, 2007); (Boso et al., 2012a); Miller & Friesen, 1982)	Proac1	Our enterprise produces more new products in comparison to our main competitors
	Proac2	We usually make changes to develop our products as compared to our main competitors
	Proac3	Our enterprise emphasizes strongly on the development of new products
	Proac4	We initiate actions to which competitors will respond
	Proac5	Our enterprise is always the first business to introduce new products
	Proac6	Our enterprise adopts a very competitive posture
Risk-taking: (Avlonitis & Salavou, 2007); (Boso et al., 2013); Miller & Friesen, 1982)	Risk1	Our enterprise has a strong inclination for high risky venture with the chances of very high return
	Risk2	Owing to the nature of the environment, risk taking acts are necessary to achieve the enterprise's objectives
	Risk3	We adopt an aggressive position in order to maximize the probability of exploiting potential opportunities
	Risk4	Our enterprise shows a great deal of tolerance for high-risk projects
Innovation: (Avlonitis & Salavou, 2007); (Boso et al., 2013); Miller & Friesen, 1982)	Innov1	Our product requires a major learning effort by customers
	Innov2	Our products take a long time before customers could understand their full advantages
	Innov3	The product concept is difficult for customers to understand
	Innov4	Our products are tried in the markets
	Innov5	Our products offer more possibilities to customers
	Innov6	Our products offer unique and innovative features to customers
	Innov7	Our products cover more customer needs
	Innov8	Our products have more uses
	Innov9	Our products are of higher quality in comparison to main competitors'
	Innov10	Our products are superior in technology

Section 6: Dependent Variable – Firm Performance

Referring to the opinion of Dess et al. (1997); Knight (2000); and Nayyar (1992) many researchers use self-reports to fill data of firm performance, and although subjective, the data are reliable. This opinion was also shared by Sapienza, Smith and Gannon (1988), and Weinstien et al. (1992) adding this is as a subjective measure. In addition, in practice, it is difficult for SMEs to provide information publicly because generally ownership is private and by law there is no obligation to convey information. As confirmed by Ambler et al. (1999); Atuahene-Gima & Li (2002); and Tse et al. (2004), respondents are usually reluctant to provide actual financial data.

The performance measures used in this study were adapted from a modified scale from Alam (2009), Hanafi (2012) and Seles et al. (2019). Performance is measured from a subjective perspective involving self-reported actions. Respondents are asked to state their firm's performance on the criteria of growth (sales growth rate, sales growth rate relative to competitors, employment growth, market value growth relative to competitors), and financial performance (gross profit, return on assets, return on investment) for the last several years. Measurements are made on a seven-point scale ranging from 7 (very satisfied) to 1 (very unsatisfied). The scale items are indicated in Table 3.7 below:

Table 3. 6
Firm performance measures

Dimension Source	& Code	Item Description
Growth Alam (2009), Hanafi (2012) & Seles et al. (2019)	G1	The company's sales rate
	G2	The sales rate of the company relative to competitors'
	G3	Employment growth
	G4	Growth of market value relative to competitors'

Table 3.7 (Continued)

Financial	FP1	Company' gross income
performance	FP2	Company's return on assets (ROA)
Alam (2009), Hanafi (2012) & Seles et al. (2019)	FP3	Company's return on investment (ROI)

3.9. Questionnaire Translation

The original questionnaire was prepared in English in consistent with the dissertation which is written in English. However, since the questionnaire for collecting data from respondents was distributed in Indonesia, the original questionnaire in English was changed or translated into Indonesian language without reducing the meaning or significance of each question asked to the respondents. Questions are structured through easy-to-understand sentence formulations, thus avoiding misinterpretation from respondents.

The researcher started the translation process by contacting a language translator who had been sworn in accordance with the provisions in force in Indonesia. The author managed to contact a translator named Tosman Efendi, who had been sworn in by virtue of Decree of the Governor, Head of the Jakarta Special Capital City Region Number 1764 of 2006. The researcher then submitted a draft questionnaire which had been prepared in two languages. The translator then asked for 1 week to check the questionnaire and revised where necessary. After that, the translator contacted the researcher that all checking and revision of the questionnaire had been completed, and asked the researcher to do a final check for the substance and content of the questionnaire. After the researcher agreed, the translator then affixed an endorsement stamp and signed the questionnaire under the number: 5944/VIII/2021.

3.10. Pilot Study

Bryman & Bell (2011) argue that a good instrument must be verified for validity and reliability. For that purpose, it is necessary for the questionnaire to have data collection trials in the predetermined target population.

Before the questionnaire was used for data collection, the researcher administered a questionnaire test to the respondents, namely managers or owners of small and medium textile and textile products companies. This step is taken to ensure that the questionnaire is free from errors and deviations in substance and interpretation when assigned to the respondents, so that the questionnaire meets the requirements of validity and reliability.

In addition, the researcher also asked several academics to review the questionnaire, namely Dr. Hari Muharam SE.,MM in the field of Strategic Management; Dr. Retno Martanti Endah Lestari SE., M.Sc., CMA., CPAM in the field of finance; Dr. Herman, SE.,MM in the field of organization; and Dr. Hamzah, Dipl., Inf., SKom., CBSA, in the field of methodology, which is intended to provide inputs and suggestions on the systematics and substance of questions that represent each variable in the questionnaire, so that the representation of each question in each variable in the instrument can be fulfilled.

Cooper & Schindler (2014) emphasise that the size of samples in the trial period is generally, according to the provisions, 25-100 respondents. In conducting this trial, the researcher distributed questionnaires to the owners/managers of Textile spreading accross 4 regions; Central Java, East Java, West Java and Banten. Based on the data from the trial, the researcher tested the validity and reliability of the instrument.

3.10.1. Validity Test

Validity test was administered on 30 respondents to test the accuracy of the questions listed in the instrument. The validity of each instrument's questions was tested by comparing the rCount and rTable. The profiles of the 30 respondents who have filled out the questionnaire are company owners. As for gender, there were 10 male respondents and 20 female respondents. The education level of the respondents was 15 respondents with high school education, 8 people with diploma education, and 7 people with bachelor degrees. The results of validity test on the questionnaire are presented in Table 3.8 below.

Table 3. 7
Results of Validity Test on the Survey Instruments

No	Indicator	rCount	rTable	Description
Adversity Quotient(X)				
1	Con1	0.563	0.3738	Valid
2	Con2	0.681	0.3738	Valid
3	Con3	0.798	0.3738	Valid
4	Own1	0.693	0.3738	Valid
5	Own2	0.649	0.3738	Valid
6	Own3	0.759	0.3738	Valid
7	Reach1	0.668	0.3738	Valid
8	Reach2	0.891	0.3738	Valid
9	Reach3	0.724	0.3738	Valid
10	Endu1	0.819	0.3738	Valid
11	Endu2	0.798	0.3738	Valid
12	Endu3	0.718	0.3738	Valid
Market Orientation (X)				
1	Gener1	0.506	0.3738	Valid
2	Gener2	0.661	0.3738	Valid
3	Gener3	0.575	0.3738	Valid
4	Gener4	0.536	0.3738	Not Valid
5	Gener5	0.560	0.3738	Valid
6	Dissem1	0.703	0.3738	Valid
7	Dissem2	0.653	0.3738	Valid
8	Dissem3	0.590	0.3738	Valid

Table 3.8 (Continued)

9	Dissem4	0.512	0.3738	Valid
10	Dissem5	0.763	0.3738	Valid
11	Respon1	0.677	0.3738	Valid
12	Respon2	0.684	0.3738	Valid
13	Respon3	0.741	0.3738	Valid
14	Respon4	0.568	0.3738	Valid
15	Respon5	0.618	0.3738	Valid
Entrepreneurial Orientation (X)				
1.	Proac1	0.729	0.3738	Valid
2.	Proac2	0.796	0.3738	Valid
3.	Proac3	0.676	0.3738	Valid
4.	Proac4	0.631	0.3738	Valid
5.	Proac5	0.799	0.3738	Valid
6.	Proac6	0.789	0.3738	Valid
7.	Risk1	0.773	0.3738	Valid
8.	Risk2	0.861	0.3738	Valid
9.	Risk3	0.705	0.3738	Valid
10.	Risk4	0.526	0.3738	Valid
11.	Innov1	0.605	0.3738	Valid
12.	Innov2	0.674	0.3738	Valid
13.	Innov3	0.651	0.3738	Valid
14.	Innov4	0.715	0.3738	Valid
15.	Innov5	0.735	0.3738	Valid
16.	Innov6	0.697	0.3738	Valid
17.	Innov7	0.613	0.3738	Valid
18.	Innov8	0.574	0.3738	Valid
19.	Innov9	0.719	0.3738	Valid
20.	Innov10	0.721	0.3738	Valid
Firm Performance (Y)				
1.	G1	0.891	0.3738	Valid
2.	G2	0.884	0.3738	Valid
3.	G3	0.971	0.3738	Valid
4.	G4	0.946	0.3738	Valid
5.	FP1	0.930	0.3738	Valid
6.	FP2	0.964	0.3738	Valid
7.	FP3	0.956	0.3738	Valid

Source: Data processed using SPSS 25 (2021).

3.10.2. Instrument Reliability

Cooper et al. (2014) and Sekaran et al. (2009) stated that reliability is a certification of the consistency and stability of an instrument. Therefore, a measure is considered reliable if it provides consistent results. In testing reliability, the Cronbach's Alpha method is the most commonly used method for consistency testing. In the opinion of Zikmund et al. (2010), the Cronbach Alpha coefficient is considered very good if it is higher than 0.90, good if it is about 0.8, acceptable if it is about 0.7, and questionable if it is about 0.6, but poor and unacceptable if lower than 0.60.

The results of reliability test on the questionnaire filled out by the respondents can be seen in the Cronbach's Alpha If Item Deleted as presented in Table 3.9 below.

Table 3. 8
Results of Item Reliability Test on Survey Instruments

No	Indicator	Cronbach's Alpha If Item Deleted	Description
Adversity Quotient(X)			
1	Con1	0.907	Reliable
2	Con2	0.898	Reliable
3	Con3	0.892	Reliable
4	Own1	0.903	Reliable
5	Own2	0.907	Reliable
6	Own3	0.897	Reliable
7	Reach1	0.899	Reliable
8	Reach2	0.890	Reliable
9	Reach3	0.896	Reliable
10	Endu1	0.892	Reliable
11	Endu2	0.894	Reliable
12	Endu3	0.897	Reliable
Market Orientation (X)			
1	Gener1	0.880	Reliable
2	Gener2	0.897	Reliable
3	Gener3	0.875	Reliable
4	Gener4	0.876	Reliable
5	Gener5	0.875	Reliable
6	Dissem1	0.870	Reliable

Table 3.9 (Continued)

7	Dissem2	0.876	Reliable
8	Dissem3	0.874	Reliable
9	Dissem4	0.878	Reliable
10	Dissem5	0.866	Reliable
11	Respon1	0.870	Reliable
12	Respon2	0.870	Reliable
13	Respon3	0.867	Reliable
14	Respon4	0.875	Reliable
15	Respon5	0.873	Reliable
Entrepreneur Orientation (X)			
1.	Proac1	0.933	Reliable
2.	Proac2	0.932	Reliable
3.	Proac3	0.933	Reliable
4.	Proac4	0.934	Reliable
5.	Proac5	0.936	Reliable
6.	Proac6	0.932	Reliable
7.	Risk1	0.932	Reliable
8.	Risk2	0.932	Reliable
9.	Risk3	0.930	Reliable
10.	Risk4	0.934	Reliable
11.	Innov1	0.938	Reliable
12.	Innov2	0.936	Reliable
13.	Innov3	0.936	Reliable
14.	Innov4	0.935	Reliable
15.	Innov5	0.934	Reliable
16.	Innov6	0.935	Reliable
17.	Innov7	0.936	Reliable
18.	Innov8	0.936	Reliable
19.	Innov9	0.935	Reliable
20.	Innov10	0.935	Reliable
Firm Performance (Y)			
1.	G1	0.972	Reliable
2.	G2	0.972	Reliable
3.	G3	0.967	Reliable
4.	G4	0.968	Reliable
5.	FP1	0.968	Reliable
6.	FP2	0.965	Reliable
7.	FP3	0.966	Reliable

Source: Data processed using SPSS 25 (2021).

3.11. Data Collection Procedures

Data was collected through a field survey of Textile in Indonesia that operate across Central Java, West Java, and Banten using Google Form. The reasons for using Google Forms in data collection are for saving time and money, and is easy to reach a wider range of respondents and to monitor the progress of the questionnaire. The data collection procedure was carried out through the following process:

1. After obtaining approval from the Supervisor to collect data, the researcher submitted application to the Leader of Ghazali Shafie Graduate School of Government (GSGSG) to have an introduction letter for the purpose of collecting data from the Indonesian Textile Association (API);
2. The researcher submitted a request for data collection to the Chair of API by enclosing an introduction letter from the GSGSG leadership and the prepared questionnaire;
3. The application letter for data collection to API contains; a) the target respondents to be interviewed; b) request for contact persons of API regional management in Central Java, West Java and Banten; c) the Google Form link containing the questionnaire that is ready to be filled out by the respondents;
4. After the researcher received approval for data collection and contact persons of local administrators, the researcher met with API administrators in Central Java, West Java, and Banten to get contacts of respondents according to the targets set;

5. After the respondents' contacts were obtained and recommended by the API administrator in the area, the researcher distributes the questionnaire via the google form.
6. The researcher monitored the progress of completion of the questionnaire until the specified number of respondents was met;

The questionnaires that had been sent back to the researcher were directly tabulated and processed according to the data analysis techniques as presented below.

3.12. Data Analysis Techniques

In order to analysis the data and test hypotheses, various statistical tools were employed and tested with SPSS 25 and the 3.2.9. Software.

3.12.1. Descriptive Analysis

According to Sugiono (2016), descriptive analysis provides a description of the research subject based on data from the variables obtained from the group of subjects studied and is not intended for hypothesis testing. Descriptive analysis aims to transform raw data sets into a form of information that is easy to understand and more concise.

In descriptive data analysis, respondents' data were selected and grouped into valid data for data analysis process, and then tabulated in the form of matrixes, serial numbers, and groups using the average score of each variable. There are 7 categories for the answers, namely strongly agree, agree, somewhat agree, undecided, slightly disagree, disagree, strongly disagree.

3.12.2. Hypotheses Testing

Generally, in research that adopts quantitative approach, to measure the relationship between endogenous and exogenous variables, the hypothesis is tested using PLS-SEM. In the opinion of Hair, Ringle & Mena (2011), in order for the sample to have a direct impact on the feasibility of multiple regression statistics, five observations are set for one question.

As described by Anderson & Gerbing (1991) and Hair, Ringle, Mena et al. (2011), the measurement model and structural model are applied in SEM for one statistical test. The action taken in this process is validating the measurement model using confirmatory factor analysis, then tests the validity of the constructs including the construct of uni-dimensionality, reliability, convergent validity, discriminatory validity, and predictive validity. After the measurement model is validated, the second step is to estimate the structural relationship between latent variables, through estimating the fit model.

Previous literature on the PLS method emphasizes its beneficial properties (Hair, Ringle, et al., 2011; Saestedt, Ringle, Smith, Reams, & Hair, 2014; and Wetzels, Schroder & Oppen, 2009). The widespread use of PLS pathway modeling among practitioners and scientists stems from its four characteristics: (i) as opposed to single emphasis in generalized reflective models, this modeling enables the computation of infinite models of cause-and-effect relationships using reflective and formative measures (Astrachan, Patel & Wanzienried, 2014; Hair et al., 2014) thus providing greater power for PLS in parameter estimation; (ii) PLS is appropriate in estimating pathway models in small samples (Hair, Ringle, et al., 2011); (iii) the PLS path model has the ability to transform into a complex model due to various latent and manifest

variables without difficulty in estimating problems (Hair, Ringle, et al., 2011; Sarstedt et al., 2014). In addition, PLS path modeling is considered methodologically useful compared to the coverage-based structural equation model in a state of abnormal data distribution (Astrachan et Al., 2014; Hair et al., 2010). In addition, the number of latent and manifest variables is significantly related to the number of observations in the case of a complex model; and (iv) PLS pathway modeling is appropriate even in highly skewed distributions (Hair, Sarstedt, et al., 2011) or when distribution of observations is not determined (Formell & Larcker, 1981; Hair, Ringle, et al., 2011; Hair et al., 2010).

The following are the analysis stages using the Partial Least Square described by Ghazali (2015).

3.12.2.1. Evaluation of Measurement Model (Outer Model)

Evaluation of the measurement model is intended to evaluate the relationship between the construct and its indicators, which are divided into two tests: validity test and reliability test.

A. Validity test

Based on the PLS method, the validity of the reflection indicator is tested in two stages. In the first stage, convergent validity test is carried out to test the validity based on the factor loading of each construct. In the second stage, discriminant validity test to test the validity based on comparison.

The factor loading is analyzed to see the closeness relationship between variables and their indicators using a reflective model. The reflective model assumes that the construct or latent variable influences the indicator (the

direction of causal relationship from the construct to the indicator or manifest variable) (Ghozali, 2014). The factor loading Analysis is used to see the extent of relationship in PLS. factor loading analysis aims to see the level of closeness of the latent variables in influencing the indicators based on the value of outer loading in bootstrapping.

- **Convergent Validity**

The first stage of validity test is intended to identify if unobserved variables can be measured using each unobserved variable construct through Confirmatory Factor Analysis or commonly referred to as factor analysis. An indicator is considered to have a high level of validity if it has a factor loading value greater than 0.50.

- **Discriminant Validity**

Discriminant Validity test is carried out based on the value of cross loading measurements with constructs and the value of Average Variance Extracted (EVA). The value of cross-factor loading is to determine whether the latent variable has an adequate discriminant, by comparing the correlation between the indicator and the intended latent variable which must be greater than the correlation between the indicator and other latent variables. If the correlation value between the construct and the intended measurement item is greater than the correlation value with other constructs, it indicates that the latent construct predicts the size of their block better than the size of the other blocks. This suggests that the construct has high discriminant validity.

B. Reliability Test

- **Composite Reliability**

Another test to evaluate the outer model is to identify the reliability of the latent variable construct which is measured by two kinds of measurement tools, namely composite reliability and Cronbach's alpha from the indicator block that measures the construct. In composite reliability, a construct is declared reliable if it has a value > 0.70 .

- **Cronbach's Alpha**

In a reliability test using Cronbach's alpha (CA) value, the construct latent variable is declared reliable if it has a CA value > 0.6 .

3.12.2.2. Evaluation of Structural Model (Inner Model)

Evaluation of the structural model using PLS begins by seeing the R-square value, Goodness of Fit Index, and then the significance between constructs which is indicated by the path coefficient.

- **Coefficient Test of determinants/ R-squared (R²)**

The of R-squared value indicates the predictive power of endogenous latent variables in the structural model. Changes in the value of R-squared can be used to explain whether the effect of certain exogenous latent variables on endogenous latent variables is substantive. The R-squared value of 0.75; 0.50; and 0.25 can be concluded as strong, moderate, and weak.

- **Goodness of Fit (GoF) Index value**

The Goodness of Fit Index was developed to evaluate measurement models and structural models, as well as to provide a simple measure for overall model prediction. For this reason, the GoF Index is calculated from the square root of the average communality index and average R-squared values as follows:

$$\text{GoF Index} = \text{AVE} \times R^2$$

The provisions for determining the criteria of fit or not for a model in Ghozali (2015) are small GoF = 0.10; Medium GoF = 0.25; Large GoF = 0.36.

3. 12.2.3. Hypothesis Test

Hypothesis testing between constructs is carried out using the bootstrap resampling method. Calculation of hypothesis testing using SmartPLS 3.2.9 can be seen from the value of Path Coefficient, namely the statistical value of the relationship between variables in the study. The statistics of t-test using the formula or SmartPLS 3.2.9 can be seen from the comparison between the t-test and the value in the t-table obtained from the formula:

$$DF = n - k - 1$$

$$= 287 - k - 1$$

$$= 284$$

In the statistical table, it can be seen that the t table for the value of 284 is 1.96835 with a significance level (α) of 0.05. The decision-making method is:

If P-Value > 0.05 or t count < t table, the H_0 is accepted.

If P-Value < 0.05 or t count > t table, the H_0 is rejected

3.13. Research Model

In this study, the researcher made a research model between the variables (endogenous and exogenous) as presented below.

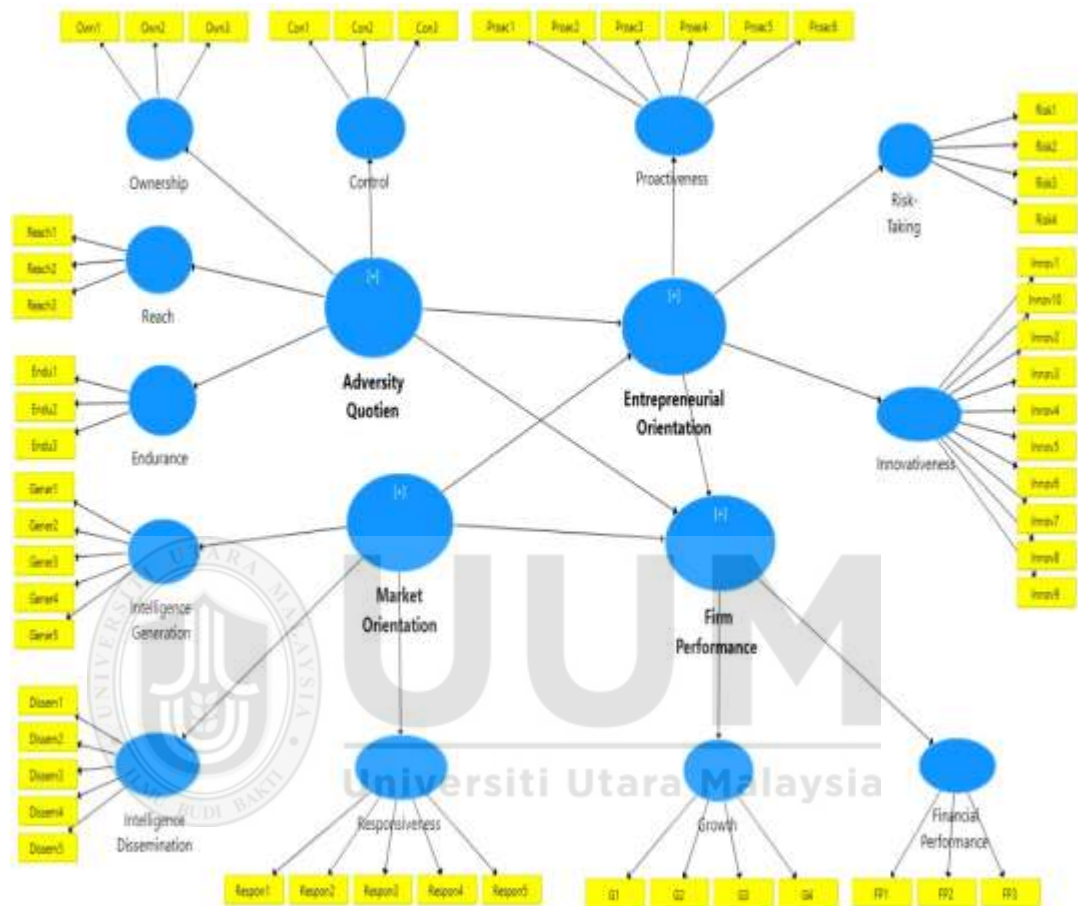


Figure 3. 1 Research Analysis Model

3.14. Chapter Summary

This chapter discusses research methods and designs, research approaches, population determination and sampling. In addition, this chapter discusses the unit of analysis, questionnaire design, questionnaire structure, validity and reliability of the instrument as well as the data collection procedures and data analysis techniques.

The questionnaire design explains the determination of number of questions from each variable that has been determined to test the hypothesis. The questionnaire structure is an elaboration of the structure and content of the questionnaire to be distributed to

respondents. The validity and reliability of the questionnaire also need to be tested in order to meet the measurement standards. The researcher also explains the procedure for data collection and data analysis techniques so as to provide a complete picture of the process of this research.

This chapter also presents the stages of data analysis, starting from respondents' profile analysis, descriptive analysis of research variables, evaluation of measurement models, evaluation of structural models, hypothesis testing and analysis of factor loading.



CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1. INTRODUCTION

This study aims to determine the relationship between adversity quotient, market orientation and firm performance through entrepreneurial orientation. 287 respondents in the form of companies were involved and provided their answers to this research questionnaire. These respondents were owners or managers of Textile located in four regions in Indonesia, namely West Java, Banten, Central Java, and East Java.

In this chapter the researcher reports several things as follows; first, descriptive analysis. In this analysis, the researcher features the respondents' profile which includes their fields of business, total number of workers, length of the company's establishment, market orientation, and total number of companies. The company profile also includes the position of the respondents in the company, age, gender, and level of education.

After reporting the respondents' description, the researcher then conducted a Goodness of Fit Outer Model test to measure the relationship between the manifest variable and the latent variable, in order to determine the level of construct validity and reliability. The next step was to administer the Goodness of Fit Inner Model test. This test was conducted to determine the structural model between latent variables. This chapter is closed with hypothesis testing using the SmartPLS 3.2.9 Program.

4.2. DESCRIPTIVE ANALYSIS

4.2.1. Respondents Descriptive Analysis

4.2.1.1. Analysis of Respondents by Field of Business

The distribution of respondents based on the field of business who answered the research questionnaire questions is as follows: the garment business sector, 150 units (52%); textile/garment, 100 units (35.39%); knitting, 21 units (7.31%); finishing, 9 units (3.20%); weaving, 4 units (1.05%); washing, 2 units (1%); and printing, 1 unit (0.04%).

Based on the data in Table 4.1, the respondents who gave the most responses were respondents in the garment and textile/fabric business sector. These two business sectors are directly experiencing the impact of business competition in both domestic and foreign markets, as well as the Covid-19 pandemic which has caused supply chain disruptions due to restrictions on social and economic mobility, so they have to reduce their production capacity which has an impact on their firm's performance.

Table 4. 1
Respondents by Line of Business

No.	Company's Line of Business	Number of Companies	Percentage (%)
1.	Finishing	9	3.20
2.	Garment	150	52.00
3.	Washing	2	1.00
4.	Weaving	4	1.40
5.	Printing	1	0.04
6.	Knitting	21	7.31
7.	Textile	100	35.39
Total		287	100

Source: Primary Data (2022)

4.2.1.2. Analysis of Respondents by Number of Workers

The distribution of respondents based on the workforce who answered the research questionnaire questions is as follows: companies with a workforce of 5 or less, 99 units (34%); companies with a workforce of 251 or more, 52 units (18%); with a workforce of 6-19, 49 units (17%); a workforce of 201-250, 25 units (9.50%); a workforce of 101-200, 23 units (8%); a workforce of 51-100, 20 units (7%); and a workforce of 20-50, 19 units (6.5%).

Based on the data in Table 4.2, the respondents in this study were majority companies under the medium category, namely having a workforce of more than 19 people. These textile SMIs operate on a labor-intensive basis, so that if they have problems with the continuity of their business, this will have an impact on a large number of workers, hence disrupting the social and economic conditions of the Indonesian people, especially those living in urban areas such as cities in the provinces of Central Java, West Java, East Java and Banten.

Table 4. 2
Respondents by Number of Workers

No.	Workforce	Number of Companies	Percentage (%)
1.	5 or less	99	34.00
2.	6-19	49	17.00
3.	20-50	19	6.50
4.	51-100	20	7.00
5.	101-200	23	8.00
6.	201-250	25	9.50
7.	251 or More	52	18.00
Total		287	100

Source: Primary Data (2022)

4.2.1.3. Analysis of Respondents by Length of Company Establishment

The distribution of respondents based on the length of time the company has been in operation that filled out the research questionnaire is as follows: companies that have

been established for 5 years, 69 units (24%); companies that have been established for 6-10 years, 93 units (32%); and companies that have been established for 11 years or more, 125 units (44%).

Based on the data from Table 4.3, it can be said that the respondents in general have had long experience in the textile sector, because 125 companies have been in operation for more than 11 years. The rest have existed for more than six years, and some more than one year. With their long-time operation, these companies have a lot of experience in dealing with the conditions as a result of changes in the market environment due to competition, the Covid-19 pandemic, or even government policies. The length of time of establishment has also proven the companies' resilience in dealing with rapid environmental changes.

Table 4. 3
Respondents by Length of Company Establishment

No	Length of Company Establishment	Number of Companies	Percentage (%)
1.	5 years	69	24
2.	6-10 years	93	32
3.	11 years or more	125	44
Total		287	100

Source: Primary Data (2022)

4.2.1.4. Respondent Analysis by Market Orientation

The distribution of respondents based on market orientation that filled out this research questionnaire is as follows: domestic market-oriented companies, 217 units (76%); and export-oriented companies, 70 units (24%).

Based on the data from Table 4.4, many companies operate in the domestic market area. This means that the majority of Indonesian textile companies do not compete in the international market, and instead take advantage of the potential of the domestic

market. Export-oriented textile companies account for 24%, with the main markets being the United States and China. However, during the pandemic, Indonesian textile companies experienced supply chain disruptions, and export-oriented companies experienced the toughest conditions.

Table 4. 4
Respondent by Market Orientation

No	Market Orientation	Number of Companies	Percentage (%)
1.	Domestic	217	76
2.	Export	70	24
Total		287	100

Source: Primary Data (2022)

4.2.1.5. Analysis of Respondents by Company Location

The distribution of respondents based on the domicile of companies that filled out this research questionnaire is as follows: companies located in West Java, 88 units (31%); companies located in Banten, 81 units (28%); companies located in Central Java, 61 units (21%); and companies located in East Java, 57 units (20%).

Based on the data in table 4.5, textile companies are spread across four provinces in Indonesia. In terms of quantity, the largest number of companies is in the province of West Java. The initial development of textile companies in Indonesia was in West Java region, namely in Majalaya area. However, in its current development, many textile companies have relocated their businesses to the Central Java region because of lower minimum wage.

Table 4. 5
Respondents by Company Location

No	Company Location	Number of Companies	Percentage (%)
1.	West Java	88	31
2.	Banten	81	28
3.	Central Java	61	21
4.	East Java	57	20
Total		287	100

Source: Primary Data (2022)

4.2.1.6. Analysis of Respondents by Position in Company

The distribution of respondents based on positions in the company that filled out the research questionnaire is as follows: positions as owners, 275 units (96%); as company managers, 12 units (4%).

Based on the data in Table 4.6, the respondents who provided answers in this study represented their corporate entities. This can be interpreted that the unit of analysis that focuses on the organization has been fulfilled, both on the variables of adversity quotient, market orientation, entrepreneurial orientation and firm performance.

Table 4. 6
Respondents by Position in Company

No	Position in Company	Number of Companies	Percentage (%)
1.	Owner	275	96
2.	Manager	12	4
Total		287	100

Source: Primary Data (2020)

4.2.1.7. Analysis of Respondents by Age

The distribution of respondents by age who filled out this research questionnaire is as follows: respondents aged 21-25, 1 person (0.3%); respondents aged 26-30, 5 persons (1.7%); respondents aged 31-40, 50 persons (17%); respondents aged 41-50, 148

persons (52%); respondents aged 51-60, 79 persons (28%); and respondents aged > 60, 4 persons (1%).

Based on the data in Table 4.7, the majority of textile companies in Indonesia are managed by individuals of the productive age group, namely those who are in the age group of 31 to 60 years. With the majority of textile entrepreneurs under the productive age category, this is likely to be one of the reasons they are able to maintain their companies amidst competitive pressures and the Covid-19 pandemic. Entrepreneurs with this age range usually have better survival skills due to the support of physical factors, experience, knowledge and mentality.

Table 4. 7
Respondents by Age

No	Age	Number of People	Percentage (%)
1.	21-25	1	0.3
2.	26-30	5	1.7
3.	31-40	50	17
4.	41-50	148	52
5.	51-60	79	28
6.	>60	4	1
Total		287	100

Source: Primary Data (2022)

4.2.1.8. Analysis of Respondents by Gender

The distribution of respondents based on gender who filled out the research questionnaire is as follows: male respondents, 167 persons (58%); and female respondents, 120 persons (42%).

Based on the data in Table 4.8, textile entrepreneurs in Indonesia are not completely dominated by men. The role of women entrepreneurs in textile companies in Indonesia is also important; 42% of all the entrepreneurs. Observing this data, gender differences are not an issue if it is related to the ability to maintain business operation in the face

of pressure, be it in the form of competition or the Covid-19 pandemic, because of their mentality, experience and knowledge not inferior to male entrepreneurs.

Table 4. 8
Respondents by Gender

No	Gender	Number of People	Percentage (%)
1.	Male	167	58
2.	Female	120	42
	Total	287	100

Source: Primary Data (2022)

4.2.1.9. Analysis of Respondents by Work Experience

The distribution of respondents based on length of work experience who filled out this research questionnaire is as follows: respondents with <5 years of work experience, 2 persons (0.7%); respondents with 6-10 years of work experience, 17 persons (6%); respondents with 11-20 years of work experience, 81 persons (28%); respondents with 21-30 years of work experience, 163 persons (56.8%); respondents with 31-40 years of work experience, 22 persons (7.8%); respondents with > 41 years of work experience, 2 persons (0.7%).

Based on the data in Table 4.9, the majority of respondents have extensive experience in textile companies. This experience is very useful for textile companies in facing changes in the market environment caused by competition and other problems such as the Covid-19 pandemic. This experience also helps textile companies in Indonesia to formulate the appropriate strategy to overcome every problem they face, so that the company can survive for a long time.

Table 4. 9
Analysis of Respondents by Work Experience

No	Length (Year)	Number of People	Percentage (%)
1.	< 5	2	0.7
2.	6-10	17	6
3.	11-20	81	28
4.	21-30	163	56.8
5.	31-40	22	7.8
6.	≥ 41	2	0.7
Total		287	100

Source: Primary Data (2022)

4.2.1.10. Analysis of Respondents by Length of Work Experience in Company

The distribution of respondents based on length of work experience in the company who filled out this research questionnaire is as follows: respondents with work experience of <5 years in the company, 69 persons (24%); respondents with work experience of 6-10 years in the company, 96 persons (33%); respondents with work experience of 11-20 years in the company, 103 persons (36%); respondents with work experience of 21-30 years in the company, 17 persons (6%); respondents with work experience of 31-40 years in the company, 2 persons (1%); and respondents with work experience > 41 years in the company, 0 (0%).

Based on the data in Table 4.10, the majority of respondents have long work experience in the company. The work experience referred to herein is not solely working in a company, but also owning and managing a company. The experience of working and managing a company owned by the owner and manager of a Textile company in Indonesia is a big asset for the company to be able to survive in a very dynamic business environment, in addition to their ability and capacity to turn problems into opportunities that can create positive performance for Textile companies.

Table 4. 10
Respondents by Length of Work Experience in Company

No	Length (Year)	Number of People	Percentage (%)
1.	< 5	69	24
2.	6-10	96	33
3.	11-20	103	36
4.	21-30	17	6
5.	31-40	2	1
6.	≥ 41	0	0
Total		287	100

Source: Primary Data (2022)

4.2.1.11. Analysis of Respondents by Education

The distribution of respondents based on education level who filled out this research questionnaire is as follows; respondents with elementary education level, 2 persons (1%); respondents with junior high school education level, 8 persons (3%); senior high school education level, 94 persons (33%); diploma education level, 44 persons (15%); and undergraduate education level, 139 persons (48%).

Based on the data in Table 4.11, the education level of the majority of owners and managers of textile companies in Indonesia are undergraduate, and some are high school and diploma education. With the majority of undergraduate education levels, this condition is very helpful for the company, especially their ability to analyze the ever-changing environment. The ability to analyze environmental changes by owners and managers of textile companies is very helpful in formulating the appropriate strategy to adapt quickly. In a competitive situation and an unstable business environment like today, the ability to identify and analyze problems is highly needed to get the right and fast solution, so that they can support the sustainability of textile business in Indonesia.

Table 4. 11
Respondents by Education Level

No	Level of Education	Number of People	Percentage (%)
1.	Primary School	2	1
2.	Junior high school	8	3
3.	Senior High School	94	33
4.	Diploma	44	15
5.	Undergraduate	139	48
Total		287	100

Source: Primary Data (2022)

4.3. Descriptive Analysis of Research Variables

Descriptive analysis of the research variables is used to determine the tendency of answers to the questionnaire according to the category of answer options using the ordinal scale from scale 1 (strongly disagree) to scale 7 (strongly agree) with the statements of each variable. The tabulated data is processed with the SPSS 25 program to determine the frequency distribution.

4.3.1. Adversity Quotient

Table 4.12 is a tabulation of answers to 12 statements on the adversity quotient variable, measured using the Likert scale of 1 to 7, namely 1 (strongly disagree); 2 (disagree); 3 (somewhat disagree); 4 (undecided); 5 (somewhat agree); 6 (agree); and 7 (strongly agree).

Table 4. 12
Frequency Distribution of Adversity Quotient Responses

No	Dimension/ Indicator	Respondent's Response							Total	Mean
		1	2	3	4	5	6	7		
Adversity Quotient on Control										
1	Cont1	0	8	5	6	40	162	66	287	5.88
		0%	2.8%	1.7%	2.1%	13.9%	56.4%	23.0	100%	
2	Cont2	3	1	2	1	12	145	123	287	6.29
		1%	3%	7%	3%	4.2%	50.5%	42.9%	100%	
3	Cont3	2	7	1	6	9	172	90	287	6.09
		0.7%	2.4%	0.3%	2.1%	3.1%	59.9%	31.4%	100%	
The average value of the dimension of adversity quotient on control										6.08
Adversity Quotient on Ownership										
4	Own1	8	57	25	22	43	105	27	287	4.59
		2.8%	19.9%	8.7%	7.7%	15.0%	36.6%	9.4%	100%	
5	Own2	8	55	32	9	27	123	33	287	4.71
		2.8	19.2	11.1	3.1	9.4	42.9	11.5	100%	
6	Own3	1	10	3	1	10	182	80	287	6.04
		0.3%	3.5%	1.0%	0.3%	3.5%	63.4%	27.9%	100%	
The average value of the dimension of adversity quotient on ownership										5.11
Adversity Quotient on Reach										
7	Reach1	0	7	3	6	14	171	86	287	6.08
		0%	2.4%	1.0%	2.1%	4.9%	59.6	30.0%	100%	
8	Reach2	2	3	2	4	20	169	87	287	6.10
		7%	1.0%	7%	1.4%	7.0%	58.9%	30.3%	100%	
9	Reach3	1	5	2	5	6	170	98		6.17
		3%	1.7%	0.7%	1.7%	2.1%	59.2%	34.1%	100%	
The average value of the dimension of adversity quotient on reach										6.12
Adversity Quotient on Endurance										
10	Endu1	1	3	5	18	31	144	86	287	5.95
		0.3%	1.0%	1.7%	6.3%	10.8%	50.2%	29.6	100%	
11	Endu2	0	4	4	1	19	155	104	287	6.19
		0%	1.4%	1.4%	0.3%	6.6%	54.0	36.2	10%	
12	Endu3	0	6	4	1	10	161	105	287	6.19
		0%	2.1%	1.4%	0.3%	3.5%	56.1%	36.6%	100%	
The average value of the dimension of adversity quotient on endurance										6.11
The average value of the adversity quotient variables										5.85

Source: Results of analysis using SPSS 25 (2022)

The results of distribution of frequency of the adversity quotient variables indicate that the majority of respondents' responses are **in agreement**, with the highest average value of indicator being **Con2, namely 6.29**, which means the company maintains its commitment despite extraordinary challenges it faces. Meanwhile, the lowest average

value of indicator is **Own1, namely 4.59**, which means that the company is responsible for mistakes and errors caused by other parties within the company.

4.3.2. Market Orientation

Table 4.13 is a tabulation of responses to 15 statements on the variable of market orientation.

Table 4. 13
Distribution of Frequency of Market Orientation Response

No	Dimension/ Indicator	Respondent's Response							Total	Mean
		1	2	3	4	5	6	7		
Market Orientation on Intelligence Generation										
1	Gener1	1	9	27	52	45	111	42	287	5.20
		3%	3.1%	9.4%	18.1	15.7	38.7	14.6	100%	
2	Gener2	0	2	6	4	17	165	93	287	6.15
		0%	0.7%	2.1%	1.4%	5.9%	57.5%	32.4	100%	
3	Gener3	1	2	6	6	34	161	77	287	6.00
		0.3%	0.7%	2.1%	2.1%	11.8%	56.1%	26.8	100%	
4	Gener4	1	9	4	10	28	186	49	287	5.82
		0.3%	3.1%	1.4%	3.5%	9.8%	64.8%	17.1%	100%	
5	Gener5	1	1	6	16	20	160	83	287	6.01
		0.3%	0.3%	2.1%	5.6%	7.0%	55.7%	28.9%	100%	
The average value of the dimension of market orientation on intelligence generation										5.84
Market Orientation on Intelligence Dissemination										
1	Dissem1	1	22	6	5	33	130	90	287	5.78
		0.3%	7.7%	2.1%	1.7%	11.5%	45.3%	31.4%	100%	
2	Dissem2	2	26	4	10	32	134	79	287	5.65
		0.7%	9.1%	1.4%	3.5%	11.1%	46.7%	27.5%	287	
3	Dissem3	1	10	0	7	23	165	81	287	5.99
		0.3%	3.5%	0%	2.4%	8.0%	57.5%	28.2%	100%	

Table 4.13 (Continued)

4	Dissem4	0	4	0	10	42	158	73	287	5.93
		0%	1.4%	0%	3.5%	14.6%	55.1%	25.4%	100%	
5	Dissem5	1	24	7	19	63	116	57	287	5.42
		0.3%	8.4%	2.4%	6.6%	22.0%	40.4%	19.9%	100%	
The average value of the dimension of market orientation on intelligence dissemination										5.75
Market Orientation on Responsiveness										
1	Respon1	2	0	4	11	65	126	79	287	5.89
		0.7%	0%	1.4%	3.8%	22.6%	43.9%	27.5%	100%	
2	Respon2	1	1	2	10	43	157	57	287	5.89
		0.3%	0.3%	0.7%	3.5%	15.0%	54.7%	25.4%	100%	
3	Respon3	1	12	13	26	31	146	58	287	5.59
		0.3%	4.2%	4.5%	9.1%	10.8%	50.9%	20.2%	100%	
4	Respon4	0	2	2	4	24	156	99	287	6.18
		0.7%	0.7%	0.7%	1.4%	8.4%	54.4%	34.5%	100%	
5	Respon5	0	3	2	11	27	160	84	287	6.06
		0%	1.0%	0.7%	3.8%	9.4%	55.7%	29.3%	100%	
The average value of the dimension of market orientation on responsiveness										5.92
The average value of the market orientation variable										5.84

Source: Results of analysis using SPSS 25 (2022)

The results of distribution of the frequency of market orientation variable indicate that the majority of respondents' responses are **in agreement**, with the highest average value being the indicator of **Response4, namely 6.18**, which means our company continuously reviews product development efforts to ensure that they are in accordance with what customers want. Meanwhile, the lowest indicator average score is Gener1 in the amount of 5.20 which means we produce a lot of information about trends (for examples: regulations, technological developments, politics, economy) in our market.

4.3.3. Entrepreneurial Orientation

Table 4.14 is the tabulation of responses to 16 statements in the variable of entrepreneurial orientation.

Table 4. 14
Distribution of Frequency of entrepreneurial orientation Response

No	Dimension /Indicator	Respondent's Response							Total	Mean
		1	2	3	4	5	6	7		
Entrepreneurial Orientation on Proactiveness										
1	Proac1	3	6	4	20	87	104	63	287	5.59
		1.0	2.1	1.4%	7.0	30.3	36.2	22.0	100	
		%	%		%	%	%	%	%	
2	Proac2	1	4	8	28	41	133	72	287	5.76
		0.3	1.4	2.8%	9.8	14.3	46.3	24.1	100	
		%	%		%	%	%	%	%	
3	Proac3	3	4	5	9	38	146	82	287	5.93
		1.0	1.4	1.7%	3.1	13.2	50.9	28.6	100	
		%	%		%	%	%	%	%	
4	Proac4	3	4	9	35	52	131	53	287	5.56
		1.0	1.4	3.1%	12.2	18.1	45.6	18.5	100	
		%	%		%	%	%	%	%	
5	Proac5	5	9	3	44	46	114	66	287	5.52
		1.7	3.1	1.0%	15.3	16.0	39.7	23.0	100	
		%	%		%	%	%	%	%	
6	Proac6	3	5	2	37	33	143	64	287	5.71
		1.0	1.7	0.7%	12.9	11.5	49.8	22.3	100	
		%	%		%	%	%	%	%	
The average value of the dimension of entrepreneurial orientation on proactiveness										5.68
Entrepreneurial Orientation on Risk-Taking										
1	Risk1	8	6	12	47	56	133	25	287	5.22
		2.8	2.1	4.2%	16.4	19.5	46.3	8.7%	100	
		%	%		%	%	%		%	
2	Risk2	4	14	5	27	31	168	38	287	5.52
		1.4	4.9	1.7%	9.4	10.8	58.5	13.2	100	
		%	%		%	%	%	%	%	
3	Risk3	6	18	6	13	24	184	36	287	5.33
		2.1	6.3	2.1%	4.5	8.4	64.1	12.5	100	
		%	%		%	%	%	%	%	
4	Risk4	5	10	2	14	46	189	21	287	5.57
		1.7	3.5	0.7%	4.9	16.0	65.9	7.3%	100	
		%	%		%	%	%		%	
The average value of the dimension of entrepreneurial orientation on risk-taking										5.41

Table 4.14 (Continued)

Entrepreneurial Orientation on Innovation										
5	Innov5	0	8	7	15	44	161	52	287	5.74
		0%	2.8%	2.4%	5.2%	15.3%	56.1%	18.1%	100%	
6	Innov6	1	3	7	9	41	165	61	287	5.88
		0.3%	1.0%	2.4%	3.1%	14.3%	57.5%	21.3%	100%	
7	Innov7	1	2	4	9	25	177	69	287	6.00
		0.3%	0.7%	1.4%	3.1%	8.7%	61.7%	24.0%	100%	
8	Innov8	1	2	4	9	31	183	57	287	5.94
		0.3%	0.7%	1.4%	3.1%	10.8%	63.8%	19.9%	100%	
9	Innov9	1	2	3	8	34	187	56	287	5.94
		0.3%	0.7%	1.0%	2.8%	11.8%	63.8%	19.5%	100%	
10	Innov10	3	3	3	14	59	156	49	287	5.74
		1.0%	1.0%	1.0%	4.9%	20.6%	54.4%	17.1%	100%	
The average value of the dimension of market orientation on intelligence generation										5.87
The average value of the entrepreneurial orientation variable										5.65
Source: Results of analysis using SPSS 25 (2022)										

The results of distribution of the frequency of entrepreneurial orientation variable indicate that the majority of respondents' responses **are in agreement**, with the highest average value being the indicator of **Innov7, namely 6.00**, which means that our products cover more customer needs. Meanwhile, the lowest average indicator value is **Risk1, namely 5.22**, which means our company has a strong tendency to make high-risk businesses with very high profit opportunities.

4.3.4. Firm Performance

Table 4.15 is the tabulation of responses to 7 statements on the variable of Firm Performance.

Table 4. 15
Distribution of Frequency of Firm Performance Responses

No	Dimension/ Indicator	Respondent's Response							Total	Mean
		1	2	3	4	5	6	7		
Firm Performance on Growth										
1	G1	10	15	58	76	86	36	6	287	4.20
		3.5%	5.2%	20.2%	26.5%	30.0%	12.5%	2.1%	100%	
2	G2	10	10	56	69	98	39	5	287	4.29
		3.5%	3.5%	19.5%	24.0%	34.1%	13.6%	1.7%	100%	
3	G3	10	16	64	82	69	42	4	287	4.14
		3.5%	5.6%	22.3%	28.6%	24.0%	16.6%	1.4%	100%	
4	G4	10	19	62	58	90	44	4	287	4.21
		3.5%	6.6%	21.6%	20.2%	31.4%	15.3%	1.4%	100%	
The average value of firm performance on growth										4.21
Firm Performance on Financial Performance										
5	FP1	21	31	55	79	58	41	2	287	3.89
		7.3%	10.8%	19.2%	27.5%	20.2%	14.3%	0.7%	100%	
6	FP2	22	30	56	106	32	39	2	287	3.77
		7.7%	10.5%	19.5%	36.9%	11.1%	13.6%	0.7%	100%	
7	FP3	22	28	59	105	33	37	3	287	3.77
		7.7%	9.8%	20.6%	36.6%	11.5%	12.9%	1.0	100%	
The average value of firm performance on growth										3.81
The average value of the firm performance variable										4.01

Source: Results of analysis using SPSS 25 (2022)

The results of distribution of the frequency of firm performance variable indicate that the majority of respondents' responses are **neutral**, with the highest average value being the indicator of **G2**, namely **4.29**, which means the company's level of sales relative to competitors in the last 3 years. Meanwhile, the lowest indicator average value is **FP2 and FP3**, namely **3.77**. FP2 is the company's return on assets (ROA) for the last 3 years, and FP3 is the company's return on investment (ROI) for the last 3 years.

4.4. Measurement Model Evaluation (Outer Model)

Evaluation of the measurement model is intended to evaluate the relationship between the construct and its indicators. The evaluation of this model is divided into two tests, namely the validity test and the reliability test.

4.4.1. Validity test

4.4.1.1. Factor Loading Significance

Before conducting validity and reliability tests by looking at the relationship between the constructs and their indicators, it is necessary to know the significance of factor loading in advance. Based on the results of data processing using SmartPLS of version 3.2.9, the following results are obtained:

Table 4. 16
Factor Loading Significance

Dimension/Variable	Item	Loading	Std. Error	T Value	P Value
Adversity Quotient- Control	Con1	0.670	0.053	12.735	0.000
	Con2	0.796	0.048	16.499	0.000
	Con3	0.807	0.036	22.254	0.000
Adversity Quotient- Ownership	Own1	0.424	0.055	7.707	0.000
	Own2	0.485	0.051	9.557	0.000
	Own3	0.703	0.062	11.297	0.000
Adversity Quotient – Reach	Reach1	0.829	0.036	23.135	0.000
	Reach2	0.907	0.020	44.302	0.000
	Reach3	0.865	0.047	18.590	0.000
Adversity Quotient - Endurance	Endu1	0.786	0.036	21.755	0.000
	Endu2	0.796	0.046	17.339	0.000
	Endu3	0.821	0.045	18.206	0.000
Entrepreneurial Orientation-Innovation	Innov1	0.470	0.063	7.229	0.000
	Innov2	0.151	0.053	4.321	0.000
	Innov3	0.159	0.047	4.442	0.000
	Innov4	0.530	0.036	10.325	0.000
	Innov5	0.786	0.032	24.923	0.000
	Innov6	0.824	0.036	22.964	0.000
	Innov7	0.761	0.058	13.223	0.000
	Innov8	0.806	0.041	19.647	0.000
	Innov9	0.775	0.053	14.504	0.000
	Innov10	0.807	0.032	25.487	0.000
Entrepreneurial Orientation- Proactiveness	Proac1	0.823	0.025	33.211	0.000
	Proac2	0.847	0.022	38.701	0.000
	Proac3	0.858	0.021	40.041	0.000
	Proac4	0.738	0.037	19.894	0.000
	Proac5	0.727	0.040	18.323	0.000
	Proac6	0.819	0.030	27.683	0.000

Table 4.16 (Continued)

Entrepreneurial Orientation-Risk Taking	Risk1	0.736	0.033	22.090	0.000
	Risk2	0.717	0.048	14.912	0.000
	Risk3	0.816	0.022	37.717	0.000
	Risk4	0.722	0.045	16.105	0.000
Market Orientation- Intelligence Generation	Gener1	0.518	0.031	9.325	0.000
	Gener2	0.755	0.052	14.621	0.000
	Gener3	0.751	0.047	15.863	0.000
	Gener4	0.695	0.044	15.672	0.000
	Gener5	0.779	0.040	19.685	0.000
Market Orientation- Intelligence Dissemination	Dissem1	0.693	0.032	21.615	0.000
	Dissem2	0.670	0.037	18.007	0.000
	Dissem3	0.734	0.046	15.865	0.000
	Dissem4	0.771	0.041	18.696	0.000
	Dissem5	0.693	0.027	25.586	0.000
Market Orientation- Responsiveness	Respon1	0.791	0.038	20.838	0.000
	Respon2	0.839	0.032	26.246	0.000
	Respon3	0.638	0.035	18.265	0.000
	Respon4	0.829	0.037	22.457	0.000
	Respon5	0.818	0.033	25.109	0.000
Firm Performance- Financial Performance	FP1	0.921	0.011	81.070	0.000
	FP2	0.943	0.008	111.818	0.000
	FP3	0.932	0.011	81.094	0.000
Performance-Growth	G1	0.926	0.011	86.067	0.000
	G2	0.925	0.011	81.275	0.000
	G3	0.936	0.013	72.769	0.000
	G4	0.927	0.014	68.523	0.000

Source: Data processed using SmartPLS 3.2.9 (2022)

Based on Table 4.16, all the constructs and their indicators have a significant relationship. This is shown by the factor loading where the T Value and P Value are all significant.

4.4.1.2. Factor Loading Analysis

- First Order

Analysis of Factor Loading for the first order is intended to see the close relationship between the dimensions and their indicators using a reflective model. The reflective model assumes that dimensions affect indicators (direction of causality from

dimension to indicator or manifest variable) (Ghozali, 2014). Factor Loading (FL) Analysis is used to see the extent of relationship in PLS. The FL analysis aims to see the level of closeness relationship of dimensions in influencing their indicators based on the value of outer loading in bootstrapping.

The relationship between the dimensions and their indicators through the results of factor loading is shown below:

1. Dimensions of Adversity Quotient

The relationship between the dimension of adversity quotient and its indicators can be seen in Table 4.17 below.

Table 4. 17
Results of Factor Loading of adversity quotient Dimension

Dimension	Correlation	Factor Loading
Control (0.886)	Con1 <- Control	0.852
	Con2 <- Control	0.855
	Con3 <- Control	0.929
Ownership (0.686)	Own1 <- Ownership	0.823
	Own2 <- Ownership	0.859
	Own3 <- Ownership	0.795
Reach (0.939)	Reach1 <- Reach	0.906
	Reach2 <- Reach	0.951
	Reach3 <- Reach	0.915
Endurance (0.881)	Endu1 <- Endurance	0.886
	Endu2 <- Endurance	0.909
	Endu3 <- Endurance	0.931

Source: Result of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.18, the indicators that have a high factor loading value are indicators in the reach dimension, with a very strong influencing dimension being the indicator of Reach 1, 0.906; Reach 2, 0.951; and Reach 3, 0.915. The highest factor loading value is **the indicator of Reach 2**, which means our company continues to observe other important corporate responsibilities in the

company during difficult times. In addition, the dimension of endurance strongly affects the indicators of Endu1, namely 0.886; Endu 2, 0.909; and Endu3, 931. Meanwhile, low factor loading value is indicated by the influence of Ownership dimension in the indicator of Own1, 0.823, and indicator Own3, 0.795. The indicator of Own 1 means that our company is responsible for mistakes and errors caused by other parties in the company. While the indicator of Own3 means that our company is objective in evaluating the problems that exist within the company.

2. Market Orientation Dimension

The relationship between the dimension of market orientation and its indicators can be seen in the table below.

Table 4. 18
Results of Factor loading on market orientation dimension

Dimension	Correlation	Factor loading
Intelligence generation (0,843)	Gener2 <- Intelligence generation	0.892
	Gener3 <- Intelligence generation	0.940
	Gener4 <- Intelligence generation	0.836
	Gener5 <- Intelligence generation	0.875
Intelligence Dissemination (0.894)	Dissem1 <- Intelligence Dissemination	0.815
	Dissem2 <- Intelligence Dissemination	0.877
	Dissem3 <- Intelligence Dissemination	0.806
	Dissem4 <- Intelligence Dissemination	0.695
	Dissem5 <- Intelligence Dissemination	0.807
Responsiveness (0.923)	Respon1 <- Responsiveness	0.871
	Respon2 <- Responsiveness	0.925
	Respon3 <- Responsiveness	0.710
	Respon4 <- Responsiveness	0.856
	Respon5 <- Responsiveness	0.858

Source: Result of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.18, the indicators that have a high Factor loading value are indicators in the dimension of Intelligence Generation, with a very strong

influencing dimension being the indicators of Gener2, 0.892; Gen3, 0.940; Gener4, 0.836; and Gener5, 0.875. The highest Factor loading value is **the Gener3 indicator**, which means the effects that may occur due to changes in the business environment on the company are often reviewed. In addition, **the dimension of Responsiveness also strongly influences the Repson1 indicator, namely 0.871; Response2, 0.925; Response4, 0.856; and Response5, 0.858**. Meanwhile, the lowest Factor loading value is indicated by the influence of the dimension of Intelligence Dissemination on the Dissem4 indicator namely 0.695, and the dimension of Responsiveness on Response3 indicator; 0.710. The indicator of Dissem4 means that we always hold meetings at least once every quarter to discuss market trends and developments. While the Indicator of Response 3 means that if a major competitor launches an intensive campaign targeted at our customers, we will respond immediately.

3. Dimension of Entrepreneurial Orientation

The relationship between the dimension of entrepreneurial orientation and its indicators can be seen in Table 4.19 below.

Table 4. 19
Results of Factor loading on entrepreneurial orientation Dimension

Dimension	Correlation	Factor loading
Proactiveness (0.919)	Proac1 <- Proactiveness	0.881
	Proac2 <- Proactiveness	0.877
	Proac3 <- Proactiveness	0.913
	Proac4 <- Proactiveness	0.844
	Proac5 <- Proactiveness	0.854
	Proac6 <- Proactiveness	0.858
Risk-Taking (0.836)	Risk1 <- Risk Taking	0.890
	Risk2 <- Risk Taking	0.903
	Risk3 <- Risk Taking	0.909
	Risk4 <- Risk Taking	0.873

Table 4.19 (Continued)

Innovativeness (0.825)	Innov5 <- Innovativeness	0.813
	Innov6 <- Innovativeness	0.901
	Innov7 <- Innovativeness	0.879
	Innov8 <- Innovativeness	0.921
	Innov9 <- Innovativeness	0.886
	Innov10 <- Innovativeness	0.859

Source: Results of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.19, the indicators that have high factor loading are indicators in the dimension of risk-taking, with a very strong influencing dimension being the indicator of Risk1, 0.890; Risk2, 0.903; Risk3, 0.909; and Risk4, 0.874. The highest factor loading value is **the Proac3 indicator**, which means our company places great emphasis on developing new products. Other high factor loadings are Proac1, 0.881; Proac2, 0.877; Proac3, 0.913; Proac4, 0.844; Proac5, 0.854; and Proac6, 0.858. While the lowest factor loading value is in the indicators of Innov7 and Innov9. The Innov7 indicator means that our products cover more customer needs. Meanwhile, the Innov9 indicator means that our products have higher quality compared to the main competitors' products.

4. Firm Performance Dimension

The relationship between the dimension of firm performance and its indicators can be seen in Table 4.20 below.

Table 4. 20

Results of Factor loading on firm performance Dimension

Dimension	Correlation	Factor loading
Growth (0.967)	G1 <- Growth	0.950
	G2 <- Growth	0.963
	G3 <- Growth	0.976
	G4 <- Growth	0.952

Dimension	Correlation	Factor loading
Financial Performance (0.945)	FP1 <- Financial Performance	0.982
	FP2 <- Financial Performance	0.995
	FP3 <- Financial Performance	0.984

Source: Results of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.20, the indicators that have high factor loading are indicators in the dimension of financial performance, with a very strong influencing dimension being the indicator of FP1, 0.982; the indicator of FP2, 0.995; and the indicator of FP3, 0.984. The indicator that has the highest Factor loading is FP2, which is the company's return on assets (ROA) for the last 3 years. Other high factor loading values are in the G1 indicator, 0.950; the G2 indicator, 0.963; the G3 indicator, 0.976, and G4, 0.952. While low factor loading value is in the indicators of G1 and G4. The G1 indicator indicates the company's sales level for the last 3 years. While the G4 indicator indicates the growth of market value relative to competitors in the last 3 years.

- Second Order

Analysis of Factor loading for the second order is intended to see the close relationship between variables and their indicators using a reflective model. The reflective model assumes that latent constructs or variables affect indicators (direction of causality from constructs to indicators or manifest variables) (Ghozali, 2014). Factor loading (LF) Analysis is used to see the extent of relationship in PLSp. LF analysis aims to see the level of close relationship between latent variables in influencing the indicators based on the value of outer loading in bootstrapping.

The relationship between the constructs and their indicators through the results of factor loading is shown below:

1. Adversity Quotient

The relationship between the variable of adversity quotient and its indicators can be seen in Table 4.21 below.

Table 4. 21
Results of Factor loading on adversity quotient

Dimension	Correlation	Factor loading
Control	Con1 <- Adversity Quotient	0.670
	Con2 <- Adversity Quotient	0.796
	Con3 <- Adversity Quotient	0.807
Ownership	Own1 <- Adversity Quotient	0.424
	Own2 <- Adversity Quotient	0.485
	Own3 <- Adversity Quotient	0.703
Reach	Reach1 <- Adversity Quotient	0.829
	Reach2 <- Adversity Quotient	0.907
	Reach3 <- Adversity Quotient	0.865
Endurance	Endu1 <- Adversity Quotient	0.786
	Endu2 <- Adversity Quotient	0.796
	Endu3 <- Adversity Quotient	0.821

Source: Results of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.21, the dimension that has high Factor loading value is the reach dimension, with the constructs having a very strong influence on the indicator of Reach1, namely 0.829; Reach2, 0.907; and Reach3, 0.865. The highest Factor loading value is the **Reach 2 indicator**, which means **our company continues to fulfil other important corporate responsibilities within the company during difficult times**. In addition, the construct strongly influences the indicator of Con3, namely 0.807, and Endu3, 0.821. Meanwhile, the lowest Factor loading value is indicated by the influence of construct on the indicator of Own1, namely 0.424, and Own2, 0.485. The indicator of Own1 means that our company is responsible for errors and mistakes caused by other

parties in the company. While the Own2 indicator means that our company takes the initiative to take over problems caused by other parties within the company.

2. Market Orientation

The relationship between the variables of market orientation and their indicators can be seen in the table below.

Table 4. 22
Results of Factor loading on market orientation

Dimension	Correlation	Factor loading
Intelligence generation	Gener2 <- Market Orientation	0.755
	Gener3 <- Market Orientation	0.751
	Gener4 <- Market Orientation	0.695
	Gener5 <- Market Orientation	0.779
Intelligence Dissemination	Dissem1 <- Market Orientation	0.693
	Dissem2 <- Market Orientation	0.670
	Dissem3 <- Market Orientation	0.734
	Dissem4 <- Market Orientation	0.771
	Dissem5 <- Market Orientation	0.693
Responsiveness	Respon1 <- Market Orientation	0.791
	Respon2 <- Market Orientation	0.839
	Respon3 <- Market Orientation	0.638
	Respon4 <- Market Orientation	0.829
	Respon5 <- Market Orientation	0.818

Source: Results of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.22, the dimension that has high Factor loading is the responsiveness dimension, with the constructs having a very strong influence on the indicators of Response2, namely 0.839; Response4, 0.829; and Response5, 0.818. The highest Factor loading value is **Response 2, which means our company reacts quickly to changing customers' product needs.** The lowest factor loading value is also in the responsiveness dimension, namely the Response3 indicator, with a value of 0.638. The response3 means

that if a major competitor launches an intensive campaign targeted at our customers, we will respond immediately.

3. Entrepreneurial Orientation

The relationship between the variable of entrepreneurial orientation and its indicators can be seen in Table 4.23 below.

Table 4. 23
Results of entrepreneurial orientation factor loading

Dimension	Correlation	Factor loading
Proactiveness	Proac1 <- Entrepreneurial Orientation	0.823
	Proac2 <- Entrepreneurial Orientation	0.847
	Proac3 <- Entrepreneurial Orientation	0.858
	Proac4 <- Entrepreneurial Orientation	0.738
	Proac5 <- Entrepreneurial Orientation	0.727
	Proac6 <- Entrepreneurial Orientation	0.819
Risk-Taking	Risk1 <- Entrepreneurial Orientation	0.736
	Risk2 <- Entrepreneurial Orientation	0.717
	Risk3 <- Entrepreneurial Orientation	0.816
	Risk4 <- Entrepreneurial Orientation	0.722
Innovativeness	Innov5 <- Entrepreneurial Orientation	0.786
	Innov6 <- Entrepreneurial Orientation	0.824
	Innov7 <- Entrepreneurial Orientation	0.761
	Innov8 <- Entrepreneurial Orientation	0.806
	Innov9 <- Entrepreneurial Orientation	0.775
	Innov10 <- Entrepreneurial Orientation	0.807

Source: Results of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.23, the dimension that has high factor loading is proactiveness dimension, with the constructs having a very strong influence on the indicators of Proac1, 0.823; Proac2, 0.847; and Proac3, 0.858. The highest factor loading value is **the Proac3 indicator, which means our company places great emphasis on development of new products**. Other high factor loadings are Proac6, 0.819; Risk3, 0.816; Risk6, 0.824; Innov8, 0.806; and Innov10, 0.807. While the lowest factor loading value is the Risk2 indicator,

which means, because of the nature of the environment, risk-taking actions are needed to achieve the company's goals.

4. Firm Performance

The relationship between the variable of firm performance and its indicators can be seen in Table 4.24 below.

Table 4. 24
Results of factor loading on Firm Performance

Dimension	Correlation	Factor loading
Growth	G1 <- Firm Performance	0.950
	G2 <- Firm Performance	0.963
	G3 <- Firm Performance	0.976
	G4 <- Firm Performance	0.952
Firm Performance	FP1 <- Firm Performance	0.982
	FP2 <- Firm Performance	0.995
	FP3 <- Firm Performance	0.984

Source: Results of analysis using SmartPLS 3.2.9 (2022)

Based on Table 4.24, the dimension that has high factor loading is firm performance with the constructs having a very strong influence on the FP2 indicator, namely 0.995; and the FP3 indicator, 0.984. The strongest influencing construct is **the FP2 indicator**, which is **the company's return on assets (ROA) for the last 3 years**. Other high factor loading values are the G3 indicator, 0.976; the G2 indicator, 0.963; and the G4 indicator, 0.952. While the lowest factor loading value is the G1 indicator, namely 0.950, which is the company's sales level in the last 3 years, and the G4 indicator, 0.952, which is the growth of market value relative to competitors in the last 3 years.

4.4.1.3. Convergent Validity

Based on the result of data processing using SmartPLS version 3.2.9, we get the following results:

Table 4. 25
Convergent Validity Analysis

Dimension/Variable	Item	Loading	CR	AVE
Adversity Quotient- Control	Con1	0.670	0.911	0.773
	Con2	0.796		
	Con3	0.807		
Adversity Quotient- Ownership	Own1	0.424	0.866	0.683
	Own2	0.485		
	Own3	0.703		
Adversity Quotient - Reach	Reach1	0.829	0.946	0.854
	Reach2	0.907		
	Reach3	0.865		
Adversity Quotient- Endurance	Endu1	0.786	0.934	0.826
	Endu2	0.796		
	Endu3	0.821		
Entrepreneurial Orientation-Innovation	Innov1	0.470	0.908	0.527
	Innov2	0.151		
	Innov3	0.159		
	Innov4	0.530		
	Innov5	0.786		
	Innov6	0.824		
	Innov7	0.761		
	Innov8	0.806		
	Innov9	0.775		
	Innov10	0.807		
Entrepreneurial Orientation- Proactiveness	Proac1	0.823	0.950	0.760
	Proac2	0.847		
	Proac3	0.858		
	Proac4	0.738		
	Proac5	0.727		
	Proac6	0.819		
Entrepreneurial Orientation-Risk Taking	Risk1	0.736	0.941	0.799
	Risk2	0.717		
	Risk3	0.816		
	Risk4	0.722		
Market Orientation- Intelligence Generation	Gener1	0.518	0.912	0.683
	Gener2	0.755		
	Gener3	0.751		
	Gener4	0.695		
	Gener5	0.779		
Table 4.25 (Continued)				
Market Orientation- Intelligence Dissemination	Dissem1	0.693	0.900	0.643
	Dissem2	0.670		
	Dissem3	0.734		
	Dissem4	0.771		
	Dissem5	0.693		

Market Orientation- Responsiveness	Respon1	0.791	0.927	0.718
	Respon2	0.839		
	Respon3	0.638		
	Respon4	0.829		
	Respon5	0.818		
Firm Performance- Financial Performance	FP1	0.921	0.979	0.923
	FP2	0.943		
	FP3	0.932		
Performance-Growth	G1	0.926	0.991	0.974
	G2	0.925		
	G3	0.936		
	G4	0.927		

Source: Data processed using SmartPLS 3.2.9 (2022)

Based on Table 4.25, the results of convergent validity test indicate that almost all indicators have a factor loading value of >0.60 . This means that most of the indicators of adversity, entrepreneurial orientation, market orientation, and firm performance variables are declared valid. In other words, these indicators are valid to measure the construct. However, there are a small number of indicators that are invalid, because they have a factor loading value of < 0.60 , namely the indicators of Own1 and Own2 in the variable of adversity quotient; the indicators of Innov1, Innov2, Innov3, and Innov4 in the variable of entrepreneurial orientation; and the indicator of Gener1 in the variable of market orientation. The indicators with the factor loading value of < 0.60 , must be excluded from the model.

Table 4.25 shows that all variables are declared reliable, as evidenced by all composite reliability values > 0.70 . Table 4.25 also indicates all values of Average Variance Extracted (AVE). The AVE value denotes the amount of variance or diversity of manifest variables that latent constructs can have. Hence, the greater the variant or diversity of manifest variables that can be contained by the latent construct, the greater the representation of the manifest variable to the latent construct. The AVE must be

greater than 0.5. Based on the data in Table 18 all AVE > 0.5. This means that all variables are declared valid.

Based on the result of convergent validity test for the variables of adversity quotient, market orientation, entrepreneurial orientation, and firm performance above, the research model was modified as several indicators were removed from the model as shown in the research model images below.

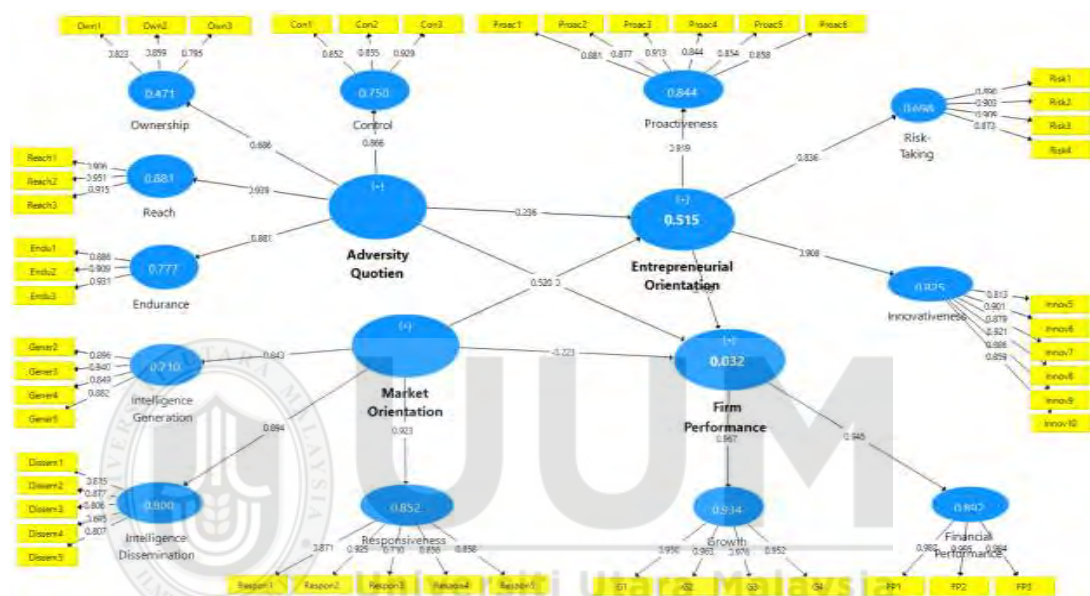


Figure 4. 1 Results of Convergent Validity Test with Factor Loading

Source: Data processed using SmartPLS 3.2.9 (2022)

4.4.1.4 Discriminant Validity

The discriminant validity test shows the value of Fornell-Larcker Criterion and cross-loading of each indicator in each variable. Based on the results of data processing using SmartPLS 3.2.9, the Fornell-Lacker Criterion values are obtained as follows:

a. Fornell-Lacker Criterion

Table 4. 26

Discriminant Validity Analysis: Fornell-Lacker Criterion

	AQ	Con	Endur	EO	Finan	Firm	G	Innov	Desim	Gener	MO	Own	Pro	Reach	Resp	Risk-Taking
AQ	0.754															
Con	0.666	0.879														
Endur	0.681	0.645	0.909													
EO	0.638	0.567	0.480	0.771												
Finan	0.151	0.208	0.113	0.191	0.960											
Firm	0.105	0.180	0.078	0.125	0.967	0.930										
Growth	0.036	0.126	0.025	0.028	0.829	0.945	0.987									
Innov	0.593	0.567	0.451	0.905	0.149	0.092	0.009	0.877								
Dissem	0.673	0.547	0.553	0.584	- 0.041	- 0.096	- 0.156	0.513	0.802							
Gener	0.657	0.566	0.612	0.628	0.122	0.095	0.052	0.578	0.602	0.892						
MO	0.664	0.673	0.628	0.704	0.070	0.020	- 0.048	0.634	0.896	0.836	0.749					
Own	0.686	0.478	0.493	0.413	- 0.036	- 0.062	- 0.089	0.368	0.668	0.400	0.595	0.826				
Pro	0.545	0.488	0.369	0.923	0.179	0.104	- 0.003	0.739	0.578	0.579	0.683	0.379	0.872			
Reach	0.739	0.775	0.793	0.673	0.173	0.113	0.025	0.595	0.580	0.617	0.708	0.543	0.0592	0.924		
Resp	0.703	0.665	0.518	0.651	0.096	0.043	- 0.028	0.590	0.789	0.653	0.729	0.522	0.646	0.679	0,847	
Risk-Taking	0.566	0.436	0.474	0.839	0.202	0.164	0.100	0.630	0.463	0.510	0.547	0.344	0.708	0.621	0,482	0,894

Source: Data processed using SmartPLS 3.2.9 (2022)

In discriminant validity analysis using the Fornell-Lacker Criterion (FLC) value, the validity of variables and dimensions is determined by looking at the highest FLC value in each column on variables and dimensions and comparing it with the FLC value underneath. If the highest FLC value in each variable and dimension column is greater than the FLC value underneath, the discriminant value is declared valid.

Table 4.26 shows that all the highest FLC values in each variable column and dimension are greater than the FLC values below it. Hence, all the discriminant values in Table 4.26 are declared valid.

b. Cross-Loading

Based on the data processed using SmartPLS 3.9.2, the cross-loading value is obtained as follows:

Table 4. 27
Cross Loading Value

Indicator	Adversity Quotient	Entrepreneurial Orientation	Market Orientation	Firm Performance	Remarks
Con1	0.670	0.470	0.624	0.152	Valid
Con2	0.796	0.488	0.495	0.186	Valid
Con3	0.807	0.534	0.662	0.137	Valid
Own3	0.703	0.380	0.558	-0.028	Valid
Reach1	0.829	0.596	0.577	0.094	Valid
Reach2	0.907	0.656	0.718	0.077	Valid
Reach3	0.865	0.611	0.664	0.143	Valid
Endu1	0.786	0.512	0.586	0.071	Valid
Endu2	0.796	0.367	0.571	0.077	Valid
Endu3	0.821	0.430	0.555	0.064	Valid
Innov5	0.466	0.807	0.521	0.160	Valid
Innov6	0.483	0.786	0.560	0.016	Valid
Innov7	0.498	0.824	0.586	0.084	Valid
Innov8	0.617	0.761	0.575	0.080	Valid
Innov9	0.514	0.806	0.531	0.035	Valid
Innov10	0.546	0.775	0.565	0.106	Valid
Proac1	0.488	0.823	0.605	0.121	Valid
Proac2	0.497	0.847	0.626	0.126	Valid
Proac3	0.527	0.858	0.638	0.173	Valid

Table 4.27 (Continued)

Proac4	0.449	0.738	0.585	0.000	Valid
Proac5	0.379	0.727	0.498	0.032	Valid
Proac6	0.496	0.819	0.605	0.069	Valid
Risk1	0.521	0.736	0.541	0.099	Valid
Risk2	0.491	0.717	0.487	0.139	Valid
Risk3	0.510	0.816	0.519	0.172	Valid
Risk4	0.500	0.722	0.406	0.175	Valid
Gener2	0.586	0.456	0.755	0.011	Valid
Gener3	0.589	0.547	0.751	0.118	Valid
Gener4	0.543	0.556	0.695	0.063	Valid
Gener5	0.621	0.677	0.779	0.145	Valid
Dissem1	0.493	0.266	0.693	-0.167	Valid
Dissem2	0.465	0.377	0.670	-0.104	Valid
Dissem3	0.577	0.552	0.734	-0.008	Valid
Dissem4	0.669	0.727	0.771	0.082	Valid
Dissem5	0.457	0.369	0.693	-0.207	Valid
Respon1	0.586	0.09	0.791	0.041	Valid
Respon2	0.642	0.609	0.839	0.076	Valid
Respon3	0.416	0.320	0.638	-0.067	Valid
Respon4	0.641	0.638	0.829	0.028	Valid
Respon5	0.663	0.635	0.818	0.082	Valid
FP1	0.026	-0.018	-0.081	0.921	Valid
FP2	0.055	0.055	-0.032	0.943	Valid
FP3	0.025	0.045	-0.028	0.932	Valid
G1	0.172	0.223	0.108	0.926	Valid
G2	0.110	0.141	0.027	0.925	Valid
G3	0.170	0.228	0.094	0.936	Valid
G4	0.128	0.141	0.041	0.927	Valid

Source: Data processed using SmartPLS 3.2.9 (2022)

Based on the result of discriminant validity test after model modification at the stage of convergent validity, as indicated in Table 4.27, all indicators that have a correlation with the intended construct have higher cross-loading values than other construct indicators. Hence, the results are declared **valid**. It can be concluded that the constructs of adversity quotient, entrepreneurial orientation, market orientation, and firm performance have good discriminant validity.

In addition, the results of cross-loading values in Table 4.27 indicate that;

- 1) All indicators in the construct of adversity quotient variable have a cross-loading greater than the cross-loading value of other constructs. This indicates a match of an indicator to explain the construct, i.e adversity quotient, rather than explaining other constructs, namely entrepreneurial orientation, market orientation, and firm performance.
- 2) All indicators in the construct of entrepreneurial orientation variable have a cross-loading value greater than the cross-loading value in other constructs. This indicates a match of an indicator to explain the construct, i.e entrepreneurial orientation, rather than explaining other constructs, namely adversity quotient, market orientation, and firm performance.
- 3) All indicators in the construct of market orientation variable have a cross-loading value greater than the cross-loading value in other constructs. This indicates a match of an indicator to explain the construct, i.e market orientation, rather than explaining other constructs, namely adversity quotient, entrepreneurial orientation, and firm performance.
- 4) All indicators in the construct of firm performance variable have a cross-loading value greater than the cross-loading value in other constructs. This indicates a match of an indicator to explain the construct, i.e Firm Performance, rather than explaining other constructs, namely adversity quotient, entrepreneurial orientation, and market orientation.

Another measure to identify discriminant validity is to look at the Average Variance Extracted (AVE) value for each construct, with an AVE value of above 0.50. The result of Average Variance Extracted is as follows:

Table 4. 28
Average Variance Extracted (AVE) Value

Variable	AVE
Adversity Quotient	0.569
Entrepreneurial Orientation	0.594
Market Orientation	0.561
Firm Performance	0.865

Source: Data processed using SmartPLS 3.2.9 (2022)

Based on the test results, the AVE value of adversity quotient is 0.569; entrepreneurial orientation, 0.594; market orientation, 0.561; and firm performance, 0.865. This means that all constructs have $AVE > 0.50$, which indicates **that all constructs meet the validity requirements based on Average Variance Extracted (AVE).**

4.3.2. Reliability Test

4.3.2.1. Composite Reliability

Based on the results of data processing using SmartPLS version 3.2.9, we get the following results:

Table 4. 29
Composite Reliability Value

Variable	Composite Reliability	Condition	Remarks
Adversity Quotient	0.939	≥ 70	Reliable
Entrepreneurial Orientation	0.961	≥ 70	Reliable
Market Orientation	0.947	≥ 70	Reliable
Firm Performance	0.978	≥ 70	Reliable

Source: Data processed using SmartPLS 3.2.9 (2022)

Table 4.29 shows the composite reliability value of adversity quotient, 0.939; entrepreneurial orientation, 0.961; market orientation, 0.978; and firm performance,

0.947. This indicates that the composite reliability value for all variables is >70 , and hence all variables are declared **reliable**.

4.3.2.2. Cronbach's Alpha

In reliability test using Cronbach's alpha (CA) value, the latent variable construct is declared reliable if it has a CA value > 0.6 .

Based on data processing using SmartPLS 3.2.9, the results of Cronbach's alpha for each variable are as follows:

Table 4. 30
Cronbach's Alpha Values

Variable	Cronbach's Alpha	Condition	Remarks
Adversity Quotient	0.926	≥ 60	Reliable
Entrepreneurial Orientation	0.956	≥ 60	Reliable
Market Orientation	0.943	≥ 60	Reliable
Firm Performance	0.974	≥ 60	Reliable

Source: Data processed using SmartPLS 3.2.9 (2022)

Table 4.30 shows the value of Cronbach's alpha for adversity quotient, 0.926; entrepreneurial orientation, 0.956; market orientation, 0.943; and firm performance, 0.974. This indicates that all variables have Cronbach's alpha value > 60 , and hence **all variables are declared reliable**.

4.4. Evaluation of Structural Model (Inner Model)

Evaluation of the structural model using PLS is carried out by looking at the values of R-squared and Goodness of Fit Index (GoF), then looking at the significance between constructs which is indicated by the path coefficient.

4.4.1. Coefficient Test on Determinant / R-squared (R2)

The value of R-squared indicates the predictive power of endogenous latent variables in the structural model. Changes in the value of R-squared can be used to explain whether the effect of certain exogenous latent variables on endogenous latent variables is substantive. The R-squared values of 0.75, 0.50, and 0.25 can be concluded as strong, moderate, and weak.

Based on data processing using the SmartPLS 3.2.9 program, the results of determinant coefficient are as follows:

Table 4. 31
Value of R-Squared (R2)

Variable	R Squared
Entrepreneurial Orientation	0.515
Firm Performance	0.032

Source: Data processed using SmartPLS 3.2.9 (2022)

In Table 4.31, the relationship between constructs based on R-Squared can be explained as follows:

- 1) The R-Squared value of the entrepreneurial orientation variable is 0.515. This suggests that 51.5% of entrepreneurial orientation Variables can be moderately influenced by adversity quotient (X1) and market orientation (X2) variables, while the rest are influenced by other variables outside this study.
- 2) The R-Squared value of firm performance (Y) variable is 0.032. This indicates that 3.2% of the firm performance variables can be strongly influenced by the adversity quotient (X1) variable, market orientation (X2) variable, and entrepreneurial orientation (XMed) variable, and the remaining 96.8% are influenced by other variables outside this study.

4.4.2. Effect Size Test (f square)

The f square (f^2) test aims to assess the extent of influence between variables. Value (f^2) = 0.02 is small; 0.15 moderate, and 0.35 is high. The values less than 0.02 can be ignored or considered to have no effect (Sarstedt et al., 2017). The results of f square (f^2) test are presented in Table 4.32 below.

Table 4. 32
Effect Size (f square) Value of Research Variables

Effect	Result	Effect Size
Adversity Quotient-> Firm Performance	0.022	Small
Adversity Quotient-> Entrepreneurial Orientation	0.051	Small
Entrepreneurial Orientation -> Firm Performance	0.027	Small
Market Orientation -> Entrepreneurial Orientation	0.232	Medium
Market Orientation -> Firm Performance	0.021	Small

Source: Data processed using SmartPLS 3.2.9 (2022)

Based on the data in Table 4.32, the effect size of adversity quotient on firm performance, adversity quotient on entrepreneurial orientation, entrepreneurial orientation on firm performance, and market orientation on firm performance is small. Meanwhile, the effect of market orientation on entrepreneurial orientation is moderate. According to Sarstedt et al. (2017), although the effect size of independent construct on dependent construct is mostly small, the value of effect size is still influential.

4.4.3. Goodness of Fit Index (GoF) Value

The Goodness of Fit Index was developed to evaluate measurement models and structural models, and provide a simple measurement for model predictions. For this reason, the GoF Index is calculated from the square root of average communality index and average R-squared values as follows:

$$\text{GoF Index} = \text{AVE} \times R^2$$

According to Ghozali (2015), the criteria for determining whether the model is fit or not are as follows: small GoF = 0.10; medium = 0.25; large = 0.36.

Based on the above formula, the calculation of GoF Index is as follows:

$$\begin{aligned} \text{GoF Index} &= \text{AVE} \times R^2 \\ &= (0.569 + 0.594 + 0.561 + 0.865)/4 \times (0.515 + 0.032)/2 \\ &= (0.65 \times 0.274) \\ &= \sqrt{0.171} \\ &= 0.413 \end{aligned}$$

From the result of calculation, the GoF value is 0.413. This GoF value is moderate, so it can be concluded that overall the model is **fit**.

4.5. Hypothesis Testing

Hypothesis testing between constructs is carried out using the bootstrap resampling method. Calculation of hypothesis testing using SmartPLS 3.2.9 can be seen from the value of Path Coefficient, namely the statistical value of the relationship between variables in the study. The statistics of the t-test using the formula or SmartPLS 3.2.9 denotes the comparison between the t-test and the value in the t table obtained from the formula:

$$\begin{aligned} \text{DF} &= n-k-1 \\ &= 287-k-1 \\ &= 284 \end{aligned}$$

The statistical table indicates the t table for the value of 284 namely 1.96835 with a significance level (α) of 0.05. The decision-making method is as follows:

If P-Value > 0.05 or t count < t table, the Ho is accepted.

If P-Value < 0.05 or t count > t table, the Ho is rejected

The results of hypothesis testing using SmartPLS 3.2.9 are as follows:

Table 4. 33
Path Coefficient Values

Hypothesis	Relationship	Path Coefficient	Std Error	T -Value	P-Value	Decision
H1	Adversity Quotient -> Firm Performance	0.172	0.079	2.173	0.015	Supported
H2	Adversity Quotient -> Entrepreneurial Orientation	0.242	0.074	3.278	0.001	Supported
H3	Entrepreneurial Orientation -> Firm Performance	0.186	0.102	1.829	0.034	Supported
H5	Market Orientation -> Firm Performance	-0.243	0.085	2.847	0.002	Not Supported
H6	Market Orientation -> Entrepreneurial Orientation	0.519	0.063	8.217	0.000	Supported

Source: Result of analysis using SmartPLS 3.2.9 (2022)

1. Adversity Quotient

a. Direct Effect

- On Firm Performance

Based on Table 4.32, the value of t-statistic is 2.173 which is higher than the t table of 1.96835, while the P-Value is 0.015 which is lower

than the $\alpha = 0.05$. The coefficient value is positive, 0.172, which means that the adversity quotient variable has a positive effect on the firm performance variable by 17.2%. Hence, the H1 hypothesis in this study which argues that the variable of adversity quotient has a positive and significant effect on the variable of firm performance in textile in Indonesia is **accepted**.

- **On Entrepreneurial Orientation**

Based on Table 4.32, the t-statistic value is 3.278 which is higher than the t table value of 1.96835, while the P-Value is 0.001 which is lower than $\alpha = 0.05$. The coefficient value is positive, 0.242, which means that the variable of adversity quotient has a positive effect on growth by 24.2%. Hence, the H2 hypothesis which argues that the variable of adversity quotient has a positive and significant effect on the variable of entrepreneurial orientation in textile is **accepted**.

2. Entrepreneurial Orientation on Firm Performance

Based on Table 4.32, the t-statistic value is 1.829 which is lower than the t table value of 1.96835, and the P-Value is 0.034 which is lower than $\alpha = 0.05$. The coefficient value is positive, 0.186, which means that the entrepreneurial orientation variable has a positive effect on firm performance variables by 18.6%. Hence, the H4 hypothesis which argues that the variable of entrepreneurial orientation has a positive and significant effect on the variable of firm performance in textile in Indonesia is **accepted**.

3. Market Orientation

a. Direct Effect

- **On Firm Performance**

Based on Table 4.32, the t-statistic value is 2.847 which is higher than the t table value of 1.96835, while the P-Value is 0.002 which is lower than $\alpha = 0.05$. The coefficient value is negative, -0.243, which means that the variable of market orientation has a negative effect on the variable of firm performance at 18.6%. Hence, the H5 hypothesis which argues that the market orientation variable has a positive and significant effect on the firm performance variable in textile in Indonesia is **rejected**.

- **On Entrepreneurial Orientation**

Based on Table 4.32, the t-statistic value is 8.217 which is higher than the t table value of 1.96835, while the P-Value is 0.000 which is lower than $\alpha = 0.05$. The coefficient value is positive, 0.519, which means that the variable of market orientation has a positive effect on the variable of entrepreneurial orientation at 51.9%. Hence, the H6 hypothesis which argues that the variable of market orientation has a positive and significant effect on the variable of entrepreneurial orientation in Textile in Indonesia is **accepted**.

b. Indirect Effect

The mediating role of entrepreneurial orientation variables is presented in Table 4.34 below.

Table 4. 34
Hypothesis Testing on Mediation

Hypothesis	Mediation	Path Coefficient	Std Deviation	T-Value	P-Value	Decision
H4	Adversity Quotient -> Entrepreneurial Orientation -> Firm Performance	0.045	0.024	1.914	0,028	Supported
H7	Market Orientation -> Entrepreneurial Orientation -> Firm Performance	0.096	0.060	1.615	0.043	Supported
Total						
	Adversity Quotient -> Firm Performance	0.217	0.079	2.759	0.003	Supported
	Market Orientation -> Firm Performance	-0.147	0.085	1.719	0.043	Supported

Source: Result of analysis using SmartPLS 3.2.9 (2022)

- **Entrepreneurial Orientation mediates the relationship between Adversity Quotient and Firm Performance**

Based on Table 4.34, the t-statistic value is 1.914, which is lower than the t table value of 1.96835, while the P-Value is 0.028 which is lower than $\alpha = 0.05$. The coefficient value is positive, 0.045, which means that the variable of adversity quotient through the variable of entrepreneurial orientation (mediator) has a positive and significant effect on the variable of firm performance, and if the variable of market orientation is considered zero (not present or not implemented), the variable of

adversity quotient through entrepreneurial orientation (mediator) will affect firm performance by 4.5%. Hence, the H4 hypothesis in this study which argues that adversity quotient has a positive and significant effect on firm performance mediated by entrepreneurial orientation in textile in Indonesia is **accepted**.

- **Entrepreneurial Orientation mediates the relationship between Market Orientation and Firm Performance**

Based on Table 4.34, the t-statistical value is 1.615 which is lower than the t table value of 1.96835, while the P-Value value is 0.043 which is lower than 0.05. The coefficient value is positive, 0.096 which means that the variable of market orientation through the variable of entrepreneurial orientation (mediator) has a positive and significant effect on the firm of performance, and if the adversity quotient variable is considered zero (not present or not implemented), the market orientation variable through the entrepreneurial orientation (mediator) will affect firm performance by 9.6%. Hence, the H7 hypothesis in this study which argues that market orientation has a positive and significant effect on firm performance mediated by entrepreneurial orientation in textile in Indonesia is **accepted**.

c. Total Influence

- **Adversity Quotient and Firm Performance**

The direct effect of adversity quotient on firm performance is 0.172, and the indirect effect of adversity quotient on firm

performance through entrepreneurial orientation is 0.045, so that the total effect of adversity quotient on firm performance is 0.217. This means that entrepreneurial orientation (mediator) strengthens the influence of adversity quotient on firm performance.

- **Market Orientation and Firm Performance**

The direct effect of market orientation on firm performance is - 0.233, and the indirect effect of market orientation on firm performance through entrepreneurial orientation is 0.096, so the total effect of adversity quotient on firm performance is -0.137.

This means that entrepreneurial orientation (mediator) strengthens the influence of Market Orientation on Firm Performance.

4.5.1. Hypothesis Result

After discussing the hypothesis test as above, below is the provisional conclusion:

Table 4. 35 Hypothesis Results

	Hypothesis	Decision
H1	Adversity quotient has a positive and significant effect on the performance of textile SMIs	Supported
H2	Adversity quotient has a positive and significant effect on the entrepreneurial orientation of textile SMIs	Supported
H3	Entrepreneurial orientation has a positive and significant effect on the performance of textile SMIs	Supported
H4	Entrepreneurial orientation mediates the relationship between adversity quotient and firm performance of textile	Partially mediation
H5	Market orientation has a negative and significant effect on the firm performance of textile	Not supported
H6	Market orientation has a positive and significant effect on the entrepreneurial orientation of textile	Supported

H7	Entrepreneurial orientation mediates the relationship between market orientation and firm performance of Textile	Fully mediated
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Source: Results of analysis using SmartPLS 3.2.9 (2022)

Table 4.35 shows the direct and indirect effects of independent variables on dependent variables with the following results:

- 1) In accordance with the results of previous studies, the results of hypothesis test on the effect of adversity quotient on firm performance in this study indicate a positive and significant influence.
- 2) In accordance with the results of previous studies, the results of hypothesis test on the effect of adversity quotient on entrepreneurial orientation in this study indicates a positive and significant influence.
- 3) In accordance with the results of previous studies, the results of hypothesis test on the effect of entrepreneurial orientation on firm performance in this study indicates a positive and significant influence.
- 4) This study found a novelty; entrepreneurial orientation positively and significantly mediates the effect of adversity quotient on firm performance. This mediating role was not found in previous studies. In this study, the results of adversity quotient hypothesis test have a direct and indirect effect on firm performance. Hence, it can be concluded provisionally that the mediating role of entrepreneurial orientation in the relationship of adversity quotient and firm performance is partial mediation.
- 5) Most of the previous studies have proven that the effect of market orientation on firm performance is positive and significant. However, this study actually provides different results, namely market orientation has a negative and significant effect. Hence, the hypothesis that market orientation has a positive and significant effect on firm performance is

rejected (not supported). However, the results of this study are not meaningful without the support of previous research. The results of research by Hassim et al. (2011), Octavia et al. (2017) show that market orientation has a negative effect on firm performance. This is because there are external environmental factors that have a moderating effect on the relationship between the two. When this research was being conducted the Covid-19 pandemic was on the rise, so it is highly possible that this pandemic is a moderating factor.

- 6) The results of this study indicate that market orientation has a positive and significant effect on entrepreneurial orientation. The results of this study support the results of previous studies which confirm that market orientation has a positive and significant effect on entrepreneurial orientation.
- 7) This study found a novelty; entrepreneurial orientation mediates the relationship between market orientation and firm performance. Previous studies did not find this mediating role. However, in this study the direct effect of market orientation on firm performance is negative and significant. It means that market orientation has no direct effect on firm performance, but has an indirect effect on firm performance. Hence, it can be provisionally concluded that the mediating role of entrepreneurial orientation in the relationship between market orientation and firm performance is full mediation.

4.6. Chapter Summary

Chapter 4 presents profiles of Textile in Indonesia spreading over in the provinces of West Java, Banten, Central Java, and East Java. In addition, this chapter also presents the results of data processing using the SmartPLS 3.2.9 program. Based on the results of data processing, the researcher can evaluate the measurement model (outer model), analyze factor loading, evaluate the structural model (inner model), and test the hypothesis.

In the outer model, validity and reliability tests were carried out for all constructs in this study, namely adversity quotient, market orientation, entrepreneurial orientation, and firm performance with manifest variables. The results of validity test can be seen from the convergent validity by looking at the outer loading which shows several invalid manifest variables, such as adversity quotient, entrepreneurial orientation, and market orientation. In discriminant validity, the invalid manifest variables were excluded from the model, and measured again which results are visible in the cross loading. The cross loading shows that all manifest variables are declared valid. The measurement of discriminant validity can also be seen in the Average Variance Extracted (AVE) which shows that all constructs meet the validity requirements. The reliability test shows that all constructs are declared reliable as indicated by the Composite Reliability value > 70 and Cronbach's Alpha > 0.6 .

In the evaluation of structural model (inner model), the R-Squared (R^2) of the entrepreneurial orientation construct is 0.515, which means that this construct is moderately influenced by the adversity quotient and market orientation constructs. Meanwhile, the firm performance construct has an R square of 0.032, which means that this construct is not strongly influenced by adversity quotient, entrepreneurial

orientation, and market orientation. The results of evaluation of the measurement model and structural model through the Goodness of Fit (GoF) Index show 0.41, which is > 0.36 , which means that the overall model is declared fit (large).

The results of hypothesis test show that the relationship between adversity quotient and firm performance, adversity quotient and entrepreneurial orientation, entrepreneurial orientation and firm performance, market orientation and entrepreneurial orientation is positive and significant. meanwhile, the relationship between market orientation and firm performance is negative and significant. The entrepreneurial orientation variable strengthens the relationship between adversity quotient and firm performance, and market orientation and firm performance.

The indicators in the reach dimension have a high factor loading value, with the highest factor loading value being the Reach2 indicator, which means our company continues to pay attention to other important corporate responsibilities within the company during difficult times. Meanwhile, the low factor loading value is in the ownership dimension with indicators on Own1 and Own3. Own 1 indicator means that our company is responsible for errors and mistakes caused by other parties in the company. While the Own3 indicator means that our company is objective in evaluating the problems that exist in the company.

The indicators in the dimension of Intelligence Generation have a high factor loading value, with the highest loading value being the Gener3 indicator, which means the effects that may occur due to changes in the business environment on the company are frequently reviewed. While the low factor loading value is in the indicator of Dissem4, which means we always hold meetings at least once every quarter to discuss market

trends and developments, and Respon3 which means if a major competitor launches an intensive campaign targeted at our customers, we will immediately respond.

Indicators that have a high factor loading value are indicators in the risk-taking dimension, with the highest factor loading value being in the Proac3 indicator, which means our company places great emphasis on new product development. While the indicators with low factor loading values are Innov7 and Innov 9. The Innov7 indicator means that our products cover more customer needs. Meanwhile, the Innov9 indicator means that our products have a higher quality compared to the main competitors' products.

Indicators that have a high factor loading value are in financial performance and growth. The indicator that has the highest factor loading value is the FP2 indicator, which is the company's return on assets for the last 3 years. Meanwhile, indicators that have low factor loading values are G1 and G2 indicators. The G1 indicator is the company's sales level for the last 3 years, while G4 indicator is the growth of market value relative to competitors in the last 3 years.

For the second order, the adversity quotient construct has the strongest influence on the Reach2 indicator, which means our company continues to pay attention to other important corporate responsibilities in the company during difficult times, with a factor loading value of 0.907. Textile SMIs in Indonesia are less tolerant of mistakes made by other parties within the company, including not taking over problems caused by other parties within the company. This is indicated by low factor loading values of Own1 and Own 2.

In the market orientation construct, the strongest influence is in the Repson2 indicator, which means our company reacts quickly to changes in customer product needs, with

the factor loading value of 0.829. Textile SMIs in Indonesia are less responsive to intensive campaigns carried out by major competitors. This is indicated by the lowest value of the factor loading Response3, 0.638.

In the entrepreneurial orientation construct, the strongest influence is in the Proac3 indicator which means our company places great emphasis on new product development, with the factor loading value of 0.858. Textile SMIs in Indonesia are less willing to take necessary risks due to the nature of the environment. This is indicated by the Risk2 indicator, which means due to the nature of the environment, risk-taking actions are needed to achieve company goals, with the factor loading value of 0.717.

In the firm performance construct, the strongest influence is in the FP2 indicator which is the company's return on assets (ROA) for the last 3 years, with the factor loading value of 0.995. Textile SMIs in Indonesia are less focused on the sales level in the last 3 years, and also less attention to the growth of market value relative to competitors in the last 3 years. This is indicated by the factor loading value of the G1 indicator at 0.950, and the factor loading value of the G4 indicator at 0.952.

CHAPTER FIVE

DISCUSSION, RECOMMENDATION, AND CONCLUSION

5.1. INTRODUCTION

Chapter four above discusses the results of research. In this chapter five, we will discuss the findings, conclusions from the results of research, theoretical and practical contributions, study limitations, and suggestions for further research.

5.2. OVERVIEW OF FINDINGS

The purpose of this research is to examine the relationship between adversity quotient, market orientation, entrepreneurial orientation, and firm performance. The results of data analysis yielded several interesting findings which need to be explored further. In this research model, two independent variables namely adversity quotient and market orientation were tested directly with the dependent variable i.e firm performance, which is intended to see the relationship between variables. The two independent variables, namely adversity quotient and market orientation, were also tested through a mediating variable, i.e entrepreneurial orientation, to see whether there is a strong indirect relationship with the firm performance variable.

The results of hypothesis test show the followings: first, the variable of adversity quotient has a positive and significant effect on the variable of firm performance of textile in Indonesia. Second, the variable of adversity quotient has a positive and significant effect on the variable of entrepreneurial orientation of Textile in

Indonesia. Third, the variable of adversity quotient has a positive and significant effect on the variable of firm performance mediated by the entrepreneurial orientation variable in Textile in Indonesia. Fourth, the variable of entrepreneurial orientation as a mediator strengthens the effect of adversity quotient on firm performance. Fifth, the variable of entrepreneurial orientation has a positive and significant effect on the variable of firm performance of Textile in Indonesia.

Sixth, the variable of market orientation has a negative and significant effect on the variable of firm performance of Textile in Indonesia. This means that the hypothesis is not supported by this result. Seventh, market orientation has a positive and significant effect on the variable of entrepreneurial orientation of Textile in Indonesia. Eighth, market orientation has a positive and significant effect on firm performance mediated by entrepreneurial orientation of Textile in Indonesia. When viewed from the total effect, the role of entrepreneurial orientation as a mediator strengthens the influence of variable of market orientation on firm performance.

5.3. FINDINGS OF THE DEMOGRAPHY

Indonesian textile SMIs that filled out the distributed questionnaires are dominated by those engaging in textiles and garments businesses. Meanwhile, based on the number of workers, the respondents are dominated by medium-sized textile SMIs. All the textile SMIs that became respondents had met the business requirements of having been in operation for five years or more. All the companies that were the respondents in this study experienced the impact of intense competition in the textile and textile product market as well as the Covid-19 pandemic. Most of these Indonesian Textile SMIs are more oriented to the domestic market. They still rely heavily on the domestic market. This is understandable as export-oriented textile SMIs generally employ over

200 workers. Many textile SMIs that provided answers in this study are domiciled in the West Java area. This factually confirms the fact that textile and garment companies are predominantly located in West Java. In this study, many respondents were represented by the owner. This confirms that textile SMIs in Indonesia are generally managed directly by the owners and dominated by workers of productive age. The management of textile SMIs in Indonesia based on data from respondents was dominated by males. However, the role of women in the management of textile SMIs is quite significant. This is particularly interesting because many women have been involved in Textile in Indonesia. The respondents' work experience is dominated by those who have worked for more than five years. This is certainly a valuable asset for the companies to be able to survive the pressures of competition and the Covid-19 pandemic because they are supported by sufficient experience. The respondents were dominated by those with undergraduate education level, followed by high school and diploma. With the support of good education, business actors in Textile in Indonesia have certainly sufficient ability to analyze environmental changes that have an impact on their business.

5.4. HYPOTHESIS TEST RESULT

5.4.1. Hypothesis 1: Adversity Quotient and Firm Performance

The results of hypothesis test indicate that the effect of the variable of adversity quotient on firm performance variables is positive and significant. These results confirm and support previous research conducted by Agustian et al. (2020) and Tambunan (2020); Delgado (2023); and Nurhayati et al (2021). In addition, the results of research hypothesis test also confirm the research conducted by Jaafar (2017) and Hutagalung (2018). Cahayani and Gunawan's (2020) study indicates the results that

business actors that have high adversity abilities have better ability to maintain their business. Based on the results of analysis of the factor loading, the indicator of Reach2, which says our company continues to fulfil other important corporate responsibilities within the company during difficult times, has the highest factor loading value of 0.951. This confirms that textile in Indonesia are advised to fulfil their corporate responsibilities better during difficult times such as focusing on difficulties faced by human resources, and manage other resources effectively and efficiently, so as to have an impact of improving the company performance, especially in the aspect of company's profit and assets.

5.4.2. Hypothesis 2: Adversity Quotient and Entrepreneurial Orientation

The results of hypothesis test indicate that the effect of the variable of adversity quotient on the variable of entrepreneurial orientation is positive and significant. The results of this hypothesis test confirm and support the results of previous research conducted by Changbong & Junghee (2019); Wadayati (2017); Ku (2020); and (Fauziah & Budiani, 2021). Based on the results of factor loading analysis, the Reach2 indicator has the highest factor loading value of 0.951, so if a company wants to emphasize product development (Proach3), they must observe the reach dimension, i.e the dimension that emphasizes the company to be able to limit problems without having to affect other parts of the company. Textile in Indonesia in particular should focus on the Reach2 indicator which says they observe other important corporate responsibilities within the company during difficult times. At the time of this research, textile in Indonesia were facing the Covid-19 pandemic. Textile in Indonesia experienced a decrease in the number of orders which has an impact on decreased

production capacity, and consequently a decrease in company revenue. In developing new products, Indonesian textile must consider their limited resources.

5.4.3. Hypothesis 3: Entrepreneurial Orientation and Firm Performance

The results of hypothesis test indicate that the influence of entrepreneurial orientation variable on firm performance is positive and significant. These results confirm and support previous research conducted by Gupta et al. (2015); Hassim (2011); Wales et al. (2013); Jiang et al. (2018); Hussain et al. (2017); Alalawi et al. (2020); Albasri and Mohammed (2020); Perlina et al. (2020); Asad et al. (2020); and Arshad et al. (2020). Findings by Henely & Wijaya (2020); and Shu et al. (2018) show that the variable of entrepreneurial orientation has a significant influence on firm performance, namely on the financial and non-financial performance of SMEs. The results of this study also confirm previous research conducted by Hoque (2018); Kruja (2020); Zhai et al. (2018); Butkouskaya et al. (2020); Kittikunchotiwut (2020); Khan (2020); Nuvriasari et al. (2020); Rumman et al. (2021); Maaodhah (2021); and Faiz & Faiz (2020). Research on the variables of entrepreneurial orientation and firm performance related to environmental conditions have also been carried out by many researchers such as Zahra and Bogner (2000); Zahra and Garvis (2000); and Patrick M Kreiser and Justin Davis (2010) who revealed that the influence of entrepreneurial orientation on positive firm performance occurs in a dynamic and magnificent environment, but not in a hostile environment. Related to the environment, the study of Onwe et al. (2020) reveals that a hostile environment actually encourages companies to adopt an entrepreneurial orientation to improve their performance. The study of Ofem et al. (2020) also shows a positive relationship between entrepreneurial orientation and firm performance in economically depressed regions such as Kentucky. The findings of

Choi et al. (2020) reveal that entrepreneurial orientation is more positively related to firm performance, especially in cases of high environmental dynamics. Based on analysis of the factor loading in the dimension of entrepreneurial orientation variable, the indicator of Proach3, which says the company wants to emphasize product development, has the highest factor loading value of 0.931. Hence, if a textile SMIs in Indonesia wishes to increase its profits and assets, the company must develop its products by considering the availability of resources it has.

5.4.4. Hypothesis 4: Entrepreneurial Orientation Mediates Adversity Quotient and Firm Performance

The results of hypothesis test indicate that the variable of adversity quotient through the variable of entrepreneurial orientation (mediator) has a positive and significant effect on the variable of firm performance. This means that the entrepreneurial orientation variable mediates the relationship between adversity quotient and firm performance. The mediating role of this entrepreneurial orientation variable is **novelty in this study**, because previous research did not find these results. Zehir's findings (2016) show that the mediating role of entrepreneurial orientation only occurs in the relationship between human resource management and firm performance. The direct and indirect effects of adversity quotient on firm performance with positive and significant hypothesis test results indicate that the mediating role of entrepreneurial orientation in this relationship is **partial mediation**. The mediating role of entrepreneurial orientation variable can be seen from the total effect, which shows the effect of adversity quotient on firm performance at 0.172, and the indirect effect of adversity quotient variable on firm performance at 0.045, hence the total effect of adversity quotient on firm performance is 0.217. This indicates that the variable of

entrepreneurial orientation strengthens the effect of adversity quotient on firm performance. Based on the results of factor loading analysis, the dimension of financial performance in the FP2 indicator, which says the company profits and assets for the last 3 years, has the highest value at 0.995. Meanwhile, the dimension of proactiveness in the Proac3 indicator, which says our company places great emphasis on new product development, has the highest indicator value with a factor loading value of 0.913. Meanwhile, the dimension of reach in the Reach2 indicator, which says our company still fulfils other important corporate responsibilities within the company during difficult times, has the highest factor loading value of 0.915. Hence, if a textile SMIs in Indonesia wants to increase its profits and assets, the company must develop new products by improving fulfilment of other important corporate responsibilities within the company such as towards employees during difficult times.

5.4.5. Hypothesis 5: Market Orientation and Firm Performance

The results of hypothesis test on the effect of market orientation and firm performance are negative and significant. The results of this hypothesis test confirm and support the results of previous research conducted by Hassim et al. (2011) and Octavia et al. (2017) that market orientation has a negative effect on firm performance due to moderation or interference from external environmental factors. At the time of this research, Textile were facing the Covid-19 pandemic. This pandemic had most countries in the world restrict mobility both nationally and internationally, thus affecting the supply chain from input to output. In this situation, textile in Indonesia have a tendency to focus more on the company's internal efficiency than taking market-oriented actions. If textile take market-oriented actions, this will actually have a negative impact on firm performance. In this context it is relevant to what Hanafi (2012); Hansen and

Welnerfelt (1989); Usman (2015); Gupta et al. (2018); Nurhilalia (2019); and Wibowo (2020) had asserted that the company's internal environment, i.e the company's resources and capabilities, is more important in determining strategic actions than the external environment (industry variables) to explain firm performance. In the Covid-19 pandemic situation, Textile in Indonesia faced a drastic decline in demand. Therefore, their actions were trying to minimize losses. The loss minimization theory suggests that companies can minimize losses and continue to produce if the intersection of Marginal Cost (MC) and Marginal Revenue (MR) occurs on the Average Cost (AC) and Average Variable Cost (AVC) curves. Even though MR is below the AC curve, as long as MR is above AVC, the company can still operate in the short term because they can still cover their fixed costs. If the company closes down, they will still be burdened with fixed costs. Therefore, it is better for the company to earn sufficient revenue to cover part of the total costs than to earn no income as a result of closing down the company. Karl Popper through his theory of falsification argued that the truth of a science is not determined through verification, but through efforts to refute the propositions built by the science itself. Falsification is an understanding that believes that a theory must have an opportunity to be refuted. According to Popper, a theory can be refuted through facts. Based on the results of factor loading analysis for the dimension of market orientation, the highest value is in the Gener3 indicator, which says the effects that may occur due to changes in the business environment on the company are often reviewed, with a factor loading value of 0.941. Meanwhile, based on the results of factor loading analysis, the dimension of financial performance in the FP2 indicator, which is the company's profits and assets for the last 3 years, has the highest value of 0.995. Hence, in order for a textile SMIs to be able to increase its profits and assets in the last 3 years, the company should focus

more on their internal conditions than on the external environment which was facing the Covid-19 pandemic.

5.4.6. Hypothesis 6: Market Orientation and Entrepreneurial Orientation

The results of hypothesis test on the influence of the market orientation variable on entrepreneurial orientation are positive and significant. These results confirm and support the results of previous research conducted by Ramirez et al. (2014). Research by Jing Zhang & Yanling Duan (2010) on innovation, both proactive market orientation and responsive market orientation have a total positive effect on improving product innovation performance. Meanwhile, the findings of Kwaku Atuahene-Gima (1996); and Beck et al. (2011) indicate that market orientation also has a significant relationship with innovation characteristics such as marketing innovation compatibility and product superiority. Hoang's study (2013) in Vietnam found that market orientation influences entrepreneurial orientation. Based on the results of factor loading analysis, the factor loading value for the dimension of intelligence generation is in the Gener3 indicator, which says the effects that may occur due to changes in the business environment on companies are often reviewed, which has the highest factor loading value at 0.941. Hence, if a textile SMIs in Indonesia wishes to emphasize development of new products, the company must review every environmental change that has an impact on the company as often as possible.

5.4.7. Hypothesis 7: Entrepreneurial Orientation Mediates Market Orientation and Company Performance

The results of hypothesis test on the mediating role of entrepreneurial orientation variable in the relationship between market orientation and firm performance are positive and significant. The results of this hypothesis test are a **novelty in this**

research, because these results were not found in previous research. The results of previous research conducted by Kwak et al. (2014) argue that the mediating role of entrepreneurial orientation has a positive and insignificant effect between market orientation and firm performance. In addition, Ozkaya et al. (2015) present other findings that market-based innovation plays a role in mediating positive relationships between customers and competitors' knowledge competencies and overall performance. Research of Zhang et al. (2010) also produce different results; one of the dimensions of entrepreneurial orientation, i.e innovation mediates the relationship between market orientation and product innovative performance. Ku's findings (2020) reveal that the mediating role of entrepreneurial orientation only occurs in the relationship between ownership of customer orientation and firm performance. In this study, the direct effect of market orientation on firm performance is negative and significant, while the results of test on the indirect effect are positive and significant. This means that the mediating role of entrepreneurial orientation in the relationship between market orientation and firm performance is **full mediation**. However, if the total effect is calculated, the variable of entrepreneurial orientation strengthens the effect of market orientation on firm performance. Based on the results of factor loading analysis for the dimension of financial performance, the highest score is in the FP2 indicator, which is the company's profits and assets for the last 3 years. Meanwhile, for the proactive dimension, the highest factor loading value is in the Proac3 indicator, which says our company places great emphasis on developing new products. Whereas in the dimension of intelligence generation, the highest factor loading value is in the Gener3 indicator, which says the effects that may occur due to changes in the business environment for companies are often reviewed. Hence, if a textile SMIs in Indonesia wishes to increase its profits and assets, the company must develop new products

which are supported by efforts to review as often as possible the changes in the business environment that affect the company.

5.5. LIMITATIONS OF THE STUDY

In this study there are several limitations of research. The first limitation is the use of a cross-sectional study design. The cross-sectional research design uses cross-sectional data. Cross-sectional data is a series of data from one or more variables collected over a certain period of time (Gujarati, 2004). Research that uses cross-sectional data can show the relationship between adversity quotient, entrepreneurial orientation, market orientation, and firm performance variables, but cannot show how textile in Indonesia are involved in environmental change. Therefore, it is necessary to conduct research with a longitudinal research design. Longitudinal research design is needed because it can follow changes in the environment over time. In addition, longitudinal research can better identify possible causes for adversity quotient, market orientation, entrepreneurial orientation, and firm performance.

The second limitation is the reliance on self-reports of company owners/managers. The self-report submitted by the owner/manager of the company may not reflect the actual conditions that occur within the company, especially in reporting financial information. With this condition, the researcher cannot verify the accuracy of data related to financial information because of the unavailability of secondary data. To obtain data on the performance of textile in Indonesia is a challenge in itself. Therefore, objective measures were used in this study.

5.6. THEORETICAL AND PRACTICAL CONTRIBUTIONS OF STUDY

The findings in this study show the effect of the variable of adversity quotient on firm performance; entrepreneurial orientation on firm performance; and market orientation on entrepreneurial orientation is positive and significant. Meanwhile, the influence of market orientation on firm performance is negative and significant. The findings of this study have confirmed the results of previous studies.

The results of this study provide a theoretical contribution, especially in the aspect of the organization's human resource capacity. As emphasized by Welnerfelt (1984) a company is a collection of resources, namely internal resources (Penrose, 1959). Internal resources can be physical capital (physical, technology, plant, and equipment), human capital resources (training, experience, and insight), and organizational resources or formal structures (Barney, 1991). In the company's internal resources, i.e human capital resources, the aspect of human resource capacity in the organization has not received attention in the RBV theory. According to Stoltz (2003), human capacity consists of talents, attitudes, skills, experience, knowledge, and will, which in practice must be developed in a sustainable manner in order to keep pace with the demands of environmental change. Organizations must have resources with a climber type, not a camper or a quitter, if they want to turn obstacles into opportunities (Stoltz, 1997). The results of this study have also confirmed that during difficult times such as the Covid-19 pandemic, the results of hypothesis test show that the variable of adversity quotient has a positive and significant effect on Firm Performance. This means that the capacity of human resources in dealing with difficulties is needed for the firm's performance, especially during difficult times such as the Covid-19 pandemic.

The results of this study also contribute theoretically to the mediating role of Entrepreneurial Orientation in the effect of the variable of adversity quotient on firm performance, with positive and significant results. This mediating role was not found in previous research. If viewed from the total effect, the direct effect of adversity quotient on firm performance plus indirect effect of adversity quotient on firm performance through entrepreneurial orientation as a mediator strengthens the influence of adversity quotient on firm performance.

Theoretically, the research results also contribute practically; First, based on the results of factor loading analysis, the Reach2 indicator, namely our company still fulfil other important corporate responsibilities within the company during difficult times, has the largest factor loading value of 0.951. This confirms that textile in Indonesia are advised to pay more attention to corporate responsibilities during difficult times such as focusing on the difficulties faced by human resources and managing other company resources effectively and efficiently, so as to have an impact on improving firm performance, especially in the aspects of company's profit and asset. Second, based on the results of factor loading analysis, the Reach2 indicator has the highest factor loading value of 0.951, so if the company wants to emphasize product development (Proach3), the company must observe the reach dimension, namely the dimension that emphasizes the company to be able to limit a problem without having an impact on other parts of the company. The development of new products by textile in Indonesia must consider the limited resources owned by the company.

Third, based on the factor loading analysis on the dimension of entrepreneurial orientation variable, the Proach3 indicator, i.e the company wants to emphasize product development, has the highest factor loading value of 0.931. Hence, if a textile

SMIs in Indonesia wishes to increase its profits and assets, the action that the company must take is to develop its products by considering the availability of resources owned by the company. Fourth, if a textile SMIs in Indonesia wants to increase its company profits and assets, the company must develop new products by observing more other important corporate responsibilities within the company such as to employees during difficult times. Fifth, to increase its profits and assets for the last 3 years, the company should focus more on the company's internal conditions than on the company's external environment which is facing the Covid-19 pandemic.

Sixth, based on the results of factor loading analysis, the factor loading value for the dimension of intelligence generation in the Gener3 indicator, which means the effects that may occur due to changes in the business environment on the company are frequently reviewed, has the highest factor loading value of 0.941. Hence, if a textile SMIs in Indonesia wants to emphasize development of new products, the company must as often as possible review any environmental changes that have an impact on the company. Seventh, if a textile SMIs in Indonesia wants to increase its profits and assets, it is necessary to develop new products that are supported by frequent efforts to review changes in the business environment that affect the company.

5.7. RECOMMENDATIONS FOR FUTURE RESEARCH

This study indicates the positive and significant influence of the variable of adversity quotient on firm performance. Other results of this study indicate that there is a negative and significant influence of market orientation on firm performance. The two results of hypothesis testing in this study need to have further research in future to prove that environmental conditions have an influence on the results of this study. Therefore, such research needs to be carried out under normal environmental

conditions, so that the results can later prove that environmental conditions play a role as a moderating factor in the relationship between adversity quotient and firm performance variables, as well as market orientation and Firm Performance. The results of this study may also give information of different factor loading values both at the first order and second order levels.

The results of this study indicate that the R Squared value for the variable of entrepreneurial orientation (mediator) is 0.515. This means that 51.5% of the entrepreneurial orientation variable can be moderately influenced by the variables of adversity quotient and market orientation, while the rest are influenced by other variables outside of this study. Therefore, for further research, it is recommended to add other variables, so that other variables that affect firm performance variables can be identified apart from adversity quotient, market orientation, and entrepreneurial orientation. In addition, it is recommended to add a moderating variable in future research to identify the moderating variable that plays a role in influencing the construct of relationship between variables in this research.

This research was conducted using a cross sectional study design. The reason for using a cross-sectional study design is because in this study design, all variables are measured and observed at the same time (one point in time) making it easier for researchers to conduct research. One of the weaknesses in using the cross-sectional study method is that it can limit the availability of results for researchers. This is because the use of this study method cannot always determine why certain events occur in the population. Therefore, in the next research, it is suggested to use a longitudinal study design. In longitudinal study designs, long-term data can be collected and the patterns can be identified, which can be of benefit to the field under study, as changes

can be tracked over time when the same subject is used. This ultimately makes it possible to find out the cause-and-effect relationship that occurs between constructs.

This research adopts quantitative methods. Research with quantitative methods is carried out to verify theories through hypothesis testing. This research method is based on the deductive thinking paradigm, which always refers to the theory behind it. By using quantitative methods, a study cannot dig deeper into the findings. Therefore, in future research, the researcher suggests that research be carried out using mixed methods, namely two research methods, both quantitative and qualitative. By employing these mixed methods, the results of research using quantitative method can be deepened using a qualitative method.

5.8. CONCLUSION

The purpose of this study is to investigate the effect of adversity quotient on firm performance, market orientation on entrepreneurial orientation, market orientation on firm performance, and entrepreneurial orientation on the firm performance of textile in Indonesia. This study is also to examine the effect of mediating role of the variable of entrepreneurial orientation on the relationship between adversity quotient and firm performance, and the relationship between market orientation and firm performance. This is consistent with the results of previous studies, namely positive and significant, indicated by the influence of adversity quotient on firm performance; adversity quotient on entrepreneurial orientation; and entrepreneurial orientation on firm performance. However, different results of hypothesis test, which are negative and significant, are indicated in the influence of market orientation on firm performance. Meanwhile, the influence of the mediating role of entrepreneurial orientation variable is positive and significant as shown in the relationship between adversity quotient and

firm performance. The mediating role of entrepreneurial orientation variable on the relationship between market orientation and firm performance shows positive and significant results.



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APPENDICES

APPENDIX A

SURAT PERMOHONAN PENGISIAN KUESIONER

Kepada yang Terhormat

Bapak/Ibu Pimpinan Perusahaan

Saat ini saya, Towaf Totok Irawan Mahasiswa Program Doctor of Philosophy (Ph.D) Universiti Utara Malaysia, sedang melakukan penelitian untuk keperluan disertasi saya yang berjudul “Pengaruh Adversity Quotient, Orientasi Pasar, dan Orientasi Kewirausahaan sebagai Mediator terhadap Performans Industri Kecil Menengah Tekstil dan Produk Tekstil di Indonesia”. Penelitian disertasi ini saya lakukan sebagai syarat untuk menyelesaikan pendidikan saya.

Saya mohon Bapak/Ibu untuk meluangkan waktunya 10 sampai 15 menit untuk mengisi kuesioner ini. Mohon mengisi kuesioner berdasarkan petunjuk yang telah saya berikan. Setiap jawaban yang Bapak/Ibu berikan akan menentukan keberhasilan penelitian ini. Kuesioner ini perlu diisi oleh manajemen/pemilik perusahaan.

Setiap data dan informasi yang saya peroleh dari Bapak/Ibu akan dijaga kerahasiaannya, dan hanya akan saya gunakan untuk kepentingan penelitian ini.

Saya mengucapkan banyak terima kasih atas partisipasi Bapak/Ibu dalam mengisi kuesioner ini.

Salam hormat,

Towaf Totok Irawan

Nomor Mahasiswa: 902902; Nomor Telepon Genggam: 081585367799

Program: Doctor of Philosophy (Ph.D)

Universiti Utara Malaysia

A. INFORMASI LATAR BELAKANG PERUSAHAAN

Q1: Bidang Usaha: ☐ Penenunan; ☐ Rajutan; ☐ Penyelupan; ☐
Finishing;
☐ Percetakan; ☐ Tekstil/Kain; ☐ Pencucian; ☐
Garmen

Q2: Jumlah Tenaga Kerja: ☐ 5 atau kurang; ☐ 6-20; ☐ 21-50; ☐ 51-100
☐ 101-200; ☐ 201-250; ☐ 251 atau lebih

Q3: Lama Perusahaan Berdiri: ☐ 1 - 5 tahun; ☐ 6 -10 tahun; ☐ 11 tahun atau lebih

Q4: Orientasi Pasar: ☐ Dalam Negeri; ☐ Ekspor

Q5: Lokasi Perusahaan: _____

B. INFORMASI LATAR BELAKANG RESPONDEN

Q1: Posisi Bapak/Ibu di Perusahaan; _____

Q2. Usia Bapak/Ibu? _____

Q3. Jenis Kelamin: ☐ Laki-laki; ☐ Perempuan

Q4: Lama pengalaman kerja?

Secara keseluruhan : _____ tahun

di Perusahaan saat ini : _____ tahun

Q5: Pendidikan:

☐ SD ☐ SMP ☐ SMA ☐ Sertifikat/Matrikulasi ☐
Diploma

☐ S1 ☐ S2 ☐ S3 Lain:

Keterangan: Beri tanda centang [√] pada jawaban yang dipilih

Bacalah pernyataan di bawah ini dengan seksama. Beri tanda centang (✓) pada kolom angka untuk jawaban yang paling sesuai menurut penilaian Anda.

(Keterangan: 7 = Sangat Setuju; 6 = Setuju; 5 = Agak Setuju; 4 = Ragu-ragu ; 3 = Agak Tidak Setuju; 2 = Tidak Setuju; 1 = Sangat Tidak Setuju)

C. KETAHANMALANGAN/ ADVERSITY QUOTIENT

	Beril tanda centang (✓) pada nomor kolom jawaban yang paling sesuai						
KENDALI/ CONTROL	1	2	3	4	5	6	7
Perusahaan kami fokus pada kesulitan-kesulitan yang dihadapi. <i>Our company focuses on the difficulties faced</i>							
Perusahaan kami menjaga komitmennya meskipun tantangan-tantangan yang dihadapi luar biasa. <i>Our company keeps its commitment even though the challenges are extraordinary</i>							
Perusahaan kami mengendalikan tantangan melalui kerjasama dengan pihak lain. <i>Our company will control the challenges through cooperation with other parties</i>							
KEPEMILIKAN/ OWNERSHIP	1	2	3	4	5	6	7
Perusahaan kami bertanggung jawab atas kesalahan-kesalahan yang disebabkan oleh pihak lain di dalam perusahaan. <i>Our company is responsible for mistakes caused by other parties within the company</i>							
Perusahaan kami mengambil inisiatif untuk mengambil alih masalah-masalah yang disebabkan oleh pihak lain di dalam perusahaan. <i>Our company took the initiative to take ownership of the problems caused by other parties within the company</i>							
Perusahaan kami objektif dalam mengevaluasi masalah-masalah yang ada di dalam perusahaan. <i>Our company is objective in evaluating the problems that exist within the company</i>							

Table Adversity Quotient (Continued)

JANGKUAN/ REACH	1	2	3	4	5	6	7
Perusahaan kami memperhatikan bagian-bagian lain di dalam perusahaan yang mengalami kesulitan. <i>Our company pays attention to other areas within the company that are affected by difficulties</i>							
Perusahaan kami tetap memperhatikan tanggung jawab perusahaan penting lainnya di dalam perusahaan selama masa-masa sulit. <i>Our company remains attentive to other important corporate responsibilities within the company during difficult times</i>							
Perusahaan kami akan membatasi masalah-masalah perusahaan agar tidak berdampak pada lingkungan lain di dalam perusahaan. <i>Our company will limit the company's problems so they don't have an impact on other environments within the company</i>							
DAYA TAHAN/ ENDURANCE	1	2	3	4	5	6	7
Perusahaan terus memotivasi pihak-pihak lain di dalam perusahaan untuk tidak menyerah dalam menghadapi kesulitan perusahaan. <i>The company continues to motivate other parties within the company not to give up in the face of company difficulties</i>							
Perusahaan selalu menunjukkan keuletan dan ketekunan dalam situasi-situasi sulit yang dihadapi perusahaan. <i>The company always shows tenacity and perseverance in difficult situations the company faces</i>							
Perusahaan tetap optimis bahwa kesulitan-kesulitan yang dihadapi perusahaan dapat teratasi. <i>The company remains optimistic that the difficulties faced by the company can be resolved</i>							

Sumber: (Ng, T., 2013)

(Keterangan: 7 = Sangat Setuju; 6 = Setuju; 5 = Agak Setuju; 4 = Ragu-ragu ; 3 = Agak Tidak Setuju; 2 = Tidak Setuju; 1 = Sangat Tidak Setuju)

D. ORIENTASI PASAR/ MARKET ORIENTATION

	Beri tanda centang (✓) pada nomor kolom jawaban yang paling sesuai						
PENGEMBANGAN INTELIJEN/ INTELLIGENCE GENERATION	1	2	3	4	5	6	7
Kami menghasilkan banyak informasi tentang tren-tren (misalnya, peraturan, perkembangan teknologi, politik, ekonomi) di pasar kami. <i>We generate a wealth of information on trends (eg, regulations, technological developments, politics, economics) in our market.</i>							
Kami terus memantau tingkat komitmen kami dalam melayani kebutuhan pelanggan. <i>We constantly monitor our level of commitment in serving customer needs</i>							
Efek-efek yang mungkin terjadi karena perubahan dalam lingkungan bisnis terhadap perusahaan sering ditinjau. <i>The likely effects of changes in the business environment on the enterprise are frequently reviewed.</i>							
Kami secara berkala menganalisis pengaruh pergeseran lingkungan bisnis terhadap perusahaan. <i>We periodically analyze the effect of shift in the business environment over the enterprise.</i>							
Perusahaan kami beradaptasi dengan cepat terhadap perubahan lingkungan bisnis. <i>Our enterprise adapts quickly to the shift in the business environment.</i>							
PENYEBARAN INTELIJEN/ INTELLIGENCE DISSEMINATION	1	2	3	4	5	6	7
Ketika sesuatu hal yang penting terjadi pada suatu pelanggan utama, seluruh bagian perusahaan diberitahu tentang hal itu dalam waktu singkat. <i>When something important happens to a major customer, the whole enterprise is informed about it within a short period.</i>							
Data kepuasan pelanggan disebarluaskan di semua tingkatan di perusahaan kami secara teratur. <i>Data on customer satisfaction are disseminated at all levels in our enterprise on a regular basis.</i>							

Table Market Orientation (Continued)

Kami selalu mempertimbangkan informasi yang dapat mempengaruhi cara kami melayani pelanggan kami. <i>We always consider the information that can influence the way we serve our customers</i>							
Kami selalu mengadakan pertemuan setidaknya sekali dalam setiap kuartal untuk membahas tren-tren dan perkembangan pasar. <i>We always hold meeting at least once in every quarter to discuss market trends and developments.</i>							
Apabila kami mengetahui sesuatu tentang pesaing, kami segera memberi tahu karyawan lain. <i>If we find out something about competitors, we quickly inform other employees</i>							
DAYA TANGGAP/ RESPONSIVENESS	1	2	3	4	5	6	7
Perusahaan kami merespon dengan cepat terhadap perubahan harga pesaing. <i>Our enterprise responds quickly to its competitors' price changes.</i>							
Perusahaan kami bereaksi cepat terhadap perubahan kebutuhan produk pelanggan. <i>Our enterprise reacts quickly to the changes in its customers' product needs.</i>							
Apabila pesaing utama meluncurkan suatu kampanye insentif yang ditargetkan pada pelanggan kami, kami akan segera memberikan tanggapan. <i>If a major competitor was to launch an incentive campaign targeted at our customers, we would implement a response immediately.</i>							
Perusahaan kami terus-menerus meninjau upaya-upaya pengembangan produk untuk memastikan bahwa hal tersebut sesuai dengan yang diinginkan pelanggan. <i>Our enterprise constantly reviews its product development effort to ensure that they are in line with what customers want</i>							
Perusahaan kami cepat dalam beradaptasi dengan perubahan-perubahan dalam konteks bisnis. <i>Our enterprise is fast in adapting to the changes in the business context.</i>							

Sumber: (Boso et al., 2012a); (Jimenez-Jimenez et al., 2008); (Kohli & Jaworski, 1993)

(Keterangan: 7 = Sangat Setuju; 6 = Setuju; 5 = Agak Setuju; 4 = Ragu-ragu ; 3 = Agak Tidak Setuju; 2 = Tidak Setuju; 1 = Sangat Tidak Setuju)

E. ORIENTASI KEWIRAUSAHAAN/ ENTREPRENEUR ORIENTATION

	Beri tanda centang (✓) pada nomor kolom jawaban yang paling sesuai						
PROAKTIF/ PROACTIVE	1	2	3	4	5	6	7
Perusahaan kami menghasilkan lebih banyak produk baru dibandingkan pesaing utama. <i>Our company produces more new products compared to major competitors</i>							
Kami biasanya melakukan perubahan untuk mengembangkan produk kami dibandingkan dengan pesaing utama kami. <i>We usually make changes to develop our products as compared to our main competitors</i>							
Perusahaan kami sangat menekankan pada pengembangan produk baru. <i>Our enterprise emphasizes strongly on the development of new products</i>							
Kami memulai langkah yang ditanggapi oleh pesaing. <i>We initiate actions to which competitors respond</i>							
Perusahaan kami selalu menjadi inisiator dalam memperkenalkan produk baru. <i>Our company is always the initiator of introducing new products</i>							
Perusahaan kami mengadopsi postur yang sangat kompetitif. <i>Our company adopts a very competitive posture</i>							
PENGAMBILAN RISIKO/ RISK-TAKING	1	2	3	4	5	6	7
Perusahaan kami memiliki kecenderungan kuat untuk melakukan usaha yang berisiko tinggi dengan peluang tingkat keuntungan yang sangat tinggi. <i>Our enterprise has a strong inclination for high risky venture with the chances of very high return.</i>							
Karena sifat lingkungan, tindakan pengambilan risiko diperlukan untuk mencapai tujuan perusahaan. <i>Owing to the nature of the environment, risk taking acts are necessary to achieve the enterprise's objectives.</i>							

Table Entrepreneur Orientation (Continued)

Kami mengadopsi posisi agresif untuk memaksimalkan kemungkinan memanfaatkan peluang potensial. <i>We adopt an aggressive position in order to maximize the probability of exploiting potential opportunities</i>							
Perusahaan kami menunjukkan toleransi yang besar untuk proyek-proyek berisiko tinggi. <i>Our enterprise shows a great deal of tolerance for high-risk projects</i>							
INOVATIF/ INNOVATIVE	1	2	3	4	5	6	7
Produk kami memerlukan upaya pembelajaran yang besar oleh pelanggan. <i>Our product requires a major learning effort by customers.</i>							
Produk kami membutuhkan waktu lama sebelum pelanggan dapat memahami secara penuh keuntungan-keuntungannya. <i>Our products took a long time before customers could understand its full advantages</i>							
Konsep produk sulit dipahami oleh pelanggan. <i>The product concept was difficult for customers to understand.</i>							
Produk kami dicoba di pasar. <i>Our products were tried in the markets.</i>							
Produk kami menawarkan lebih banyak kemungkinan kepada pelanggan. <i>Our products offer more possibilities to customer.</i>							
Produk kami menawarkan fitur-fitur yang inovatif kepada pelanggan. <i>Our product offers innovative features to customer</i>							
Produk kami mencakup lebih banyak kebutuhan pelanggan. <i>Our product covers more customer needs</i>							
Produk kami memiliki lebih banyak kegunaan. <i>Our product has more uses</i>							
Produk kami memiliki kualitas yang lebih tinggi dibandingkan dengan produk pesaing utama. <i>Our product is of higher quality in comparison to main competitors</i>							
Produk kami unggul dalam teknologi. <i>Our product is superior in technology</i>							

Sumber: (Avlonitis & Salavou, 2007); (Boso et al., 2012a); Miller & Friesen, 1982)

(Keterangan: 7 = Sangat puas; 6 = Puas; 5 = Agak Puas; 4 = Netral; 3 = Agak Tidak Puas; 2 = Tidak Puas; 1 = Sangat Tidak Puas)

F. KINERJA PERUSAHAAN/ FIRM PERFORMANCE

	Beri tanda centang (✓) pada nomor kolom jawaban yang paling sesuai						
PERTUMBUHAN/ GROWTH	1	2	3	4	5	6	7
Tingkat penjualan perusahaan dalam 3 tahun terakhir. <i>The firm's sales rate in the last 3 years</i>							
Tingkat penjualan perusahaan relatif terhadap pesaing dalam 3 tahun terakhir. <i>The firm's level of sales relative to competitors in the last 3 years</i>							
Pertumbuhan lapangan kerja dalam 3 tahun terakhir. <i>Employment growth in the last 3 years</i>							
Pertumbuhan nilai pasar relatif terhadap pesaing dalam 3 tahun terakhir. <i>Growth in market value relative to competitors in the last 3 years</i>							
KINERJA KEUANGAN/ FINANCIAL PERFORMANCE	1	2	3	4	5	6	7
Pendapatan kotor perusahaan selama 3 tahun terakhir. <i>Company's gross income for the last 3 years</i>							
Laba atas aset perusahaan (ROA) selama 3 tahun terakhir. <i>Return on company assets (ROA) for the last 3 years</i>							
Laba atas investasi (ROI) perusahaan selama 3 tahun terakhir. <i>Company's return on investment (ROI) for the last 3 years</i>							

Sumber: Alam (2009), Hanafi (2012) & Seles et al. (2019)

APPENDIX 2 DESCRIPTIVE DATA

Proac1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	3	1.0	1.0	1.0
2.0	6	2.1	2.1	3.1
3.0	4	1.4	1.4	4.5
4.0	20	7.0	7.0	11.5
5.0	87	30.3	30.3	41.8
6.0	104	36.2	36.2	78.0
7.0	63	22.0	22.0	100.0
Total	287	100.0	100.0	

Proac2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	1	.3	.3	.3
2.0	4	1.4	1.4	1.7
3.0	8	2.8	2.8	4.5
4.0	28	9.8	9.8	14.3
5.0	41	14.3	14.3	28.6
6.0	133	46.3	46.3	74.9
7.0	72	25.1	25.1	100.0

Total	287	100.0	100.0
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Proac3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	3	1.0	1.0	1.0
2.0	4	1.4	1.4	2.4
3.0	5	1.7	1.7	4.2
4.0	9	3.1	3.1	7.3
5.0	38	13.2	13.2	20.6
6.0	146	50.9	50.9	71.4
7.0	82	28.6	28.6	100.0
Total	287	100.0	100.0	

Proac4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	3	1.0	1.0	1.0
2.0	4	1.4	1.4	2.4
3.0	5	1.7	1.7	4.2
4.0	9	3.1	3.1	7.3
5.0	38	13.2	13.2	20.6
6.0	146	50.9	50.9	71.4
7.0	82	28.6	28.6	100.0

Total	287	100.0	100.0
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Proac4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	3	1.0	1.0	1.0
2.0	4	1.4	1.4	2.4
3.0	9	3.1	3.1	5.6
4.0	35	12.2	12.2	17.8
5.0	52	18.1	18.1	35.9
6.0	131	45.6	45.6	81.5
7.0	53	18.5	18.5	100.0
Total	287	100.0	100.0	

Proac5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.0	5	1.7	1.7	1.7
2.0	9	3.1	3.1	4.9
3.0	3	1.0	1.0	5.9
4.0	44	15.3	15.3	21.3
5.0	46	16.0	16.0	37.3
6.0	114	39.7	39.7	77.0
7.0	66	23.0	23.0	100.0
Total	287	100.0	100.0	

Proac6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	3	1.0	1.0	1.0
	2.0	5	1.7	1.7	2.8
	3.0	2	.7	.7	3.5
	4.0	37	12.9	12.9	16.4
	5.0	33	11.5	11.5	27.9
	6.0	143	49.8	49.8	77.7
	7.0	64	22.3	22.3	100.0
	Total	287	100.0	100.0	

Risk1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	8	2.8	2.8	2.8
	2.0	6	2.1	2.1	4.9
	3.0	12	4.2	4.2	9.1
	4.0	47	16.4	16.4	25.4
	5.0	56	19.5	19.5	44.9
	6.0	133	46.3	46.3	91.3
	7.0	25	8.7	8.7	100.0
	Total	287	100.0	100.0	

Risk2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	4	1.4	1.4	1.4
	2.0	14	4.9	4.9	6.3
	3.0	5	1.7	1.7	8.0
	4.0	27	9.4	9.4	17.4
	5.0	31	10.8	10.8	28.2
	6.0	168	58.5	58.5	86.8
	7.0	38	13.2	13.2	100.0
	Total	287	100.0	100.0	

Risk3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	6	2.1	2.1	2.1
	2.0	18	6.3	6.3	8.4
	3.0	6	2.1	2.1	10.5
	4.0	13	4.5	4.5	15.0
	5.0	24	8.4	8.4	23.3
	6.0	184	64.1	64.1	87.5
	7.0	36	12.5	12.5	100.0
	Total	287	100.0	100.0	

Risk4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	5	1.7	1.7	1.7
	2.0	10	3.5	3.5	5.2
	3.0	2	.7	.7	5.9
	4.0	14	4.9	4.9	10.8
	5.0	46	16.0	16.0	26.8
	6.0	189	65.9	65.9	92.7
	7.0	21	7.3	7.3	100.0
	Total	287	100.0	100.0	

Innov1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	3	1.0	1.0	1.0
	2.0	41	14.3	14.3	15.3
	3.0	18	6.3	6.3	21.6
	4.0	34	11.8	11.8	33.4
	5.0	30	10.5	10.5	43.9
	6.0	117	40.8	40.8	84.7
	7.0	44	15.3	15.3	100.0
	Total	287	100.0	100.0	

Innov2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	16	5.6	5.6	5.6
	2.0	58	20.2	20.2	25.8
	3.0	61	21.3	21.3	47.0
	4.0	20	7.0	7.0	54.0
	5.0	59	20.6	20.6	74.6
	6.0	63	22.0	22.0	96.5
	7.0	10	3.5	3.5	100.0
	Total	287	100.0	100.0	

Innov3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	25	8.7	8.7	8.7
	2.0	86	30.0	30.0	38.7
	3.0	48	16.7	16.7	55.4
	4.0	39	13.6	13.6	69.0
	5.0	14	4.9	4.9	73.9
	6.0	65	22.6	22.6	96.5
	7.0	10	3.5	3.5	100.0
	Total	287	100.0	100.0	

Innov4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	3	1.0	1.0	1.0
	2.0	26	9.1	9.1	10.1
	3.0	6	2.1	2.1	12.2
	4.0	23	8.0	8.0	20.2
	5.0	51	17.8	17.8	38.0
	6.0	135	47.0	47.0	85.0
	7.0	43	15.0	15.0	100.0
	Total	287	100.0	100.0	

Innov5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.0	8	2.8	2.8	2.8
	3.0	7	2.4	2.4	5.2
	4.0	15	5.2	5.2	10.5
	5.0	44	15.3	15.3	25.8
	6.0	161	56.1	56.1	81.9
	7.0	52	18.1	18.1	100.0
	Total	287	100.0	100.0	

Innov6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	1	.3	.3	.3
	2.0	3	1.0	1.0	1.4
	3.0	7	2.4	2.4	3.8
	4.0	9	3.1	3.1	7.0
	5.0	41	14.3	14.3	21.3
	6.0	165	57.5	57.5	78.7
	7.0	61	21.3	21.3	100.0
	Total	287	100.0	100.0	

Innov7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	1	.3	.3	.3
	2.0	2	.7	.7	1.0
	3.0	4	1.4	1.4	2.4
	4.0	9	3.1	3.1	5.6
	5.0	25	8.7	8.7	14.3
	6.0	177	61.7	61.7	76.0
	7.0	69	24.0	24.0	100.0
	Total	287	100.0	100.0	

Innov8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	1	.3	.3	.3
	2.0	2	.7	.7	1.0
	3.0	4	1.4	1.4	2.4
	4.0	9	3.1	3.1	5.6
	5.0	31	10.8	10.8	16.4
	6.0	183	63.8	63.8	80.1
	7.0	57	19.9	19.9	100.0
	Total	287	100.0	100.0	

Innov9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	1	.3	.3	.3
	2.0	2	.7	.7	1.0
	3.0	3	1.0	1.0	2.1
	4.0	8	2.8	2.8	4.9
	5.0	34	11.8	11.8	16.7
	6.0	183	63.8	63.8	80.5
	7.0	56	19.5	19.5	100.0
	Total	287	100.0	100.0	

Innov10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	3	1.0	1.0	1.0
	2.0	3	1.0	1.0	2.1
	3.0	3	1.0	1.0	3.1
	4.0	14	4.9	4.9	8.0
	5.0	59	20.6	20.6	28.6
	6.0	156	54.4	54.4	82.9
	7.0	49	17.1	17.1	100.0
	Total	287	100.0	100.0	

G1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	10	3.5	3.5	3.5
	2.0	15	5.2	5.2	8.7
	3.0	58	20.2	20.2	28.9
	4.0	76	26.5	26.5	55.4
	5.0	86	30.0	30.0	85.4
	6.0	36	12.5	12.5	97.9
	7.0	6	2.1	2.1	100.0
	Total	287	100.0	100.0	

G2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	10	3.5	3.5	3.5
	2.0	10	3.5	3.5	7.0
	3.0	56	19.5	19.5	26.5
	4.0	69	24.0	24.0	50.5
	5.0	98	34.1	34.1	84.7
	6.0	39	13.6	13.6	98.3
	7.0	5	1.7	1.7	100.0
	Total	287	100.0	100.0	

G3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	10	3.5	3.5	3.5
	2.0	16	5.6	5.6	9.1
	3.0	64	22.3	22.3	31.4
	4.0	82	28.6	28.6	59.9
	5.0	69	24.0	24.0	84.0
	6.0	42	14.6	14.6	98.6
	7.0	4	1.4	1.4	100.0
	Total	287	100.0	100.0	

G4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	10	3.5	3.5	3.5
	2.0	19	6.6	6.6	10.1
	3.0	62	21.6	21.6	31.7
	4.0	58	20.2	20.2	51.9
	5.0	90	31.4	31.4	83.3
	6.0	44	15.3	15.3	98.6
	7.0	4	1.4	1.4	100.0
	Total	287	100.0	100.0	

FP1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	21	7.3	7.3	7.3
	2.0	31	10.8	10.8	18.1
	3.0	55	19.2	19.2	37.3
	4.0	79	27.5	27.5	64.8
	5.0	58	20.2	20.2	85.0
	6.0	41	14.3	14.3	99.3
	7.0	2	.7	.7	100.0
	Total	287	100.0	100.0	

FP2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	22	7.7	7.7	7.7
	2.0	30	10.5	10.5	18.1
	3.0	56	19.5	19.5	37.6
	4.0	106	36.9	36.9	74.6
	5.0	32	11.1	11.1	85.7
	6.0	39	13.6	13.6	99.3
	7.0	2	.7	.7	100.0
Total		287	100.0	100.0	

FP3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	22	7.7	7.7	7.7
	2.0	28	9.8	9.8	17.4
	3.0	59	20.6	20.6	38.0
	4.0	105	36.6	36.6	74.6
	5.0	33	11.5	11.5	86.1
	6.0	37	12.9	12.9	99.0
	7.0	3	1.0	1.0	100.0
Total		287	100.0	100.0	

Proac1	287	1.0	7.0	5.599	1.1691
Proac2	287	1.0	7.0	5.756	1.1358
Proac3	287	1.0	7.0	5.930	1.0881
Proac4	287	1.0	7.0	5.557	1.1956
Proac5	287	1.0	7.0	5.519	1.3453
Proac6	287	1.0	7.0	5.707	1.1728
Risk1	287	1.0	7.0	5.216	1.3177
Risk2	287	1.0	7.0	5.519	1.2950
Risk3	287	1.0	7.0	5.533	1.3759
Risk4	287	1.0	7.0	5.568	1.1411

Innov5	287	2.0	7.0	5.739	1.0699
Innov6	287	1.0	7.0	5.875	.9707
Innov7	287	1.0	7.0	6.003	.8830
Innov8	287	1.0	7.0	5.941	.8690
Innov9	287	1.0	7.0	5.944	.8469
Innov10	287	1.0	7.0	5.742	1.0155
G1	287	1.0	7.0	4.202	1.2959
G2	287	1.0	7.0	4.296	1.2680
G3	287	1.0	7.0	4.136	1.3032
G4	287	1.0	7.0	4.209	1.3451
FP1	287	1.0	7.0	3.882	1.4532
FP2	287	1.0	7.0	3.770	1.4053
FP3	287	1.0	7.0	3.774	1.4021
Valid N (listwise)	287				

APPENDIX 3 RESEARCH ANALYSIS MODEL

