

INFLUENCE OF INDUSTRIAL ENVIRONMENT, RESOURCES, TRANSACTIONAL LEADERSHIP AND ENTREPRENEURIAL ORIENTATION TO THE COMPETITIVE ADVANTAGE STRATEGY AND TO PERFORMANCE OF SMALL MEDIUM SCALE ENTERPRISES (UKM) OF THE SMALL PRINTING INDUSTRY IN SURABAYA CITY

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ABSTRACT

This research is intended to know and to analyze the influence of Industrial Environment, Resources, Transactional Leadership and Entrepreneurial Orientation to the Competitive Advantage Strategy and to the Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City, East Java Province, Indonesia. Outputs of this research indicate that the Industrial Environment, Resources, Transactional Leadership have positive and significant influence to the Competitive Advantage Strategy, whereas the Entrepreneurial Orientation does not significantly influence the Competitive Advantage Strategy. In addition, output of this research also shows that the Industrial Environment, Resources, Transactional Leadership, Entrepreneurial Orientation and the Competitive Superior Strategy positively and significantly influence the Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry. The finding of this research is expected to be useful for the Owner or Manager of Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City, East Java Province, Indonesia, namely as valuable information or input in order to know the external as well as the internal factors influencing the Competitive Superior Strategy and to the Performance of Small Medium Scale Enterprise (UKM) of the Small Printing Industry.

Keywords: Industrial Environment, Resources, Transactional Leadership, Entrepreneurial Orientation, Competitive Advantage Strategy, and Small Medium Scale Enterprise (UKM) of the Small Printing Industry

INTRODUCTION

Due to the impact of globalization and in the scheme of preparation in facing the enactment of AEC – *Asean Economic Community* launched in December 2015, it has become an unavoidable reality for the Small Medium Scale Enterprise (UKM) including the Small Printing Industry in Surabaya City to improve and increase its *competing power* and the *added values* of its products in order to adjust themselves to *the market demand* and to the *demand for a change* in more and more competitive company environment. For this purpose, the actors of Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City need to look for the *breakthrough* and *certain tricks* in managing the company resources and its capabilities through the choice of suitable competitive strategy to achieve the competitive Advantage in order to be able to utilize the more opened market opportunity, in which in its turn it will increase the company performance.

Talking about the increase of company performance, there are two approaches in *Strategic Management* to analyze and to study the competitive Advantage related to the choice of

strategy to reach the best company performance, namely the *Industrial Organization Approach* (I/O Theory) and *Resource Based View* (RBV).

According to *David (2012:123)*, on the Industrial Organization Approach to the Competitive Advantage, he declares that the external industrial factors are more important than various internal factors in an effort of the company to achieve the competitive Advantage. Meanwhile, *Ireland et al (2011:13)* exposes the concept of “*The Industrial Organization Model of Above-Average Returns*” illustrating the relation between the industrial structure and the success of the company in obtaining the competitive Advantage through the application of strategy having the strategic competitiveness, so that it enables the company to produce profit above the average.

In connection with the *Resource-Based View* (RBV), *David (2012:180)* states as follows, “*The RBV approach to the Competitive Advantage believes that the internal resources are more important for the company than various external factors in the effort to reach and sustain the competitive Advantage.*” Meanwhile according to *Pearce II & Robinson Jr (2013:170)* ‘*the Resource-Base View is a method to analyze and to identify the strategic Advantage of a company based on the review to a combination of assets, skills, capabilities, and intangible assets which are special for an organization.* Further, *Ireland et al (2011:15)* presents the concept of “*The Resource-Based Model of Above Average Returns*” illustrating the relation between the resources owned by the company and the company success in obtaining the competitive Advantage through the application of strategy, the so-called “*Strategic Competitiveness*”, enabling the company to produce profit above the average.

The field phenomenon encountered by the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City in general is related to the scope or environment of competition, limitedness of resources, leadership and entrepreneurial orientation of the owner / manager in managing their business. This is in line with the gap available theoretically and empirically. Therefore, these matters are interesting and need to be studied and researched further by digging them up more comprehensively through a research under a title of “*Influence of Industrial Environment, Resources, Transactional Leadership and Entrepreneurial Orientation to the Competitive Superior Strategy and to the Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City*”.

LITERATURE REVIEW

The industrial environment according to *Pearce II and Robinson Jr (2013:102)* is “*a general condition of competition influencing the whole business providing the similar products or services*”. Generally in an industrial environment, there are several powers evaluated as able to determine the competition condition. *Porter (1998:5)* in *Solihin (2012:40)* states that there are 5 (five) competition powers able to influence the profitability of an industry (Porter’s Five-Forces Model), namely: 1) Threats of potential new entrants.

2) Bargaining power of Supplier. 3) Rivalry among the Existing Firms of the same industry. 4) Threats of the Substitute Products. 5) Bargaining Power of the Buyer. In addition to those five powers, *Freeman (1984)* in *Hunger and Wheelen (2003:129)* adds the sixth power, namely 6) The Government.

Resources according to *Hitt et al (1998:821)* is a production process input of the company, such as capital goods, worker ability, patent, finance, and the talented managers. Meanwhile, *Barney (2002)* in *Sampourno (2013:26)* states that the company resources cover the whole assets, capabilities, competences, organizational processes, company attributes, information, knowledge and others controlled by the company, therefore the company is able to perform the strategy in order to improve the efficiency and effectiveness.

Further, Ireland et al (2011:71) declares that the dimensions of tangible resources consist of: 1) Financial resource; 2) Organizational resource; 3) Physical resource; and 4) Technological resource. Whereas the dimensions of intangible resources consist of: 1) Human resource; 2) Innovation resource; and 3) Reputation resource. The dimensions of organizational and technological resources illustrate the characteristic of big company, so that it is less relevant to be researched under the Small Medium Scale Enterprise (UKM) of the Small Printing Industry. According to Robbins and Judge (2015:261), *the transactional leaders are the leaders who guide and motivate their followers directed toward the objective already been determined by explaining the required roles and tasks*. The style of transactional leadership is deemed as the relation between the leader and the followers to be applied at the efforts commonly connected to the basis of returns (Bass, 1985). Whereas Robbins (2003) defines *the transactional leadership as directing and stimulating his followers pursuant to the goal or objective already been determined by explaining about their roles and their work requirements*.

Bass (1985) and Bass and Avolio (1997, 2004) classify the style of transactional leadership into 2 (two) main components, namely 'contingent return' and 'exceptional management' in two forms – active and passive. *The contingent return is one of the ways of motivation to get a better performance*. Employees are given rewards for the works they have achieved (Bass and Avolio, 1994). Management with active freedom is indicated by a leader choosing to be involved with his subordinates in order to confirm that the whole things have been in conformance and the corrective actions have been taken whenever necessary (Bass and Avolio, 1994). In the management with passive freedom, a leader will only make intervention when there is any error (Avolio and Bass, 2004) in which a corrective action is taken when the error has already been made.

Referring to the opinion of Bass (1990), it is seen that the transactional leadership is more relevant to be studied at the medium and big scale companies having bigger amount of employees and higher level of education. At these medium and big scale companies, the needs of employees such as for self respect and self actualization are very much needed compared to employees at the small scale companies. At the small scale company, the amount of employees is relatively small and generally has the human resources of lower quality, therefore the transactional leadership is more relevant to be studied at the small enterprises.

Variables in this research are focused on transactional leadership consisting of the aspects of contingent reward, management by active exception; management by passive exception, and by Laissez Faire (Wood, 19978).

Dess and Lumpkin (2005) state that *entrepreneurial orientation refers to the practice of the making of strategy in which the company uses it to identify and to start the business*. According to Mahmood and Hanafi (2013), the entrepreneurial orientation *is a significant contributor for the success of a company*. In connection with the measurement of entrepreneurial orientation dimension, Madhousi et al (2011) adopted the dimension of entrepreneurial orientation of Lumpkin and Dess (1996) by measurement indicators as follows: (1) Innovativeness; (2) Risk taking; (3) Pro-activeness; (4) Competitive Aggressiveness and (5) Autonomy.

Porter (1980) in Kuncoro (2006:90) states that there are 2 (two) factors to be calculated in establishing the "suitable" competitive strategy. First, it is based on organizational competitive Advantage, which will only be obtained through one of the two sources, *namely Advantage in establishing the low cost (cost Leadership); or the organizational ability to be different (differentiation)* compared to its competitors. Both are coverage of market products

(competitive scope) in which the organizations mutually compete each other in large and narrow markets. Combination of these two factors establish the basis of *Porter generic strategies*, namely: (1) Cost Leadership; (2) Differentiation, and (3) Focus (cost based or differentiation). The business strategy in this research refers to the type of Porter Generic Strategy, namely the low cost strategy (cost leadership) and differentiation strategy (differentiation). Significant empirical support has been indicated by many researchers for the construct validation of the said Porter typology. Event, some researchers have got the support that the Porter 's framework can also be applied for the small business (*Pett and Wolf in Sugiarto, 2006*).

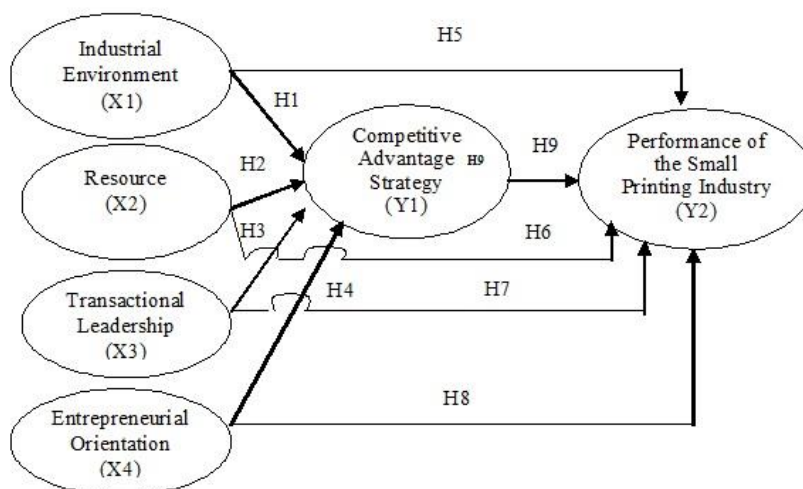
The company performance is a reflection whether the company has been successful or not yet been successful in running its business operation (*Amirullah, 2015:215*). Meanwhile *Filser and Egger (2014)* state that the company performance is how far the financial goal and non-financial goal is achieved based on the perception of the business owner and its highest executive official (CEO) being surveyed in comparison to its competitors, in which the company performance is measured, in which the performance measurement uses the financial and non-finance performance measurement, namely *the growth of sales* and *the growth of manpower*. Meanwhile, *Kraus et al (2012)* uses 5 (five) indicators to measure the company performance, namely: level of the sale growth, employee growth, grossed margin, profitability and cash flow.

In this research, the performance measurement of the small scale industry of printing applies the financial indicator, namely: (1) The growth of profit (*Kraus et al, 2012; Ozer and Tinaztepe, 2014*); (2) The growth of the sales (*Filser and Egger, 2014; Cater and Pucko, 2005*). Meanwhile, the measurement of performance of small scale industry by using non-financial indicators cover as follows: (1) The growth of Loyal Customers (*Cater and Pucko, 2005; Ozer and Tinaztepe (2004)*); (2) The growth of permanent manpower (*Filser and Egger, 2014; Kraus et al, 2012*).

METHOD OF RESEARCH

Research Design

This research applies hypotheses *wanting to know and to analyze* the Influence of Industrial Environment, Resources, Transactional Leadership and Entrepreneurial Orientation to the Competitive Advantage Strategy and to the Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City.



Drawing 1: Conceptual Framework

HYPOTHESES

- H1: Industrial environment has significant influence to the competitive Advantage strategy.
- H2: Resources has significant influence to the competitive Advantage strategy.
- H3: Transactional leadership has significant influence to the competitive Advantage strategy.
- H4: Entrepreneurial Orientation has significant influence to the competitive Advantage strategy.
- H5: Industrial Environment has significant influence to the Performance of Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City.
- H6: Resources has significant influence to the Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City.
- H7: Transactional Leadership has significant influence to the Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City.
- H8: Entrepreneurial Orientation has significant influence to the performance of Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City.
- H9: Competitive Advantage Strategy has significant influence to performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry in Surabaya City.

TYPES AND SOURCES OF DATA

The applied data is the *Likert Scale*, starting from the lowest till the highest one with the same interval, namely: 1 - Completely Disagree, 2 - Disagree, 3 - Neutral, 4 - Agree and 5 - Completely Agree. Meanwhile the sources of data use the primary data in the form of questionnaires spread out to the respondents.

VARIABLE IDENTIFICATION

Exogenous Variables: 1) Industrial Environment, 2) Resources, 3) Transactional Leadership, and 4). Entrepreneurial Orientation.

Endogenous Variables: 1) Competitive Advantage Strategy, and 2) Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry

VARIABLE OPERATIONAL DEFINITION

Industrial Environment (X1) is an environment encountered by the small scale industry in a competitive situation influencing the success of small scale printing industry, namely the potential new comers, suppliers, substitute products, buyers, the existing competitors and the government.

Resources (X2) are the whole assets or properties owned by the Small Medium Scale Enterprise (UKM) of the Small Printing Industry from the dimension of financial resources, physical resources, human resources, innovation resources and reputation resources.

Transactional Leadership (X3) is the way the owner or the manager as the management of Small Medium Scale Enterprise (UKM) of the Small Printing Industry in influencing, directing, stimulating, and controlling his employees measured from the dimension of contingency return, active exception management, passive exception management and laissez faire.

Entrepreneurial Orientation (X4) is the behavior of the owner or manager of Small Medium Scale Enterprise (UKM) of the Small Printing Industry in managing its business measured

based on indicators of innovation, risk taking, pro-activeness, competitive aggressiveness and autonomy.

Competitive Advantage Strategy (Y1) is a business strategy used by Small Medium Scale Enterprise (UKM) of the Small Printing Industry to obtain and sustain the competitive Advantage through the strategy of low cost / cost Advantage (cost leadership) and differentiation strategy (differentiation).

Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry (Y2) is how far the financial and non-financial goals or objectives achieved by Small Medium Scale Enterprise (UKM) of the Small Printing Industry measured based on financial and non-financial dimensions.

Population and Samples

Population in this research are the Small Medium Scale Enterprises (UKM) of the Small Printing Industry available in Surabaya City represented by the owners or managers at the amount of 152 business units. The samples in this research are determined by using the Slovin Formula (Sanusi, 2014:101) as follows:

$$n = \frac{N}{1 + N \alpha^2}$$

In which:

n : is the size of the sample., N : is the size of population

α : is the inaccuracy tolerance (in percentage).

With the value of α is determined to be 5% (0.05), the magnitude of sample in this research is:

$$n = \frac{152}{1 + 152(0.05)^2} = \frac{152}{1.38} = 110.144 \text{ (rounded to be 110).}$$

Data Analytical Technique

In data processing, the statistical instrument applied is *Structural Equation Modeling (SEM)* by applying the Amos Program (Sanusi, 2014:175).

The Structural Equation is as follows:

$$Y1 = aX1 + bX2 + cX3 + dX4$$

$$Y2 = eX1 + fX2 + gX3 + hX4 + iY1$$

Remarks:

X1 = Industrial Environment. X2 = Resources. X3 = Transactional Leadership.

X4 = Entrepreneurial Orientation Y1 = Competitive Advantage Strategy

Y2 = Performance of the Small Medium Scale Enterprise (UKM) of the Small Printing Industry. a,b,c,d,e,f,g,h, i = Constant.

Research Outputs

Validity and Reliability Tests:

Validity and Reliability tests on each latent variables are carried out through the *Confirmatory Factor Analysis (CFA)* and *Construct Reliability (CR)* by using Amos Program. Outputs of Validity and Reliability Tests are as follows:

Outputs of Validity Test

Table 1. Outputs of Validity Test

<i>Variables</i>	<i>Value of Loading Factors</i>	<i>p-Value</i>	<i>α</i>
Industrial Environment (X1)			
X1.1	0.925	0.000	0.05
X1.2	0.941	0.000	0.05
X1.3	0.869	0.000	0.05
X1.4	0.886	0.000	0.05
X1.5	0.841	0.000	0.05
X1.6	0.727	0.000	0.05
Resources (X2):			
X2.1	0.943	0.000	0.05
X2.2	0.899	0.000	0.05
X2.3	0.871	0.000	0.05
X2.4	0.943	0.000	0.05
X2.5	0.715	0.000	0.05
Transactional Leadership (X3):			
X3.1	0.912	0.000	0.05
X3.2	0.661	0.000	0.05
X3.3	0.878	0.000	0.05
X3.4	0.833	0.000	0.05
Entrepreneurial Orientation (X4):			
X4.1	0.873	0.000	0.05
X4.2	0.873	0.000	0.05
X4.3	0.923	0.000	0.05
X4.4	0.844	0.000	0.05
X4.5	0.558	0.000	0.05
Competitive Advantage Strategy (Y1)			
Y1.1	0.988	0.000	0.05
Y1.2	0.905	0.000	0.05
Performance of Small Medium Enterprise (UKM) of Small Printing Industry (Y2)			
Y2.1	0.923	0.000	0.05
Y2.2	0.905	0.000	0.05

From the Table 1 above, it can be concluded that all values of the loading factor are bigger than 0.5 and p-value = 0.000 smaller than $\alpha = 0.05$, so that each indicator of latent variables are declared valid.

Calculation of reliability applies the CR – Construct Reliability with the minimum cut off value of 0.7 by using a formula (Sanusi, 2014:177) as follows:

$$CR = \frac{(\sum \text{standardized loading})^2}{(\sum \text{standardized loading})^2 + \sum e_j}$$

Meanwhile the outputs of reliability calculation is as follows:

Outputs of Reliability Test

Table 2. Output of Reliability Test

<i>Variables</i>	<i>Variant of p-Value</i>	<i>Loading (λ)</i>	<i>Remarks</i>	<i>Construct Reliability (CR)</i>
Industrial Environment (X1):				
X1.1	0.000	0.925	Reliable	0.948
X1.2	0.000	0.941	Reliable	
X1.3	0.000	0.869	Reliable	
X1.4	0.000	0.886	Reliable	
X1.5	0.000	0.841	Reliable	
X1.6	0.000	0.727	Reliable	
Total		5.189		
Resources (X2):				
X2.1	0.000	0.943	Reliable	0.944
X2.2	0.000	0.899	Reliable	
X2.3	0.000	0.871	Reliable	
X2.4	0.000	0.943	Reliable	
X2.5	0.000	0.715	Reliable	
Total		4,371		
Transactional Leadership (X3):				
X3.1	0.000	0.912	Reliable	0.895
X3.2	0.000	0.661	Reliable	
X3.3	0.000	0.878	Reliable	
X3.4	0.000	0.833	Reliable	
Total		3,284		
Entrepreneurial Orientation (X4):				
X4.1	0.000	0.873	Reliable	0.9121
X4.2	0.000	0.873	Reliable	
X4.3	0.000	0.923	Reliable	
X4.4	0.000	0.844	Reliable	
X4.5	0.000	0.558	Reliable	
Total		4.071		

Variables	Variants of p-Value	Loading (λ)	Remarks	Construct Reliability (CR)
Competitive Advantage Strategy (Y1):				
Y1.1	0.000	0.988	Reliable	0.946
Y1.2	0.000	0.905	Reliable	
Total		1.893		
Variables	Variants of p-Value	Loading (λ)	Remarks	Construct Reliability (CR)
Performance of Small Medium Scale Enterprise (UKM) of the Small Printing Industry (Y2):				
Y2.1	0.000	0.923	Reliable	0.910
Y2.2	0.000	0.905	Reliable	
Total		1.828		

From the Table 2 above, it is found out that all latent variables give the value of Construct Reliability (CR) above its Cut-Off Value at the amount of 0.7, so that it can be stated that all latent variables are reliable.

Normality Test

Normality of a data is one of the requirements in *Structural Equation Modeling (SEM)*. The normality testing is emphasized on *multi-variant data* by observing the values *skew-ness*, *kurtosis* and statistically can be seen from the *Critical Ratio (CR)*. If the significance level of 5% is applied, the CR value available in between -2.58 till 2.58 ($-2.58 \leq CR \leq 2.58$) is said that the data is normally distributed, either *uni-variant or in multi-variant*.

The complete outputs of data normality testing on the whole research variables indicate the value of multi-variant CR is 2.369 and this value is located outside -2.58 till 2.58, so that it can be the stated that the data of multi-variant distribution is normal.

Singularity Testing:

Singularity can be seen through the *covariant matrix determinant*. The value of determinant which is very small or closer to zero indicates the presence of Singularity problem, so that it cannot be used for research. Output of research gives the determinant of sample covariance matrix at the amount of 0.957. This value is not closer to zero, so that it can be stated that there is no singularity problem in data being analyzed.

Multicollinearity Test

Table 3. Output of Multicollinearity Test Among Exogenous Latent Variables with $\alpha = 0.05$.

No.	Correlation Value Among Exogenous Latent Variables	p-Value
1.	Latent Variable of X1 with X2 = 0.082	0.102
2.	Latent Variable of X1 with X3 = 0.098	0.107
3.	Latent Variable of X1 with X4 = 0.191	0.051
4.	Latent Variable of X1 with X3 = 0.048	0.129
5.	Latent Variable of X1 with X4= 0.118	0.081
6.	Latent Variable of X1 with X4= 0.066	0.118

Multicollinearity occurs if there are more than one exogenous latent variables and has a correlation. From Table-3 above it can be seen that the correlation value among exogenous Latent Variable is bigger than the significance value $\alpha= 0.05$, then it can be stated that multicollinearity does not occur.

Outlier Testing:

Output of Outlier Testing in this research is presented at the *Mahalanobis Distance* or *Mahalanobis d-squared*. The value of Mahalanobis bigger than Chi-Square Table or the p-value $1 < 0.001$, it is stated as an outlier observation. In this research there is no outlier observation.

GOODNESS OF FIT TESTING

Output of Goodness of Fit Testing by using the Amos Program is as follows:

Table 4. Output of Goodness of Fit Testing

Criteria	Cut-Off Value	Calculation Output	Remarks
Chi-Square Significance	Expected to be small	235.648	X^2 with df=224 is 267.345 Good
Probability	≥ 0.05	0.283	Good
RMSEA	≤ 0.08	0.073	Good
GFI	≥ 0.90	0.938	Good
AGFI	≥ 0.90	0.925	Good
CMIN/DF	≤ 2.00	1.052	Good
TLI	≥ 0.90	0.962	Good
CFI	≥ 0.90	0.979	Good

Table-4 above indicates that the 8 (eight) criteria used to evaluate whether a model is feasible or non-feasible proves that the outputs are good. Thus, it can be stated that the model is acceptable, and it means that there is a conformity between the model and the data.

LINEAR COEFFICIENT TESTING

The Output of Linear Coefficient Testing can be presented as follows:

Table 5. Outputs of Linear Coefficient Testing

No.	Variables	Coefficient	C.R	Probability	Remarks
1.	Industrial Environment (X1) → Competitive Advantage Strategy (Y1)	0.296	2.028	0.043	Significant
2.	Resources (X2) → Competitive Advantage Strategy (Y1)	0.378	2.120	0.034	Significant
3.	Transactional Leadership (X3) → Competitive Advantage Strategy (Y1)	0.587	3.723	0.000	Significant

No.	Variables	Coefficient	C.R	Probability	Remarks
4.	Entrepreneurial Orientation (X4) → Competitive Advantage Strategy (Y1)	0.453	1,799	0.072	Not Significant
5.	Industrial Environment (X1) → Performance of UKM of Small Industry (Y2)	0.309	2.660	0.008	Significant
6.	Resources → Performance of UKM of Small Industry (Y2)	0.337	2.296	0.022	Significant
7.	Transactional Leadership (X3) → Performance of UKM of Small Industry (Y2)	0.385	2.707	0.007	Significant
8.	Entrepreneurial Orientation (X4) → Performance of UKM of Small Industry (Y2)	0.487	2.349	0.019	Significant
9.	Competitive Advantage Strategy (Y1) → Performance of UKM of Small Industry (Y2)	0.808	8.271	0.000	Significant

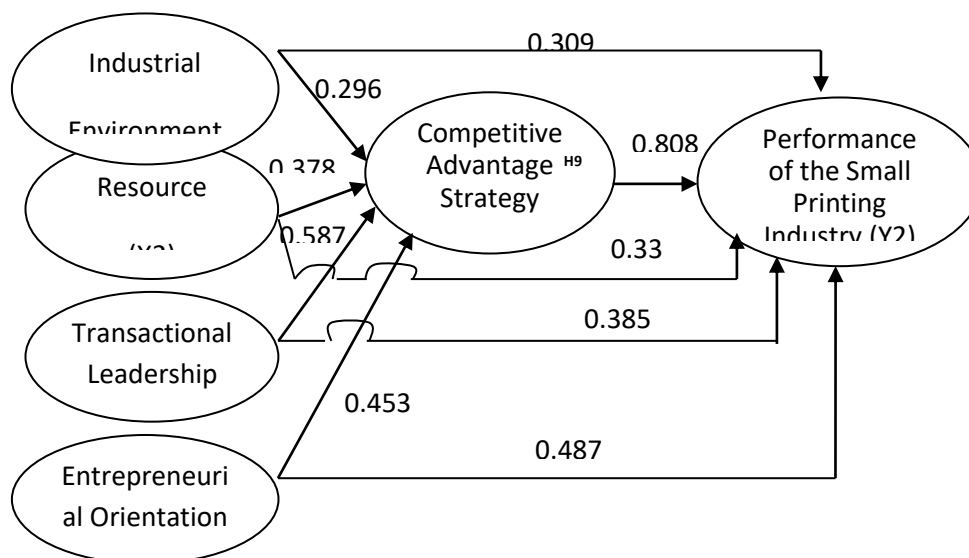
From Table 5 above, the Structural Equation can be presented as follows:

$$Y1 = 0.296 X1 + 0.378 X2 + 0.587 X3 + 0.453 X4.$$

$$Y2 = 0.309 X1 + 0.337 X2 + 0.385 X3 + 0.487 X4 + 0.808 Y1.$$

Outputs Coefficient Testing

1. Industrial Environment positively and significantly influences the Competitive Advantage Strategy with the linear coefficient value of 0.296.
2. Resources positively and significantly influences the Competitive Advantage Strategy with the linear coefficient value of 0.378.
3. Transactional Leadership positively and significantly influences the Competitive Advantage Strategy with the linear coefficient value of 0.587.
4. Entrepreneurial Orientation does not significantly influence the Competitive Advantage Strategy with the linear coefficient value of 0.453.
5. Industrial Environment positively and significantly influences the Performance of Small Printing Industry with the linear coefficient value of 0.309.
6. Resources positively and significantly influences the Performance of Small Printing Industry with the linear coefficient value of 0.337.
7. Transactional Leadership positively and significantly influences the Performance of Small Printing Industry with the linear coefficient value of 0.385.
8. Entrepreneurial Orientation positively and significantly influences the Performance of Small Printing Industry with the linear coefficient value of 0.487.
9. Competitive Advantage Strategy positively and significantly influences the Performance of Small Printing Industry with the linear coefficient value of 0.808.



Drawing 2. Linear Coefficient Diagram of Research Outputs.

DISCUSSION

1. *Industrial Environment positively and significantly influences the Competitive Advantage Strategy with the linear coefficient having positive sign at the amount of 0.296.* Output of this research supports the *Industrial Organization / IO Theory* (David, 2012:123), *"The I/O Model of Above-Average Returns"* concept (Ireland et al, 2011:13). The findings of this research are in conformity with the concept of *Porter in Pearce II and Robinson Jr (2013:102)*. Output of this research is not in line with the research output of *Hidayat (2003)*, but output of this research supports the research output of *Sugiarto (2006)*, *Arifin (2007)* and *Syamsurizaldi (2011)*.
2. *Resources positively and significantly influences the Competitive Advantage Strategy with the linear coefficient having positive sign at the amount of 0.378.* Output of this research supports the approach of *Resource Based View (RBV)* (David, 2012:180); *"The Resource-Based Model of Above Average Returns"* concept of *Ireland et al (2011:15)*. Output of this research is not in line with the output of research by *Syamsurizaldi (2011)*, but output of this research supports the previous researches by *Santhapparaj et al (2006)*; *Phusavat & Kanchana (2007)*, *Sunata (2007)*, and *Raduan et al (2009)*.
3. *Transactional Leadership positively and significantly influences the Competitive Advantage Strategy with the linear coefficient having positive sign at the amount of 0.587.* Output of this research supports the theory that the leadership style determines the company strategy of *Thoyib (2005)*, but output of this research is not in line with the research output of *Syamsurizaldi (2011)*.
4. *Entrepreneurial Orientation does not significantly influence the Competitive Advantage Strategy with the linear coefficient having positive sign at the amount of 0.453.* Output of this research does not support the *Theory of Entrepreneurial Orientation* of *Dess & Lumpkin (2005)*, the *Theory of Entrepreneurial Orientation* of *Knight (2000)* in *Murni (2014)*. The findings in this research are not in line with the findings of the previous researches by *Suci (2009a)*, *Sirivanh et al (2014)*, *Murni*

- (2014), but output of this research is in line with the output of previous research by Djodjobo & Tawas (2014).
5. *Industrial Environment positively and significantly influences the Performance of the Small Printing Industry with the linear coefficient having positive sign at the amount of 0.309.* Output of this research supports the approach of *Industrial Organization (I/O) Theory*, particularly the *Theory of Porter (1985:5)* in Solichin (2012:240). The finding in this research is in controversy with the outputs of the previous researches by Hidayat (2003); Sugiarto (2006), and Bertram et al (2007), but output of this research is in line with the previous research by Syamsurizaldi (2011).
 6. *Resources positively and significantly influences the Performance of the Small Printing Industry with the linear coefficient having positive sign at the amount of 0.337.* Output of this research supports the *Resource Based View (RBV)*, especially the *Theory of Hitt et al (1997:18)*. Output of this research is not in line with the previous research by Edelman et al (2004), but the findings in this research support the outputs of the previous researches conducted by Sunata (2007), Syamsurizaldi (2011). Further, the findings in this research support the hypothesis conveyed by Raduan et al. (2009).
 7. *Transactional Leadership positively and significantly influences the Performance of the Small Printing Industry with the linear coefficient having positive sign at the amount of 0.385.* Output of this research supports the *Theory of Transactional Leadership* by Robbins and Judge (2015:261); the *Theory of Transactional Leadership* by Bass (1985). In addition, output of this research also supports the previous research by Goleman (2003) in Winarno (2011:51). Output of this research is in line with the previous researches by Syamsurizaldi (2011) and Obiwuru et al (2011), but the finding of this research does not support the output of the previous researches by Ozer & Tinaztepe (2014), and Iscan et al (2014).
 8. *Entrepreneurial Orientation positively and significantly influences the Performance of the Small Printing Industry with the linear coefficient having positive sign at the amount of 0.487.* Output of this research supports the *Theory of Entrepreneurial Orientation* by Mahmood & Hanafi (2013) and Sirivanh et al (2014). Output of this research is not in line with the output of the previous research by Murni (2014), but the finding of this research supports outputs of the previous researches by Mahmood U & Hanafi (2013), Sirivanh et al (2014), Suci (2009a and 2009b); Wulandari (2009) and Hau & Chow (2006).
 9. *Competitive Advantage Strategy positively and significantly influences the Performance of the Small Printing Industry with the linear coefficient having positive sign at the amount of 0.808.* Output of this research supports the *Theory of Generic Strategy* by Porter (1980) in Rachmat (2014:39) and supports the hypothesis presented by Raduan et al (2009). The finding of this research is in contradictory with output of the previous research by Suci (2009a), Sugiarto (2006), Syamsurizaldi (2011) and Murni (2014).

CONCLUSION:

1. Industrial Environment, Resources, Transactional Leadership positively and significantly influence the Competitive Advantage Strategy. In regard to this finding, in order to make the Competitive Advantage Strategy reliable, the aforesaid variables shall always be controlled by the Small Medium Scale Enterprises (UKM) of the Small Printing Industry.

2. Entrepreneurial Orientation does not significantly influence the Competitive Advantage Strategy. In this finding, it is proven that the Entrepreneurial Spirit for the actors of Small Medium Scale Enterprises (UKM) of the Small Printing Industry does not significantly influence the Competitive Advantage Strategy. This reality indicates that the values of entrepreneurship have already been attached to an actor of Small Medium Scale Enterprises (UKM) of the Small Printing Industry. The important thing is that each undertaking conducted by the actor of Small Medium Scale Enterprises (UKM) of the Small Printing Industry always pays attention to the Competitive Advantage Strategy so that its business position will remain running.
3. Industrial Environment, Resources, Transactional Leadership Entrepreneurial Orientation and Competitive Advantage Strategy positively and significantly influence the Performance of Small Medium Scale Enterprises (UKM) of the Small Printing Industry. It has already been natural that the Performance of Small Medium Scale Enterprises (UKM) of the Small Printing Industry gets the support from the aforesaid variables. In order to get the Performance of Small Medium Scale Enterprises (UKM) of the Small Printing Industry remain guaranteed, those 5 (five) variables should be handled in such a way so that it can be controlled in sustainable way.

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