

ABSTRACT

In recent competitive environment, the survival and developing ability of a company is determined by its ability to create a quality value with an efficient value chain process. The aim of this research is to propose a new approach to ensure the creation of a quality value chain process.

The unit of analysis in this research is the managers and/or the owners as the representatives of SMEs in Central Java. 200 samples were taken from 6 Ex-Residencies in Central Java to represent the population in this research. The descriptive statistics were analyzed by using index number approach, while the inferential statistics were conducted by using SEM (Structural Equation Modeling).

Using index number analysis, the results show all indicators that qualify as a representation of the construct entirely in high position.

Finding disclosed a significant positive relationship between effective leadership and adaptive process of management harmonization but insignificant on process performance, a significant positive relationship between quality planning and adaptive process of management harmonization, but insignificant on process performance. Intangible asset has a significant positive effect on process performance but insignificant effect on adaptive process of management harmonization. Adaptive process of Management harmonization has positive – significant effect on process performance. Process performance has positive – significant effect on product quality performance. These results support the argument stated that adaptive process of harmonization management is a concept which contributes a more qualified value chain process to craft high value for the company.

Keywords : *Intangible Asset, Quality Planning, Effective Leadership, Adaptive process of harmonization management, Process performance and Product Quality Performance.*