

ABSTRACT

This research has analyzed the effect entrepreneurship orientation, environment adaptability and innovation toward competitive advantage to increase business performance. This riset formula is how to create competitive advantage to increase business performance.

Population which has selected in this research is small and medium scale metal industry at Sub Ceper, Klaten regency. Those are 295 industries. Total sample in this research are 120 industries. Collecting data used questioner, with score start from 1 (very disagree) to 7 (really agree). Analyzed data tool which has been used is SEM (Structural Equation Model) through AMOS program 18.0.

The result of data analyze showed that research model can be accepted with goodness of fit, they are chi-square= 120,619 ; probabilitas= 0,914 ; GFI= 0,910 ; AGFI= 0,880; CMIN/DF= 0,843 ; dan RMSEA= 0,00. All hypothesis can be accepted after SEM analyzes conducted. This matter entrepreneurship orientation, environment adaptability and innovation have positive affect and significant toward competitive advantage, and entrepreneurship orientation, innovation have positive affect toward business performance. Then competitive advantage has positive affect and significant toward business performance.

General conclusion from result of the model test which has applied to small and medium scale metal industry at Sub Ceper, Klaten regency showed that competitive advantage can be reached through market entrepreneurship orientation, environment adaptability and innovation, from there competitive advantage which has been produced by the industry can increase business performance. This research has given some research limitation and also give agenda for the next research. In addition to competitive advantage, entrepreneurship orientation, and innovation can increase business performance. This research has given some research limitation and also give agenda for the next research.

Keywords : entrepreneurship orientation, environment adaptability, innovation, competitive advantage, business performance.