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A Model of Mixed Strategic Orientations Based on Environment in Achieving a Tough Performance of MSMEs

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Abstract

This study aims to design a model in achieving superior performance of MSMEs. The mixed strategic orientations of demography, economy and cultural values are used to design this model. The mixed strategic orientations consist of customer, competitor and innovation orientations. Demographic variables consist of age, experience and education. Economic variables consist of government, price, income and growth. Cultural value variables consist of Javanese, Chinese and Padang cultural values. Customer orientation variables have an antecedent variable that consist of entrepreneurship, reward and learning. The change orientation variable moderates the customer and competitor orientations to the innovation orientation. Variable of competitive advantage mediates customer and competitor orientations on MSMEs' performance. The population of this study consists of food MSMEs in Central Java. The 750 samples are chosen with convenient sampling technique. Data analysis method used the Cross-tab Analysis and Structural Equation Model (SEM). The result of this research is a model explaining that demography, economy and cultural values influence antecedent variables of customer orientation, dimension of strategic orientations and organizational performance. The antecedent variables affect customer orientation; the dimension of strategic orientations affects performance; Variable of change of capacity unmoderates customer and competitor orientations on innovation orientation. Variable of competitive advantage unmediates customer, innovation and competitor orientations on performance.

Keywords: *mixed strategic orientations, demography, economy, cultural values, performance*

A. Introduction

The development success in Indonesia is dominated more by material and quantitative measures. As a result, the development even creates inequality among community groups and regions. The Progress that occurs is not rooted in culture, so

that, in turn, this can fade away the identity of the nation. Any advances which are based on technologies and economies grnrtrally exploit natural resources. This will, inevitably, cause worries in the future.

The development of the Indonesian nation has low resilience to anticipate various changes. Some Indonesians tend have individualistic behavior and like to use natural resources unwisely. This, then, generates an exclusive economy. Indonesia cannot get out of the political-economic traps that make it become a consumer nation. Overcoming this problem needs a strategic development that directly touches the lower and middle class societies that are developing micro, small and medium enterprises that are often termed MSMEs.

This research is trying to formulate a comprehensive model that can be applied to solve the economic problems of MSMEs in Indonesia. In searching the national and international scientific journals the researchers find there are six models that can be used to improve the quality of MSMEs, but these are in fact not comprehensive. On this occasion the researchers try to formulate a comprehensive model.

Model 1 is performance improvement with strategic orientation of customer. This model states that improving the quality of MSMEs can be done by applying the customer orientation (Altindag, Zehir & Acar 2011). The antecedent variable of customer orientation consists of entrepreneurial orientation, marketing-based reward system, learning orientation (Basile, 2012)

Model 2 is performance improvement with market and innovation orientations. Competitor orientation influences the innovation orientation. A strong market orientation has links to incremental innovation and the strong market orientation affects innovation (Grawe, 2009; Lewrick 1, Omar2 & Robert, 2011).

Model 3 is performance enhancement with mixed strategic orientations. Strong customer and competitor orientations have a positive effect on incremental performance and a strong customer orientation has impact on performance (Grawe, 2009). Relevently, the research of Jhonson, Dibrell and Eric (2009), states that innovation orientation influences the performance of the manufacturing industry. Jhonson et al. (2009) state that integrated innovation orientation influences the performance of manufacturing companies.

Model 4 is performance improvement with mixed strategic orientations is mediated by competitive advantage and is moderated by change orientation, Model 4 is a combination of model 1, 2 and 3. Model 5, performance improvement with mixed strategic orientations based on demography. This model is the improvement of model 4 by adding demographic variable, which consists of gender, age, education, and experience.

Model 6 is performance improvement with mixed strategic orientations baed on economy and culture. This model is an improvement of model 4 by adding economic and cultural variables. Economic variables consist of government, price, and growth. Cultural variables consist of cultural values of Java, China and Padang.

The model created in this study is a model accommodating all existing models. As far as their investigations on the previous studies, the researchers have not found

such a comprehensive model. This model includes variables of demography, economy, cultural values and mixed orientations. These four variables affect performance. Demographic variables consist of gender, education, age and experience. Economic variables consist of government, price, and growth. Cultural variables consist of Javanese, Chinese and Padang cultures. The orientation mix consists of customer, competitor, innovation, change, and competitive advantage orientations. This model is named "A Model of Performance Improvement Acceleration of MSMEs in Central Java, Indonesia"

The purpose of this study is to produce a model of accelerating performance improvement with a strategy orientation mix based on the Macro environment, Producing Books with the title: Tips to accelerate the improvement of MSME performance. Application of environment-based strategy orientation mix models by MSMEs, Provide empirical evidence of the implementation of an environment-based strategy orientation mix model

B. Literature Review

1. Performance

Performance is a degree of accomplishment (Coleman, S., Kariv, D., 2013). The performance of an organization can be seen from the level of achievement of goals based on the goals that have been set previously. Guidelines in assessing organizational performance must be returned to the purpose or reason for the formation of an organization. For example, for a private organization that aims to generate profits and goods produced, then the size of its performance is how much the organization is able to produce goods to generate profits for the organization (Lewrick, M.1, M. Omar2 & Robert LW Jr., 2011)

Performance is a result of a process carried out by all organizational components of certain sources used. Furthermore, performance is also the result of a series of process activities carried out to achieve certain organizational goals. For an organization, performance is the result of collaborative activities between members or organizational components in order to realize organizational goals. Performance is a product of administrative activities, namely collaborative activities to achieve management goals commonly referred to as management (Ming, L.C., 2011)

Organizational performance is influenced by input factors and administrative and management processes that take place. No matter how good the available input will not produce a product of expected performance satisfactorily, if in the administrative and management process it cannot run properly. Inputs and processes have a close and decisive relationship in producing an output performance that is as expected (Morgan, R.E, & Berthon, P., 2008)

2. Demographic variable.

Demography is a Greek word consisting of two words, demo and graphein. Demos means population and Graphein means writing. So the demographics according to their original words mean writings or essays about the population of a country

Demographic variables are variables related to the characteristics of MSMEs, consisting of gender, age, education and experience. These variables affect the antecedent variables of customer orientation, mixed orientations of strategy and performance (Karl, JW, 2013, Andreas, K. Harald, S., 2013)

3. Economic variable

Economic variables consist of the government, the price and the growth of MSMEs. Government variables consist of fiscal and monetary policies. Economic growth is the process of changing the economic conditions of a country in a sustainable manner towards a better condition during a certain period. Economic growth can also be interpreted as a process of increasing the production capacity of an economy which is realized in the form of an increase in national income (Andreas, K., Harald, S., 2013)

Economic environment consists of factors that influence purchasing power and purchasing patterns. The economic environment tends to be determined by consumer attention to the value and changes in consumer spending patterns. Today consumers are looking for better value. The right combination of good quality and service at a reasonable price

Income distribution also changes. The rich are getting richer, the middle class is declining, and the poor are still poor, producing two levels of the market. Now many companies offer their marketing to two different markets. Rich people and people have not been lucky.

4. Cultural value

Cultural Values in this study are Javanese, Chinese and Padang cultures. These three cultures are chosen because they are considered to represent food MSMEs in Central Java or Indonesia. Cultural value is a custom that is upheld by the local community. (A. Emre Demirci1, 2013, Dekuwmini Mornah & Raymond MacDermott, 2016)

Reactions Companies can passively receive a marketing environment as an uncontrollable element where they must: Adapt. Avoiding threats Take advantage of existing opportunities. Or the company can take proactive action, work to change the environment and not just react to it. Every time, companies must try to be proactive and not reactive

5. Antecedence of customer orientation

Antecedence of customer orientation is a variable that precedes customer orientation variable. This variable consists of an entrepreneurial strategy, reward and learning orientations.

6. Entrepreneurial Orientation

Entrepreneurial orientation is an activity that focuses on actions that lead to the implementation of entrepreneurship. Entrepreneurship is the process of identifying, developing, and bringing vision into life. This vision can be in the form of innovative ideas, opportunities, better ways to run a business. Wira business words and private entrepreneurs are often used interchangeably. In the Indonesian dictionary the word is also not differentiated. These two words come from the word entrepreneur.

Entrepreneurial orientation is a policy-making process that allows entrepreneurs to act and run an organization in accordance with what is planned and this refers to new things. Entrepreneurship tends to increase new, developing old products, facilitating the creation of new businesses and engineering the existing operations (Nordman, C., Julia V. 2013)

7. Reward System

Reward system is one form of appreciation for employees for their contributions reflected in their working performance (Stare, 2012).

8. Learning Orientation

Learning orientation is known as an acceptance of learning in organizations (Nee, Park and Lee, 2009). Learning orientation is an indicator of the organizations' tendency to create and use knowledge in organizations to strengthen the learning activities throughout the organization (Hardeep Chahal & Purnima Bakshi (2014

Learning orientation has two roles, besides moderating, it also mediates the relationship between market orientation, innovation orientation and organizational performance as well as learning orientation plays a full mediating role in the relationship between market orientation and innovation. (Lin, *et al.*, 2008; Ekboir, 2009; Fang, Chang & Chen, 2010).

9. Market Orientation (Customer and Competitor Orientations)

Market orientation is defined as an organizational culture that places consumers as the main element in planning their business (Kara et al., 2005). Competitor orientation strategy is an effort to focus its business on competitors (Usta, R, 2011

Market orientation strategies were initially developed in European countries, after the industrial revolution. The marketing concept which originally concentrated in production turned into a sales-oriented concept. In 1940 production efficiency was seen as the main key to achieving the success of a business, but in 1950 researchers began to realize that marketers must pay more attention to the needs and desires of consumers

10. Innovation orientation.

Innovation orientation strategies are activities that challenge and deal with existing uncertainties and versions that are updated with innovation orientation are current product development and production processes, as well as radical innovations that basically develop or apply new ideas and new technologies

The orientation of innovation is the development of current products and the production process, and innovation is basically the development or application of new ideas and new technologies (Guimarães, J.CFde & Severo, E.A. & Dorion, Eric CH & Coallier, F. & Olea, PM, 2016)

11. Organizational Change Capacity

Organizational change capacity is a variable that determines performance (Maree & Hyland, 2010; Oppen, 2009; Gravenhost, et al., 2010, Pau, 2011; Dentoni & Domenico, 2011). An under-five child tries to practice walking because he has a "strong motivation", after he has been tired of crawling. He

does so, because he does not think about any possible risks. The change of orientation will determine the performance (Khasali, 2009).

12. Competitive Advantage

Competitive advantage refers to the ability of an organization to formulate a strategy that places it in a favorable position with respect to other companies. Competitive advantage arises when a customer feels he receives more value from a transaction made with a competing organization. Then in the Indonesian Language Dictionary, it is stated that competitive advantage is competitive (Nagy, C., 2010),

Competitive advantage is the company's ability to achieve economic benefits over the achieved profits that can be achieved by competitors in the market of the same industry. Competitive advantage has a positive and significant impact on performance. The high or the low level of marketing performance is determined by the strong or the weak degree of the competitive advantage (Li & Zhou, 2010; Gurhan et al., 2011).

C. Method

The flow of research starts from the presentation of business phenomena, literature studies of international books and journals, formulation of research problems, next steps sequentially, namely determining the model, collecting data and tabulating data and progress reports, analyzing data, interpreting, preparing final year reports, National and international seminars as speakers, Preparation of marketing management textbooks, nationally indexed and internationally reputed journals.

This study is conducted on food MSMEs in Central Java, consisting of 29 regencies and 6 cities. Central Java is chosen because MSMEs in this province have the same characteristics as ones in other parts of Indonesia. The research uses cross section time, because it is done nowadays, and not directly related to the past or the future researches.

This type of research is based on its nature, including causal research because it aims to examine the relationship between one variable with another variable (Sekaran, 2010). The relationship of variables tested in this study is the relationship between demographic, economic and cultural environment variables. Antecedent variable customer orientation consisting of entrepreneurial orientation, reward and learning, strategy orientation mix variables consisting of customer orientation strategies, competitor orientation strategies, innovation orientation strategies, competitive advantage strategies. As the dependent variable is performance.

Based on its use including applied reaserch, namely research that has practical purposes. The practical purpose of this research is to be able to be used to develop MSMEs, especially food MSMEs. From the field of science this research includes the field of management economics because this study examines the field of management economics namely strategy orientation and organizational performance (Sekaran, 2010)

The unit of analysis in this study includes individuals, i.e. managers and / or owners of food MSMEs.

The population of this research is MSMEs of food sector in Central Java. The number of MSMEs always increases but no institution has complete and appropriate data about this. The number of sample is 750 units of selected food MSMEs. This study applies convenient sampling method in 4 cities, namely Salatiga, Semarang, Surakarta, Tegal and 8 regencies, namely Boyolali, Brebes, Kendal, Klaten, Kudus, Sragen, Sukoharjo, Semarang.

This research uses analysis technique of descriptive statistics with Preliis 2.71 software, Crosstab analysis and Structural Equation Modeling (SEM) analysis with Lisrel software 8.71. The results obtained from this descriptive-statistical analysis are means value, deviation standard, maximum value, minimum value and frequency value. The Crosstab analysis is used to know the influence of demographic environment, economic and cultural values variables on antecedent variables of customer orientation, independent variable and dependent variable. Analysis of Structural Equation Modeling (SEM) with Lisrel software will indicate the effect degree of independent variable on dependent variable, the role of change orientation variable as a mediation variable and competitiveness variable as a mediation variable.

D. Results

1. The result of Crosstab analysis

The result of Crosstab analysis between demographic, economic, cultural value variables and orientation variables of entrepreneur, reward and learning is presented in Table 1 as follows:

: Table 1. The result of Crosstab analysis between Demographic, Economic, Cultural values Variables and orientation variables of entrepreneur, reward and learning

	Entrepreneur			Reward			Learning		
Demography:	Chi Square	Significance	Information	Chi square	Significance	Information	Chi square	Significance	Information
Education	113,86	,000	Sig	119,11	,000	Sig	119,09	,000	Sig
Experience	11,169	.025	Sig	31,559	.000	Sig	13,389	.010	Sig
Age	11,144	.025	Sig	34,249	.000	Sig	15,996	.003	Sig
Economy:									
Government	10,499	.001	Sig	12,895	.000	Sig	19,92	.000	Sig
Price,	7,252	,007	Sig	9,272a	.003	Sig	15,275	.000	Sig

Revenue	3,581 a	.023	sig	9,587 a	.002	Sig	8,907 a	.003	Sig
Growth	8,610 a	.003	Sig	11,21 2	.001	Sig	16,75 3	.000	Sig
Culture:									
Javanese	17,23 4	.000	Sig	30,31 7	.000	Sig	28,56 1	.000	Sig
Chinese	16,03 2	.000	Sig	24,86 8	.000	Sig	26,80 5	.000	Sig
Padang	18,10 9	.000	Sig	27,36 6	.000	Sig	29,62 5	.000	Sig

Source: Primary data processed in 2018

Based on the analysis results presented in Table 1 can be said demographic, economi, cultural values have positive and significant influence on Variable orientation intreprenour, Variable orientation reward, learning.

Crosstab analysis result between demographic, economic, cultural values variables and orientatation Variables of customer, competitor and innovation is presented in Table 2 as follows:

Table 2. The result of Cross Tab Analysis between the Influence of Demographic, Economy, Cultural Values Variables and Orientation Variables of Customer, Competitor, Innovation									
	Customer Orientation			Competitor Orientation			Innovation Orientation		
Demogra phy:	Chi suar e	Sign ifica nce	Infor mati on	Chi suar e	Sign ifica nce	Infor mati on	Chi suar e	Signif icance	Informa tion
Education	104,8 5	.000	Sig	97,77 0	.000	Sig	130,9 8	.000	Sig
Experienc e	25,01 7	.000	Sig	24,81 4	.000	Sig	17,62 8	.001	Sig
Age	42,84 2	.000	Sig	23,52 3	.000	Sig	22,28 3	.000	Sig
Economy:									
Governm ent	9,031 a	.003	Sig	3,769 a	.000	Sig	45,38 1	.000	Sig
Price,	6,056 a	.014	Sig	3,974 a	.000	Sig	38,00 9	.000	Sig
Revenue	8,404 a	.004	Sig	5,343 a	.000	Sig	25,11 6	.000	Sig
Growth	8,666 a	.003	Sis	5,337 a	.024	Sig	39,00 5	.000	Sig
Culture:									

Javanese	14,094	.000	Sig	57,176	.000	Sig	42,634	.000	Sig
Chinese	21,267	.000	Sig	11,979	.001	Sig	54,142	.000	Sig
Padang	23,277	.000	Sig	12,141	.000	Sig	58,519	.000	Sig

Source: Primary data processed in 2018

Based on the results of the analysis presented in Table 2, it can be said that demographic, economic, cultural values have significant positive effect on customer Variable orientation, competitor variable orientation, innovation. The result of Crosstab analysis between demographic, economic, cultural values variables, and Orientation Variables of change, Competitive excellence, performance is presented in Table 3 as follows:

	Change of capacity			Competitive Advantage			Performance		
Demography:	Chi square	Sig nificance	Information	Chi square	Significance	Information	Chi square	Significance	Information
Educational	139,51	.000	Sig	133,24	.000	Sig	132,30	.000	Sig
Experience	16,187	.003	Sig	20,003	.000	Sig	16,821	.002	Sig
Age	19,828	.003	Sig	19,087	.000	Sig	21,180	.000	Sig
Economy:									
Government	34,442	.000	Sig	36,241	.000	Sig	43,372	.000	Sig
Price,	28,131	.000	Sig	31,841	.000	Sig	36,185	.000	Sig
Revenue	16,552	.000	Sig	16,552	.000	Sig	23,786	.000	Sig
Growth	27,497	.000	Sig	31,033	.000	Sig	37,241	.000	Sig
Culture:									
Javanese	42,634	.000	Sig	44,584	.000	Sig	54,971	.000	Sig
Chinese	40,234	.000	Sig	42,098	.000	Sig	52,032	.000	Sig

Padang	43,85	.00	Sig	45,82	.000	Sig	56,299	.000	Sig
	7	0		6					

Source: Primary data processed in 2018

Based on the results of the analysis presented in Table 3 it can be said that the variables Demographic, Economy, Cultural Values have positively and significantly affect the change of Capacity organizational, Competitive Advantage and Performance

Structural Equation Modeling (SEM) Analysis

The result of feasibility analysis of SEM model is presented in Table 4 below.

<i>Goodness of Fit Indices</i>	<i>Cut off Value</i>	Result	Information
<i>Chi Square</i>	Kecil	1362.72	Fit
<i>Probability</i>	$\geq 0,05$	0.184	Fit
<i>RMSEA</i>	$\leq 0,08$	0.56	Fit
<i>CMN/DF</i>	$\geq 0,90$.926	Fit
<i>NFI</i>	$\geq 0,95$.95	Fit
<i>CFI</i>	0-1	.923	Fit
	$\geq 0,90$.909	Fit

Source: Primary data processed in 2018

In Table 4, the result of feasibility test of SEM model shows that the model in this research is fit. The most important things in this feasibility test are Chi square and probability. Chi square should be small and this result proves so, that is 1362.72. Probability should be ≥ 0.05 , and the result in this research is 0.184. Consequently, the model of this research is fit.

The SEM analysis result on the effect of entrepreneurship, reward, and learning orientations on customer orientation.

The result of SEM analysis of the Effect of Entrepreneurship, marketing-based reward and learning orientations on Customer Orientation is presented with CR and P values in Table 5 as follows:

N	Independent Variable	.Dependent Variable	CR	P	Inform ation
1	Strategy oritation of Entrepreneurship	Strategy orientation of Customer	3,08	0,0	Supporte d
2	Strategic orientation of Reward	Strategic orientation of Customer	2,99	0,0	Support ed
3	Strategic orientation of learning	Strategic orientation of Customer	2,87	0,0	Support ed

Source: Primary data processed in 2018

The SEM analysis result of the influence of customer, competitor, and orientation strategi learning on orientation.

The SEM analysis result of the Influence of customer and competitor orientation on innovation orientation is presented with CR and P value in Table 6 as follows:

Table 6 CR and P Values of Strategic orientation of Customer and Competitor Variables on Innovation Strategic orientation					
N u m	Independent Variable	Dependent Variable	CR	P	Information
2	Strategic orientation of Competitor	Strategic Orientation of Innovation	3,28 1	0,00 4	Supported

Source: Primary data processed in 2018

The SEM analysis result on the influence of Strategic orientation Customer, Strategic orientation Competitor, on Strategic orientation of Innovation Organizational change of capabilities moderate the effect of customer orientation and customer orientation on innovation

The SEM analysis result of Organizational change of capabilities moderate the effect of customer orientation and customer orientation on innovation is presented with CR and P value in Table 7 as follows:

Table 7. CR and P Values Organizational change capabilities moderate the effect of customer and competitor orientation on innovation orientation

Strategi Orientasi Inovasi		5,86	***	
	StrategiOrientasi Pelanggan	5		Supported
Strategi Orientasi Inovasi	Strategi Orientasi Perubahan_SO Pelanggan	3,05 5	0,0 1	Supported
The magnitude of the effect of customer orientation without the ability of organizational change > from the influence after the existing organizational change capability means the ability of organizational change does not moderate Customer orientation strategy on Innovation orientation strategy				
Strategi Orientasi Inovasi	Strategi Orientasi Pesaing	2,831	0,03	Supp orted
Strategi Orientasi Inovasi	Strategi Orientasi Perubahan_SO Pesaing	2,759	0,04 9	Supp orted
The magnitude of the influence of competitor orientation without the ability of organizational change > from the influence after the existing organizational change capability means that the ability of organizational change does not moderate. The strategy of competitor orientation in the orientation of innovation				

Source: Primary data processed in 2018

Table 8. The influence of customer and competitor orientation on competitive advantage

No	Dependent Variable	Independent Variable	CR	P	Information
1	competitive advantage	competitor orientation Strategi	3,357	0,002	Supported
2	competitive advantage	competitor orientation Strategi	2,796	0,045	Supported

Source: Primary data processed in 2018

Based on Table 8 it can be argued that customer and competitive orientation strategies have a positive and significant effect on competitive advantage.

Competitive advantage strategy influences UMKM performance

Table 9 The influence of competitive advantage competes on performance

No	Dependent Variable	Independent Variable	CR	P	Keterangan
1	Performance	Competitive advantage	2,767	0,046	Supported

Source: Primary data processed in 2018

Based on Table 9 it can be said that competitive advantage positively and significantly influence on performance

The SEM analysis result of the Influence of customer and competitor orientations on performance mediated by competitive advantage with CR and P value is presented in Table 10 as follows:

Table 10 CR and P Values of the influence of customer and competitor orientation on performance mediated by competitive advantage					
Num	Independent Variable	Directly	Indirectly	Information	
1	Strategy of customer orientation	CR 3,094, P 0,008	CR 2,767 P 0,046	Un Mediating	
2	Strategy of competitor orientation	CR 2,831 P 0,035	CR 2,767 P 0,046	Un Mediating	

Source: Primary data processed in 2018

Based on Table 10 can be said customer orientation strategy and competitor orientation strategy have a significant positive effect on performance

The SEM analysis result of the Influence of customer, competitor, Competitive Advantage Orientations on Performance is presented with CR and P values in Table 11 as follows:

Table 11 .CR and P Values of Strategic orientation Variables of Customer, Competitor and Competitive Advantage on Performance					
Num	Independent Variable	Dependent Variable.	CR	P	Information
1	Strategy of Customer orientation	Performance	2,767	0,046	Supported

2	Strategy of Competitor Orientation	Performance	2,796	0,045	Supported
3	Strategy of Competitive Advantage Orientation	Performance	3,094	0,008	Supported

Source: Primary data processed in 2018

E. Discussion

The environmental demography, economy, and cultural values have impacts on entrepreneurship, reward and learning orientations.

The result of research on the influence of demographic, economic, cultural variables on Entrepreneurship, reward and learning orientations shows a positive and significant influence. This result is in line with the research of Luca, C. & Tingting, W. (2012). This result is not contrary to the research of Amin, A. et al., (2011), A. Emre Demirci1, (2013) and Thorben CK, (2013). The results of their researches indicate that demographic, economic and cultural variables have a positive effect on entrepreneurship, Reward and learning orientation. Demographic, economic, and cultural environments have effects on the variables of mixed strategic orientations.

The result of the research on strategic orientation variables of demography, economy and culture shows a positive and significant impact. This result is consistent to the research of Kotler, P., (2010); Prayudi, Puji Lestari, (2011), Nabsiah, A., W., Elham Ran., Tan S. S, (2011); Abdul, T.S et al. (2012); Cristian Odagiu, PhD, Simone N., Lengler, J., Pilar, M.F .. 2013). While the research of Christian, P. & Wagner, J., (2012) indicates that women are more active, and younger performance are more innovative. Demographic, economic, and cultural environments have an effects on the performance of MSMEs.

The result of research on the influence of demography, economy, and culture on the performance of MSMEs shows a positive and significant influence. This result is in accordance with ones of Danieule, S. (2012, A. Emre Demirci1, (2013), Yoshitaka Yamazaki, (2012); Abdul, TS et al., (2012), which state that demographic, economic and cultural variables have positive and significant influence on performance .

The Entrepreneurship, reward and learning variables influence the strategic orientation of customer.

The research result on the influence of the orientation variables of entrepreneurship, reward and learning on customer orientation shows a positive and significant effect. This result is in line with the research of Omar, Nwanko and Richards (2008); Ma'atoofi & Tajeddini (2010); Andreas and Marcus (2010); Cristina (2011); Basile (2012); Gagne (2009; Devlin et al, (2011); Hatice, (2012) stating that entrepreneurial behavior enhances the orientations of customer, market, and customer values for companies operating in a dynamic environment. Meanwhile, (Schindehutte et al., 2008; Micheels, Eric & Gow, 2009; Wencong, et al., 2011) state that Entrepreneurship, reward system and learning have effects on customer orientation.

Strategic orientation variables of customer and competitor influence the strategic orientation of innovation.

The result of SEM analysis on the effect of customer orientation on innovation shows a positive and significant influence. This result is not contrary to the research result of Ana et al. (2011) stating that customer and competitor-oriented companies will enhance exploration and exploitation innovations. The competitor orientation has a significant effect on the ability of innovation of exploitation. The innovation ability of exploitation affects the performance of the present period, while the ability of exploitation innovation influences the future performance.

The strategic change of capasiy moderates the influence of customer and competitor strategic orientations on innovation strategic orientation.

The result states that the orientation of change unmoderates the influence of customer and competitor strategic orientations on innovation strategic orientation. This result does not deviate from the results of researches by Oppen (2009); Gravenhost et al. (2010) which state that organizational change ability influences innovation orientation, the stronger the organizational change ability is, the higher the orientation of innovation will be; and the weaker the organizational change ability is, the lower the orientation of innovation will be. The change strategic orientation unmoderates the influence of customer and competitor strategic orientations on innovation strategic orientation. The capability of organizational change is an independent variable of innovation orientation variables.

Customer and competitor strategic orientations affect the competitive advantage.

The results of this study indicate that the strategy of customer and competitor orientation positively and significantly influence on competitive advantage. The higher level of customer and competitor orientation will lead to higher competitive advantage. These results are in line with the research (Grawe, 2009; Lewrick 1, Omar2 & Robert, 2011), suggesting market orientation influences competitive advantage.

The results of this study are in line with research by Jhonson et al. (2009) the results of his research stated that customer orientation influences the competitive advantage of manufacturing companies. These results are indeed logical, businesses that have many customers, can satisfy customers, paying close attention to customers, considering competitors, outperform competitors will have competitive advantage. So competitive advantage can be improved by improving customer and competitor orientation strategy.

The Competitive advantage strategy influences MSMEs' performance.

This study shows the result that competitive advantage positively and significantly affects Performance. This result is consistent with the results of researches by Ana et al. (2011); Francesco & r. (2011) stating that competitive advantage consists of product and market advantages, both of which affect performance. Thus, Competitive advantage strategy influences MSMEs' performance. The higher the level of competitive advantage then the performance of UMKM will be higher. These results are very logical, MSMEs that have a highly

competitive advantage level has a high level of performance. Performance levels can be improved by increasing the competitive advantage. MSMEs that have a high competitive advantage will have a good performance.

The strategy of competitive advantage unmediates the strategic orientations of customer and competitor on the performance of MSMEs. The result of this study indicates the competitive advantage unmediates customer and competitor strategic orientation on performance. This result contradicts the research of Luke and Ferrell (2009), which states that customer and competitor orientations have no effect on new product development, but improve performance. Cost competitive advantages in the process and the use of machines affect performance (Ana et al., 2011; Francesco & r, 2011). Competitive advantage does not mediate the effect of customer orientation on organizational performance but only as an inherent variable of organizational performance

Competitive advantage strategy unmediates customer and competitor orientations on performance. Customer, and competitor orientations should increase Kinerja UMKM. Customer and competitor orientations that do not increase competitive advantage will not improve performance. The orientations of customer, and competitor that do not increase competitive advantage may not be in accordance with the customers' will or the competitors' actions, so that the implementation needs to be reviewed. Competitive advantage positively and significantly impacts on performance. The higher keunggula estranged the higher performance of SMEs. This is logical, SMEs that have a high competitiveness will have a good performance. The results of this study can be accepted common sense.

The mixed strategic orientations influence the performance of MSMEs. The result of SEM test states that strategic orientations have significant and positive effects on MSMEs' performance. This result is in line with the research by Lin et al. (2008), that finds a positive relationship between market orientation on innovation and the company's performance. The competitive advantage has positive and significant effects on performance. This result is also in line with the researches of (Li & Zhou, 2010; Gurhan et al., 2011), stating that the competitive advantage strategy influences the performance of MSMEs. Variable mix of strategy orientation that affects the performance of customer orientation strategy, competitors, innovation, organizational change ability and competitive advantage.

F. Conclusion

The Model of Mixed Strategic Orientations Based on Environment in Achieving a Tough Performance of MSMEs is designed based on:

Demographic environment consists of age, education and experience, Economic environment consists of impact, price, income and government; Cultural value environment consists of Javanese, Chinese and Padang cultural values; Antecedent Variable oriented on customer consists of entrepreneurship, Reward and learning orientations.

The mixed strategic orientations consist of customer, competitor, innovation, change and competitive advantage orientations. Environmental variables affect the

antecedent variables of customer orientation, mixed strategic orientations and performance. The mixed strategic orientations influence positively and significantly on performance. Change orientation variable moderates the effects of customer and competitor orientations on innovation orientation. Variable of competitive advantage mediates the orientations of customer, competitor and innovation on performance

LIMITATION

This research is conducted with population and sample of food MSMEs in Central Java, so the use of the model is still limited in the case of food SMEs. This model is not suitable for MSMEs clothing or other business sectors.

RECOMMENDATION

The future researchers can use different populations, samples or sampling methods, for example the research including samples of clothing business, and using purposive sampling method.

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