

Building A Business Strategy Through Multidimensional Entrepreneurial Orientation In Improving Company Performance

(Study on Street Vendors (PKL) in Surakarta City, Central Java, Indonesia)

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Abstract: *This study aims to determine how to build a business strategy to mediate multidimensional entrepreneurial orientation as measured by the dimensions of innovation, proactivity and risk-taking in improving company performance (study on street vendors in Surakarta). The results of the research with path analysis test show that business strategy is able to mediate the multidimensional influence of entrepreneurial orientation as measured by the dimensions of innovation, proactivity and risk-taking. The results showed that all dimensions of entrepreneurial orientation had a significance value smaller than $\alpha = 0.05$. While the results of the direct proactive effect have no significant effect on business strategy, innovation and proactive have no significant effect on the performance of street vendors {Pedagang Kaki Lima (PKL)} in Surakarta, Indonesia. So that the multidimensional influence of entrepreneurial orientation as measured by the dimensions of innovation, proactive and risk-taking on company performance is better indirectly with the business strategy variable as an intervening variable.*

Keywords: *innovation, proactive and risk-taking, business strategy, performance*

1. INTRODUCTION

Indonesia's economic growth reached 5.02 percent in 2016. This figure is higher than 2015, which was corrected by 4.88 percent. Likewise, the realization of this growth is also higher than 2014 which amounted to 5.01 percent, although still lower than 2013 which was at 5.56 percent. As for the fourth quarter of 2016, economic growth reached 4.94 percent. This is lower than the previous quarter which amounted to 5.02 percent. It is also lower than the economic rate in the fourth quarter of 2015, namely 5.04 percent. Economic growth is declining, but it is starting to pick up on the graph indicating an improvement in economic growth. It is hoped that this economic growth will become stronger, (Head of BPS Suhariyanto) at his office in Jakarta, <http://bisnis.liputan6.com/read/2847881/bps-ekonomi-ri-tumbuh-502-persen-di-2016>

According to Sethuriman in Riyadiet., al. (2000), based on a survey conducted in developing countries including Indonesia, between 20% and 70% of job opportunities are obtained from informal activities. Even for Indonesia, based on the latest data, 56% of the workforce is

absorbed in urban areas. One of the informal sectors in urban areas is a unit developed by street vendors. Street vendors help the government to turn the economy around a lot. Street vendors are neither the cause of congestion nor the cause of economic chaos. Street vendors have relatively distinctive characteristics. Its peculiarity is because this business is relatively easy to enter and often deals with local or urban government policies (Hartiningasih and Simatumpang, 2008).

This empirical research is a continuation of previous research that has been carried out by researchers (Nuryati and Suwarni, 2016). In previous research, it was found that entrepreneurial orientation significantly affected the performance of street vendors in Tawangmangu, Karanganyar. The current research is being developed by examining business strategies in analyzing the performance of street vendors (PKI) which are influenced by the multidimensional entrepreneurial orientation.

The findings generated in the research of Porter (1980); states that business strategy can improve business performance. These results are also in line with a study conducted by Covin and Slevin (1991) where the performance of small companies depends on the strategies they use. This study implies that the ability of small businesses to formulate and implement effective strategies has a major influence on the survival or failure of small businesses. Determining a good business strategy will have an impact on achieving superior performance. Several empirical studies show that business strategy will be able to produce good performance for the company (Ritter and Gemünden, 2004; Hankinson, 2000).

This study aims to investigate the role of entrepreneurial orientation, which is the variable dimension of innovation, proactivity and risk taking with business strategy on company performance. From the previous explanation, it is shown that entrepreneurial orientation has a direct effect on company performance. Nonetheless, some other researchers argue that entrepreneurial orientation is a dimension of innovation variables (such as Baer and Frese, 2003) and business strategy (eg, Ritter and Gemünden, 2004; Hankinson, 2000) can be included to assess company performance. Actually, to improve competitiveness, it is not only knowing the effect of entrepreneurial orientation on business strategy or knowing the effect of business strategy on the performance of street vendors in Surakarta.

This empirical research is a continuation of previous research that has been carried out by researchers (Nuryati and Suwarni, 2017), only in this research was developed by examining business strategies in analyzing the performance of street vendors (PKI) which are influenced by multidimensional entrepreneurial orientation. There are several differences with previous researchers, namely the object and time of the study. Other literature states that the internal environment influences entrepreneurial orientation and performance (Coulthard, 2007; Chow, 2007; Lumpkin and Dess, 1996). Meanwhile, according to Lumpkin and Dess (1996), Chow (2006) and Michael and Yukl, 1993) states that the higher the ability of street vendors / entrepreneurs to manage the external environment, the street vendors / entrepreneurs tend to be more proactive in looking for opportunities. new opportunities. Entrepreneurs / street vendors will be more creative and innovative than their competitors. Entrepreneurs / street vendors will respond well to changes that occur in the external environment, are willing to take risks and have the authority to carry out their business decisions.

This research is one of the stages of developing a linear regression analysis model into a Partial Least Square (PLS) analysis. With the development of this model, it is hoped that the street vendors in the Surakarta area will be able to improve their business strategies by

deepening the spirit of entrepreneurial orientation so that the performance of the street vendors in the Surakarta area can increase, so that the competitiveness of the street vendors in the Surakarta area can increase. The success of this research is expected to be applied to: Get a model in developing community empowerment in the field of entrepreneurship, especially street vendors (PKL) in the Surakarta area. Input material for management in the field of entrepreneurship in general, and street vendors in the Surakarta area who do not yet have high competitiveness so that they can be used as a consideration in efforts to improve the performance of street vendors (PKL). Thus there will be an increase in competitiveness. The problem in this research is whether multidimensional as measured by innovation, proactive and risk-taking variables affects the performance of street vendors in Surakarta with business strategy as an intervening variable.

2. LITERATURE REVIEW

Performance

Company performance can be seen from various dimensions. There are many opinions regarding the dimensions used in measuring company performance. According to Hartini (2012), company performance measurement can be seen from two dimensions, namely financial and non-financial. The company's performance is the key to its existence in the global market. Rahayu (2009) states that performance refers to the level of achievement or achievement of the company within a certain period of time. The performance of a company is a very determining factor in the development of a company. In general, every company aims to remain standing (survive), gain profit (benefit) and develop (growth). This can be achieved if the company has a good performance. Performance according to the big Indonesian dictionary is (a) something achieved, (b) demonstrated achievement, (c) work ability. According to Hasibuan (2004), performance (work performance) is a result of work achieved by a person in carrying out the tasks assigned to him based on skills, experience and seriousness and time. Thus performance is a condition that must be known and confirmed to certain parties to determine the level of achievement of the results of a business in accordance with the capabilities and responsibilities given that do not violate the rules of the game and know the positive and negative impacts of an operational policy. Therefore, each business unit will always measure and assess the performance of its business in order to know the level of tangible results that can be achieved in that unit within a certain time.

Rivai (2009) states that a company conducts performance appraisals based on two main reasons, namely: (1) managers need an objective evaluation of past employee performance which is used to make decisions in the field of human resources in the future; and (2) managers need tools that enable employees to improve performance, plan jobs, develop abilities and skills for career development and strengthen the quality of relationships between managers concerned and their employees. In other words, the purpose of small business performance appraisal is to formulate human resource planning properly and correctly, determine training needs that are in accordance with needs, evaluate the achievement of company goals, as information for identification of goals, evaluate human resource systems and strengthen development needs. small business.

Business Strategy

The strategic planners believe that the general philosophy that describes the business or business of the company is reflected in the mission that must be translated into a statement in the established business strategy. Strategic planning that long-term strategy is derived from

the company's efforts to find the basis for competitive advantage of business strategy (Pearch II and Robinson, 2007), namely:

- a. Pursuing to achieve over all Cost Leadership in the industry. To control costs in over all cost leadership, cost efficiency can be obtained from having experienced employees, controlling overhead costs, minimizing research and development costs, service, sales force, advertising and so on.
- b. Pursuing to create unique products for customers who vary or differentiation (differentiation). Differentiation can be done through the dimensions of the design or brand, the technology used, special characteristics, service to customers and has a better distribution. The advantages of using differentiation apart from above average profit are the consumer's sensitivity to low prices, differentiation products create high entry barriers and the position of substitute products is also high.
- c. Chasing to serve specific requests to one or several consumer groups or industries. Focusing (focusting) on cost or differentiation.
- d. Business strategy is the ability of entrepreneurs / companies in analyzing the external and internal environment of the company, formulating strategies, implementing (implementing) plans designed to achieve company goals, and conducting evaluations to get feedback in formulating future strategies. (Rahayu; 2009).

Entrepreneurial Orientation

According to Dess and Lumpkin (2005) in Echdar (2012), entrepreneurial orientation is the entire company's radical innovation, proactive strategic action and risk-taking activities that are manifested in the form of support for projects related to entrepreneurial dimensions. These dimensions are acting for oneself, willingness to innovate, bear risks and tendencies to act aggressively in competition and relatively proactive to seize market opportunities. Miller and Freisen (1983) in Dess and Lumpkin (2005) state that the operational concept of entrepreneurial orientation is having to dare to be the first in market product innovation, to take risks and to take proactive actions in order to beat competitors. According to Dess and Lumpkin (2005), entrepreneurial-oriented companies are risk takers, unlike conservative companies which tend to survive and avoid risks in an effort to maintain past success. Furthermore, Dess and Lumpkin (2005) state that entrepreneurial orientation is proactively related to company performance. In his view, Miller (1983) in Purwidiyanti and Hidayah (2016) states that entrepreneurial orientation can be determined based on three dimensions, namely proactive, innovative and risk-taking. The entrepreneurial orientation according to Lumpkin and Dess (2005) is the company's entire radical effort, proactive strategic action and risk-taking activities that are manifested in the form of project supports related to these dimensions.

The entrepreneurial orientation itself is a process, practice, and decision-making activity that leads to a new entry. Entrepreneurial orientation emerges from a strategic choice perspective which states that new entry opportunities for success are highly dependent on the performance objectives, while according to Frishammar and Horte (2007) entrepreneurial orientation reflects the extent to which companies tend to innovate, take risks and be proactive.

Entrepreneurial orientation is divided into three variables, namely:

- a. Innovation (X_1) is indicated by questions about finding new ideas for yourself, supporting the emergence of new product ideas, supporting creativity for the emergence of new products and trying new business processes

b. Proactive (X_2) is indicated by changes in market conditions, encouraging the company to look for positive opportunities for the company, the first person to act to secure the market, take anticipatory action against future demand and the company usually becomes a pioneer in introducing new products.

c. Risk taking (X_3) is indicated by taking the risk of unsold products, taking the risk of the company being closed, taking the risk of financial loss, preferring to run a business with a low risk mandate and preferring to implement a plan that is certain to be successful.

The Influence of Entrepreneurship Orientation on Business Strategy

Strategic planning states that the long-term strategy is derived from the company's efforts to find a basis for competitive advantage from generic strategies (Pearch II and Robinson, 2007), namely (1) pursuing to achieve overall cost leadership in the industry, (2) pursuing to create unique products for customers who vary or differentiation (3) the pursuit to serve specific demands on one or several groups of industrial consumers. . The results of the research support research conducted by Lee & Peterson (2000), Dess& Lumpkin (2005), Frishammar&Horte (2007), Rahayu (2009), and Purwidiandi&Hidayah (2016). In research conducted by Andriyani (2005) in Sudarsono (2015), it is proven that entrepreneurial orientation has a positive and significant effect on increasing the competitiveness of SMEs which are dominated by good business strategies. The business strategy applied is competitive advantage, quality advantage and product specialization. The results of Sudarsono's (2015) research show that entrepreneurial orientation has a positive and significant effect on business strategy. Based on the empirical findings and the theory above, the following hypotheses can be formulated:

H₁: Innovative has a significant effect on the street vendor business strategy

H₂: Proactive has a significant effect on the street vendor business strategy

H₃: Risk-Taking has a significant effect on the street vendor business strategy

The Influence of Entrepreneurial Orientation on Performance

One of the important factors that can determine the success of a business is entrepreneurial orientation. (Lee & Peterson, 2000; Gupta, Mcmillan&Surie, 2004; Prieto, 2010). The entrepreneurial orientation of an entrepreneur is considered to have a significant role in the success of a business, so that the business can perform healthily (Mahmood&Hanafi, 2013; Zainol&Ayadurai, 2011). The relationship between entrepreneurial orientation and the performance of a company has become a major subject that is interesting to research (Arshad, Rasli, Afiza, &Zahariah, 2013). The results of research by Brown (1996) and Davidson (1998) explain that orientation affects company performance. As for the entrepreneurial orientation according to Wiklud and Shepherd (2003), the higher the company can increase the competitive advantage towards better company performance. Based on the empirical findings and the theory above, the following hypotheses can be formulated:

H₄: Innovative has a significant effect on the performance of street vendors

H₅: Proactivity has a significant effect on the performance of street vendors

H₆: Risk-Taking has a significant effect on the performance of street vendors

Effect of Business Strategy on Performance

Kertajaya (1997) argues that to get out of the economic crisis, companies must design, install and operate a strategy formulation system, a strategic planning system and a programmatic system to motivate all company personnel to seek and formulate strategic steps to build the future of their company. Meanwhile, according to Sudarsono (2015), companies that have high performance are SMEs who are always adaptive to new technology and always respond

to globalization in their business strategies. Suryanita's (2006) research results in Sudarsono (2015) state that business strategy has the ability to improve company performance. Meanwhile, Andriyani's (2005) research result states that business strategy has a significant and significant effect on the performance of small and medium enterprises. Research that has been conducted by Sudarsono shows that business strategy has a significant influence on the performance of small medium enterprises (SMEs). Based on the empirical findings and the theory above, the following hypotheses can be formulated:

H₇: Business strategy has a significant effect on the performance of street vendors

3. RESEARCH METHOD

Research Object

The object of this research is the street vendors (PKL) in the city of Surakarta.

Data source

The data of this research is in the form of cross section data, namely the collection of data at a certain time / period obtained from street vendors (PKL) in the city of Surakarta. This study uses a survey method, namely: "investigations are conducted to obtain facts from existing symptoms and draw factual information, whether about social, economic, or political institutions of a group or a region" (Nazir, 2003 : 56)

Population and Sample

The population in this study were all street vendors (PKL) in the city of Surakarta. The samples of this study were street vendors (PKL) in the city of Surakarta. The sample was determined using purposive sampling technique, namely the method of determining the sample based on certain criteria.

Data analysis technique

The type of data used in this study is primary data. Collecting data in this study using a question method with a survey approach using a questionnaire. The questionnaire used contains questions by giving a score (value) of each answer using a Likert scale. The distribution of the research questionnaire was sent to street vendors (PKL) in the city of Surakarta.

PLS Model Analysis

The research hypothesis testing was carried out using the Structural Equation Model (SEM) approach using the software Partial Least Square (PLS). PLS is a structural equation model (SEM) based on components or variances. According to Ghazali (2006), PLS is an alternative approach that shifts from a covariance-based SEM approach to variant-based. Covariance-based EM generally tests causality / theory, while PLS is more of a predictive model. PLS is a powerful analytical method (Wold, 1985 in Ghazali, 2006) because it is not based on many assumptions, for example the data must be normally distributed and the sample does not have to be large. Besides being able to be used to confirm the theory, PLS can also be used to explain whether there is a relationship between latent variables.

4. DISCUSSION

Instrument Test Results

The correlation of question items to variables which have a rhythm value greater than r_{table} is a valid question item in explaining the variable. The results of the study indicate that all of the question items are valid. All question items from the innovation, proactive, risk-taking, business strategy and performance variables have a greater value than Cronbach's Alpha, that

is, all question items from 5 variables whose values are greater than 0.60 are question items that are reliable in explaining the variables. All question items from 5 reliable variables.

Linearity Test

The table shows that the R² value is 0,000 with a sample size of 81, the value of c2 count = 81 x 0,000 = 0,000, while the value of c2 table is 60,391. The value of c2 count <c2 table so it can be concluded that the correct model is a linear model.

Path Analysis

This analysis is used to determine the effect of independent variables on the dependent variable using the following equation:

$$Y_1 = 12.102 + 0.259 X_1 + 0.110 X_2 + 0.458 X_3$$

(0,000) ** (0,111) (0,000) *

a = 12,202, which means that if the innovation, proactive and risk-taking variables remain or do not exist, the business strategy will still be pursued better or improved.

b₁ = 0.259 which means that the innovation variable has a positive effect on the business strategy variable, meaning that if innovation is increased it will improve business strategy or business strategy.

b₂ = 0.110, which means that the proactive variable has a positive effect on the business strategy variable, meaning that if you are proactive, you will improve your business strategy or business strategy.

b₃ = 0.458, which means that the risk-taking variable has a positive effect on the business strategy variable, meaning that if risk-taking is increased it will increase business strategy or business strategy will be further enhanced.

$$Y_2 = 1.253 + 0.115 X_1 + 0.142 X_2 + 0.215X_3 + 0.65 X_4$$

(0.112) (0.062) (0.001) ** (0.038) *

a = 1.253, which means that if the innovation, proactive, risk-taking and business strategy variables remain or don't exist, the performance of street vendors will continue to increase.

b₁ = 0.115, which means that the innovation variable has a positive effect on the performance variable, meaning that if innovation is increased it will improve the performance of street vendors

b₂ = 0.142, which means that the proactive variable has a positive effect on the performance variable, meaning that if it is proactive, it will increase the performance of street vendors.

b₃ = 0.215, which means that the risk-taking variable has a positive effect on the performance variable, meaning that if risk-taking is increased it will improve the performance of street vendors.

b₄ = 0.065, which means that the business strategy variable has a positive effect on the performance variable, meaning that if the business strategy is improved it will improve the performance of street vendors.

Partial Hypothesis Test (t test)

The hypothesis can be concluded as follows:

H₁. Multidimensional entrepreneurial orientation as measured by innovation has a significant effect on business strategy, because the significance value is 0.000 <0.05. (Hypothesis 1. proven).

H₂. Multidimensional entrepreneurial orientation as measured proactively has no significant effect on business strategy, because the significance value is 0.111 > 0.05. (Hypothesis 2. not proven).

H₃. Multidimensional entrepreneurial orientation as measured by risk-taking has a significant effect on business strategy, because the significance value is $0.000 < 0.05$. (Hypothesis 1. is proven).

H₄. Multidimensional entrepreneurial orientation as measured by innovation has no significant effect on the performance of street vendors in Surakarta, because the significance value is $0.112 > 0.05$. (Hypothesis 4. not proven).

H₅. Multidimensional entrepreneurial orientation as measured proactively has no significant effect on the performance of street vendors in Surakarta, because the significance value is $0.062 > 0.05$. (Hypothesis 5. not proven).

H₆. Multidimensional entrepreneurial orientation as measured by risk-taking has a significant effect on the performance of street vendors in Surakarta, because the significance value is $0.001 < 0.05$. (hypothesis 6. proven).

H₇. Business strategy has a significant effect on the performance of street vendors in Surakarta, because the significance value is $0.038 > 0.05$. (hypothesis 6. proven).

Simultaneous Regression Coefficient Test (Test F).

Based on the test results simultaneously (Test F) shows the magnitude of the F value of 17.895 and a significance value of $0.000 < 0.05$, so it can be concluded that the multidimensional entrepreneurial orientation consisting of: innovation, proactive and risk-taking along with business strategy has a significant positive effect on the performance of street vendors. five in Surakarta.

Analysis of the coefficient of determination (R^2).

The total R square value is 0.6055 which means that the performance of street vendors (PKL) in Surakarta is explained by the multidimensional entrepreneurial orientation consisting of: innovation, proactive and risk-taking with business strategy as an intervening variable / intermediary at 60.55%, the rest 39.45% explained other variables outside the model in this study.

Interpretation And Discussion

1. The multidimensional influence of entrepreneurial orientation as measured by innovation on business strategy. From the calculation of the t test, the multidimensional variable of entrepreneurial orientation as measured by innovation has a significance level of $(0.000) < 0.05$ ($\alpha = 5\%$) on business strategy. It can be said that innovation has a significant effect on business strategy. The results of the research support research conducted by Lee & Peterson (2000), Dess& Lumpkin (2005), Andriyani (2005), Frishammar&Horte (2007), Rahayu (2009), Sudarsono (2015) and Purwidianti&Hidayah (2016). .

2. The multidimensional influence of entrepreneurial orientation as measured by proactively on business strategy. The proactive influence on business strategy, based on the t test, has a significance level $(0.111) > 0.05$ ($\alpha = 5\%$), so it can be said that proactive variables have a significant effect on business strategy. The test results together with other variables have a significant effect. This can be explained that proactivity needs to be maintained because proactivity is optimal. This study does not support research conducted by Lee & Peterson (2000), Dess& Lumpkin (2005), Andriyani (2005), Frishammar&Horte (2007), Rahayu (2009), Sudarsono (2015) and Purwidianti&Hidayah (2016).

3. The multidimensional influence of entrepreneurial orientation as measured by risk-taking on business strategy. From the calculation of the t-test, the multidimensional variable entrepreneurial orientation as measured by risk-taking has a significance level $(0.000) < 0.05$ ($\alpha = 5\%$) on business strategy. It can be said that risk-taking has a significant effect on

business strategy. Risk-taking has the greatest influence compared to the other two variables. This needs to be improved. The results of the study support research conducted by Lee & Peterson (2000), Dess & Lumpkin (2005), Andriyani (2005), Frishammar & Horte (2007), Rahayu (2009), Sudarsono (2015) and Purwidiyanti & Hidayah (2016).

4. Multidimensional entrepreneurial orientation as measured by the innovation variable on the performance of street vendors (PKL) in Surakarta. From the calculation of the t test, the multidimensional variable of entrepreneurial orientation as measured by the innovation variable has a significance level $(0.112) > 0.05$ ($\alpha = 5\%$) on the performance of street vendors (PKL) in Surakarta. It can be said that the innovation variable has no significant effect on the performance of street vendors (PKL) in Surakarta. Testing together with other variables innovation has an effect on the performance of street vendors (PKL) in Surakarta. The results of this study do not support research conducted by Brown (1996), Davidson (1998), Wilud and Shepherd (2003) Zainol & Ayu Durai (2011), Mahmood & Hanafi (2013), Nuryati & Sri Suwarni (2017).

5. Multidimensional entrepreneurial orientation as measured by proactive variables on the performance of street vendors (PKL) in Surakarta. From the calculation of the t test, the multidimensional variable of entrepreneurial orientation as measured by the proactive variable has a significance level $(0.112) > 0.10$ ($\alpha = 10\%$) on the performance of street vendors (PKL) in Surakarta. It can be said that proactive variables have no significant effect on the performance of street vendors (PKL) in Surakarta. Testing together with other variables proactively affects the performance of street vendors (PKL) in Surakarta City. The results of this study do not support research conducted by Brown (1996), Davidson (1998), Wilud and Shepherd (2003) Zainol & Ayu Durai (2011), Mahmood & Hanafi (2013), Nuryati & Sri Suwarni (2017).

6. Multidimensional entrepreneurial orientation as measured by the risk-taking variable on the performance of street vendors (PKL) in Surakarta City. From the calculation of the t-test, the multidimensional variable of entrepreneurial orientation measured by the risk-taking variable has a significance level $(0.112) > 0.10$ ($\alpha = 10\%$) on the performance of street vendors (PKL) in Surakarta. It can be said that the risk-taking variable has no significant effect on the performance of street vendors (PKL) in Surakarta. The joint test with other risk-taking variables has an effect on the performance of street vendors (PKL) in Surakarta City. The results of this study do not support research conducted by Brown (1996), Davidson (1998), Wiklund and Shepherd (2003) Zainol & Ayu Durai (2011), Mahmood & Hanafi (2013), Nuryati & Sri Suwarni (2017).

7. Business strategy on the performance of street vendors in Surakarta

8. From the results of the t test calculation, the business strategy variable on the performance of street vendors in Surakarta has a significant effect, because the level of significance shows $(0.038) < 0.05$ ($\alpha = 5\%$). This business strategy variable together with other variables affects the performance of street vendors in Surakarta City. This study does not support previous research conducted by Hasyim, Wafa & (2001), Lee & Peterson (2000), Gupta, McMillan & Surie (2004), Andriyani (2005), Suryanita (2006), Echdar (2012) and Sudarsono (2015). In this context, it is largely empirically proven that good business strategy practices affect the performance of street vendors in Surakarta. Companies that practice business strategies well will be able to explain and interpret the ability of street vendors (PKL) to create strong and competitive entrepreneurs. .

9. From the path analysis test (Path Diagram) shows that multidimensional as measured by the innovation variable has a direct effect of 0.132 on the performance of street vendors (PKL) in Surakarta. . The multidimensional influence of entrepreneurial orientation as measured by innovation on the performance of street vendors (PKL) in Surakarta has an

indirect effect of 0.180 through business strategy as an intervening variable. The results showed that the multidimensional pathway of entrepreneurial orientation as measured by innovation towards the performance of street vendors (PKL) in Surakarta was more effective indirectly, through business strategies.

10. From the path analysis test (Path Diagram) shows that multidimensional as measured by proactive variables has a direct effect of 0.143 on the performance of street vendors (PKL) in Surakarta. . The multidimensional influence of entrepreneurial orientation as measured proactively on the performance of street vendors (PKL) in Surakarta has an indirect effect of 0.163 through business strategy as an intervening variable. The results showed that the multidimensional pathway of entrepreneurial orientation measured proactively towards the performance of street vendors (PKL) in Surakarta was more effective indirectly, through business strategies.

11. From the path analysis test (Path Diagram) shows that multidimensional as measured by the risk-taking variable has a direct effect of 0.278 on the performance of street vendors (PKL) in Surakarta City. The multidimensional influence of entrepreneurial orientation as measured by risk-taking on the performance of street vendors (PKL) in Surakarta has an indirect effect of 0.362 through business strategy as an intervening variable. The results showed that the multidimensional path of entrepreneurial orientation as measured by risk-taking towards the performance of street vendors (PKL) in Surakarta is more effective indirectly, through business strategies.

5. CONCLUSION, SUGGESTION AND LIMITATIONS

Conclusion

Based on the results of data analysis and hypothesis testing that has been carried out, the following conclusions can be drawn:

1. Innovative has a significant effect on business strategy
2. Proactive has no significant effect on business strategy
3. Risk taking has a significant effect on business strategy
4. Innovative has no significant effect on performance
5. Proactive has no significant effect on performance
6. Risk taking has a significant effect on performance
7. Business strategy has a significant effect on performance
8. The path analysis results show that;
 - a. The direct multidimensional influence of entrepreneurial orientation, both innovation, proactive and risk-taking, is smaller than the indirect effect on the performance of street vendors in Surakarta through business strategy mediation so that to improve the performance of street vendors in Surakarta, an indirect route is chosen.
 - b. The multidimensional total influence of entrepreneurial orientation on the performance of street vendors (PKL) in Surakarta City, the risk-taking variable has the greatest influence from the innovation and proactive variables. The influence of the innovation variable on the performance of street vendors (PKL) in Surakarta is greater than that of proactive variables. So that to improve the performance of street vendors (PKL) in Surakarta City, through increased risk-taking, then innovation will be continued proactively.

Suggestion

- a. The results of this study are expected to be taken into consideration for street vendors in making policies in conducting their business, related to the courage to make decisions about the possibility of products not being sold or their business will close. This can be

increased through trainings or joining a community, so that knowledge or insight will increase in order to increase purchasing power and competitiveness.

b. The results of this research then need to increase product innovation, for example by utilizing plastic waste in plastic bags, plastic bottles or patchwork, so that the product can be unique and different from existing products.

c. For further researchers, to add variables to improve the performance of street vendors, for example with cultural variables, entrepreneurial competence and others.

Research Limitation

a. Researchers only took the population in the city of Surakarta so that it is less representative

b. The research variables for the performance of street vendors are only entrepreneurial orientation variables which consist of: innovation, proactive and risk-taking. Studies of culture, entrepreneurial competence or models for improving performance and welfare have not been studied.

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