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THE MODEL OF COMPETITIVE ADVANTAGE FOR JAVA BATIK MSES

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Abstract: The purpose of this study was to determine and analyze the effect of entrepreneurial orientation, marketing capabilities, market orientation, and technological innovation partially or collectively on competitive advantage. To find out and analyze the effect of entrepreneurial orientation, marketing capabilities, market orientation, and technological innovation on competitive advantage either partially or collectively. The population in this study amounted to 330 MSEs Batik entrepreneurs in Central Java, divided into 2 cities and 3 districts, namely the city of Surakarta and the city of Pekalongan, as well as Sragen, Sukoharjo, and Pekalongan districts. The research method used in this research is quantitative research methods. The research design used explanatory research and descriptive research through survey and questionnaire approaches. The analysis used in this research is the Confirmatory Factor Analysis (CFA). The statistical analysis tool used was LISREL 8.70. Based on the research results, the following research findings are as follows entrepreneurial orientation, marketing capability, market orientation, and technological innovation partially or collectively have a positive and significant effect on competitive advantage. Technological innovation is partially the variable with the greatest contribution value to competitive advantage. Based on the research results, the following research findings are as follows entrepreneurial orientation, marketing capability, market orientation, and technological innovation partially or collectively have a positive and significant effect on competitive advantage. Technological innovation is partially the variable with the greatest contribution value to competitive advantage. Based on the research results, the following research findings are as follows entrepreneurial orientation, marketing capability, market orientation, and technological innovation partially or jointly have a positive and significant effect on competitive advantage. Technological innovation is partially the variable with the greatest contribution value to competitive advantage.

Keywords: Entrepreneurship Orientation, Marketing Capability, Market Orientation, Technological Innovation, Competitive Advantage

INTRODUCTION

The development of science and technology increasingly encourages renewal efforts in the use of technological results. Technology has a great influence on globalization (Nurhaidah and Musa 2015). Globalization is a term that has a relationship with increasing interconnectedness and dependence between nations and between people around

1 the world through trade, investment, travel, popular culture, and other forms of interaction so that the boundaries of a country become increasingly narrow. In many ways, globalization has many of the same characteristics as internationalization, so the two terms are often interchanged (Donny Ermawan T. 2017).

One of the global trade phenomena is the swift imports of batik that have occurred since 2012. The flow of batik imports is said to have troubled domestic batik entrepreneurs. The imported batik is not batik, but rather imported textiles with batik motifs, among others, come from China and Malaysia. These various imported batik textiles are marketed at low prices so that their existence can compete with original batik products (Sardjono et al. 2014).

The determination of National Batik Day begins with the entry of batik into the list of Intangible Cultural Heritage of The United Nations Educational, Scientific and Cultural Organization (UNESCO) in the category of Representative List of Intangible Cultural Heritage of Humanity, through the 4th annual UNESCO Intangible Cultural Heritage session in Abu Dhabi, on October 2, 2009.

The batik industry in Indonesia is generally a small and medium-sized industry (MSES) which is the livelihood of some people (Nurainun et al. 2008), MSMEs have also proven not to be affected by the crisis. When the crisis hit in the period 1997 - 1998, only MSMEs were able to remain strong. Because the majority of small-scale businesses are not too dependent on large capital or loans from outside in foreign currency. Thus, when there are fluctuations in exchange rates, large-scale companies that are generally always dealing with foreign currencies are the most likely to experience the impact of the crisis. This experience has awakened many parties, to provide a larger portion of micro, small, and medium scale businesses. Even when the global crisis hit the world, the contribution of MSMEs in the wheels of the Indonesian economy still stood tall. That is why the role of MSMEs is so large in Indonesia's economic growth, especially in the contribution to gross domestic product. (INDONESIA 2015a, 1).

The government and legislature have proven their concern for MSMEs by launching Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises (Indonesia 2008). With the existence of regulations that become the legal umbrella, MSMEs have become more flexible. Even classic problems such as access to capital to financial institutions have begun to be resolved. Because the regulation includes the expansion of funding and facilitation by banks and non-bank financial service institutions (INDONESIA 2015a, 2).

MSMEs are also able to increase people's income. This means that MSES can be considered to have a strategic role in fighting poverty and unemployment in Indonesia. At least, there are 3 contributions of MSMEs in the wheels of the Indonesian economy, especially the life of the small community, the three roles, among others, are as a means of getting people out of poverty, a means of leveling the economic level of the small people and providing foreign exchange income for the country.

However, the classic issues surrounding business financing and development still stick with MSMEs. The government noted that in 2014, of the 56.4 million MSEs throughout Indonesia, only 30% were able to access financing. Of this percentage, 76.1% obtained credit from banks and 23.9% accessed from non-banks, including savings and loan businesses such as cooperatives. In other words, around 60% -70% of all MSME sectors do not have access to financing through banks. (INDONESIA 2015a). In addition to the above problems, the Ministry of Cooperatives and MSMEs also state that low human resources, the role of a support system that is less than optimal, and policies and regulations that are ineffective are one of the causes of the low development of MSMEs in Indonesia. (Indonesia 2019).

¹ The history of batik in Indonesia is closely related to the development of the Majapahit kingdom and the spread of Islamic teachings on the island of Java, besides that batik is also known in several areas outside the island of Java, but the center of the batik industry today is still the island of Java, especially in Central Java. (Nurainun et al. 2008). According to research Ngatindriatun et al. (2014) Regarding the textile industry in Indonesia, it is stated that currently in Indonesia there are 19 batik center areas and 20,667 batik businesses spread across Central Java, Yogyakarta, West Java, and East Java. As many as 91.6% of batik businesses are found in Central Java, especially in the Pekalongan Regency, Surakarta City, and Sragen Regency.

The high local batik price indicates that the local batik production costs are still very high and the production capacity is still far from what was expected, so that market demand is filled by batik originating from China. This is the biggest challenge for Batik MSMEs in Central Java, especially batik entrepreneurs. Besides they have to compete with entrepreneurs in the country, they must also be able to compete with entrepreneurs from abroad. (Helia et al. 2015). However, local batik entrepreneurs have their pride because batik in Indonesia has social and economic uniqueness, as well as cultural and artistic products. This potential will become one of the great strengths in the creative industry sector if it is handled seriously (Setyanti et al. 2013).

The results of interviews and observations of researchers with 30 respondents of batik MSES craftsmen scattered in the City of Surakarta and Pekalongan and the Regencies of Sragen, Sukoharjo, and Pekalongan, found that bookkeeping conducted by entrepreneurs is not well ordered and orderly or does not routinely record every transaction, even they often do not record all their assets, such as the number of assets for each product. In terms of calculating production costs, they still use the method based on the estimates they have lived so far based on experience. Batik motif designs that are owned and produced by batik SMEs are often limited and not yet varied. MSES has not followed design trends that are in demand by the market, for example, contemporary batik designs. Marketing is generally still conventional, selling using selling and cash. Many of the entrepreneurs have not optimally utilized computer technology as a means of marketing their products. consequently, the marketing area is very limited (local), namely the areas around them. Also, there is no standard regarding the process of making batik so that the craftsmen still use traditional and conventional methods and there are still craftsmen who throw away the remaining waste of the batik making process carelessly.

Leaders who have good knowledge of marketing capabilities can increase the company's competitive advantage so that they are better than competitors. Marketing Capabilities are defined as the combination of skills and accumulated knowledge employed through organizational processes that enable companies to coordinate their activities and utilize assets. (Santos and Spring 2015). The results of his research found that there was an influence between marketing capabilities and competitive advantage.

REVIEW OF THEORY

Competitive Advantage

Every company wants to be superior to competitors. The desire to be superior will reflect the strategy adopted by the company. Thinking about the accuracy in making a strategy starts from thinking about how a business can develop with a different concept from similar competitors and become superior. The different concepts of superiority will have an impact on the company because basically, competitive advantage is the ability of a company to gain an economic advantage above the profit that can be achieved by competitors in the market in the same industry. (Porter 1998a). A competitive advantage exists when there is a match between the competencies that differentiate a company and the critical factors for success in

1 the industry that cause the company to perform far better than its competitors. There are two basic ways to achieve a competitive advantage. First, this advantage can be achieved when a company undertakes a low-cost strategy that enables it to offer products at lower prices than its competitors. Second, with a product differentiation strategy, so that customers perceive that they are getting unique benefits that are by a sufficient price (premium price)(Porter 1998b).

Grant (1991) states that when two companies compete (in the same market and customers), one company has a competitive advantage over the other company that occurs when the company gets a level of profit and has higher profit potential. Companies have a competitive advantage when implementing strategies to create value that is not simultaneously implemented by potential competitors (Ferdinand 2002). Porter (1998b) explaining competitive advantage can be continued through enforcing barriers to entry by potential competitors, such as economies of scale and scope, the effects of the experience or learning curve, product differentiation, capital requirements, and costs of shifting buyers. The frame of mind porters (1998a) recognizes the threat of substitute products, such as the bargaining power of buyers and suppliers as potential moderators in achieving competitive advantage.

Entrepreneurial Orientation

The success of a company or SME depends on the managerial ability of the owner. The term entrepreneurship has a positive connotation with modern management concepts. Entrepreneurship describes organizational behavior which includes being brave to take all risks (risk-taking), being proactive, and innovative (Covin and Slevin 1989).

Entrepreneurial orientation is defined as a description of how new entries are carried out by the company or in other words, entrepreneurial orientation is described by the processes, practices, and decision-making activities that encourage new entry. (Lumpkin and Dess 1996a)

Rauch et al. (2009) argue that the basis of the dimensions of strategy-making processes is the same as the basic dimensions of entrepreneurial orientation processes, he introduces the concept of entrepreneurial management, which reflects the organizational processes, methods, and forms used by companies to act entrepreneurially. refers to specific dimensions of entrepreneurial orientation.

Covin and Slevin (1989) propose an integrated and integrated model that explains the relationship between the entrepreneurial behavior of the company and the environment, strategy, internal factors of the company, and with a competitive advantage. In his view, entrepreneurship will show a certain standard behavior, reflected in the strategic philosophy of effective management practices. The Corporate Entrepreneurship model put forward by Lumpkin and Dess (2001) stated that there are five dimensions of Corporate Entrepreneurship that affect competitive advantage, namely freedom, innovation, risk-taking, proactivity, and competitive aggressiveness. This model shows that the aspect of the company/corporation will affect the relationship between entrepreneurial orientation and competitive advantage.

Marketing Capability

Marketing capability can be defined as an integrated process designed to apply the company's knowledge, skills, and resources to businesses related to market-related needs. Marketing capabilities allow businesses to add value and create value for customers and be competitive. The resource-based view of the firm suggests that the expected outcome of corporate management efforts is the creation and delivery of a sustainable competitive advantage which ultimately results in the achievement of superior business performance. From the resource-based point of view, competitive advantage can be achieved through ownership of important assets or capabilities (Barney 1991). Meanwhile, according to Vorhies

¹ and Harker (2000) Marketing capability is a process designed to design collective integrative knowledge, skills, and resources from the company to market-related to business needs, enabling businesses to add value to goods and services and meet competitive demands.

Marketing capability is the company's ability to perform various marketing functions (Halim et al. 2012). According to Hatta (2015) Marketing capabilities in the form of the company's ability to carry out various marketing activities that will provide a sustainable competitive advantage. Meanwhile, according to Lee and Hsieh (2010) Marketing capabilities are the resources and capabilities for marketing operations, including tangible and intangible resources and capabilities of the brand, sales, channels, services to provide a variety of marketing services. Marketing capabilities according to the marketing mix approach consist of eight capabilities, namely price capabilities, product capabilities, distribution capabilities, promotion capabilities, sales capabilities, marketing information system capabilities, marketing planning capabilities, and marketing implementation capabilities. (Vorhies and Morgan 2005).

The theoretical view of resource-based view explains that the competitive advantage of a company is the result of a combination of the resources owned by the company and its capabilities include all assets, capabilities, organizational processes, information, knowledge and so on that are supervised by the company and are attributes used in developing efficiency and effectiveness. (Barney and Clark 2007). Porter (1991) states that the company will be able to win the competition if it can meet the needs of its consumers economically and provide satisfaction with effective communication.

Market Orientation

Narver and Slater (1990a) stated that market orientation consists of three behavioral components, namely customer orientation, competitor orientation, and inter-functional coordination. Customer orientation is an adequate understanding of target buyers to be able to create superior value for them on an ongoing basis. Meanwhile, the competitor orientation is intended so that the company understands the short-term advantages and disadvantages as well as the capabilities and long-term strategies of current and potential competitors. As well as coordination between functions based on the coordinated utilization of company resources to create superior value for target customers.

RBV theory views the company as a collection of resources and strengths owned by the company. RBV is focused on the company's ability to maintain a combination of resources that competitors cannot have or build in the same way. Differences in the company's resources and capabilities with competing companies will provide a competitive advantage for the company. The RBV assumption is how the company can compete with other companies to gain a competitive advantage in managing its resources, according to the company's capabilities. The RBV theory states that a sustainable competitive advantage rests on the organization's resources that are very valuable, rare, (Barney 1991; Barney and Clark 2007).

Technological Innovation

According to Law No. 18 (2002) innovation is a research, development, and/or engineering activity aimed at developing the practical application of new scientific values and contexts, or new ways of applying existing science and technology to a product or production process, whereas technology is a method or method and processes or products resulting from the application and utilization of various scientific disciplines that produce value for meeting the needs, continuity and improvement of the quality of human life. So that from the two meanings above it can be interpreted that technological innovation is a research, development, and / or engineering activity aimed at developing practical applications of values and new scientific contexts.

According to Krušinskas and Benetytė (2015), Technological innovation can provide a competitive advantage, but few companies can continue to innovate and ensure a longer perspective of fundamental change. According to him, innovation is an important factor in the success of company development because innovation can provide opportunities for a comprehensive approach to modernizing production activities, providing services, developing new products, and enhancing competitiveness. Product technology innovation can be in the form of goods and services. Technological process innovations include new techniques, organizational methods, and other developments in products and processes.

RESEARCH METHODS

The research method according to Sugiyono (2017, 2) a scientific way to get data with specific purposes and uses. The research method is divided into three methods, namely quantitative, qualitative, and development (research and development). The research method used in this study uses quantitative research methods, namely research methods based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, to test predetermined hypotheses. The population in this study was 1,617 units, after being grouped into 5 (five) big based on their production capacity then the population is 366 MSES units. The number of samples of 330 has met the requirements in multivariate analysis using Structural Equation Modeling (SEM). The author also tested the instrument by taking a sample of 30 respondents.

RESEARCH RESULT

Validity Test Results

According to Supranto and Limakrisna (2013) decision validity testing using a significance level of 5%. Evaluation of the level of validity of each indicator can be seen from the standardized loading factor (SLF) value where by default the SLF value ≥ 0.50 can be accepted or more is expected to be an SLF value of 0.70 (Yamin 2014).

A questionnaire is declared reliable or reliable if a person's answers to questions are consistent and stable over time. Reliability testing is done to determine the consistency of the results of an answer to the respondent's response. Reliability testing uses the Cronbach Alpha statistical test. A constructor variable is said to be reliable if it gives a Cronbach Alpha value > 0.60 (Prof. Dr. Imam Ghozali 2011).

Reliability test results of research variables

Reliability that is less than 0.6 is not good, while reliability is 0.7 is acceptable, and reliability with Cronbach's Alpha 0.8 or above is good. Based on the reliability test results in the table above, the Cronbach's Alpha value for each variable is greater than 0.6 (> 0.6). Then these variables are declared reliable and can be used in research data collection.

Confirmatory Factor Analysis (CFA) Hybrid Model (Full Model)

After analyzing the measurement model for each construct, it produces a Confirmatory Factor Analysis (CFA) Model with a good suitability test (GOF), validity, and reliability for each construct. the next stage is to combine the six CFA models to produce a Hybrid model (Full Model). Based on the data analysis using Lisrel 8.70, a suitability measure for the overall Hybrid model (full model) is obtained.

Table 1. The fit size of the SEM overall model (Hybrid Model)

GOF indicator	Expected size	Estimation Results	Conclusion
Available Online: https://dmastupub.org/DJEMSS			

Absolute Fit Size			
GFI	> 0.90	0.94	Good Fit
RMSEA	<0.08	0.44	Good Fit
SizeIncremental Fit			
NNFI	> 0.90	0.99	Good Fit
NFI	> 0.09	0.99	Good Fit
AGFI	> 0.09	0.91	Good Fit
RFI	> 0.09	0.98	Good Fit
IFI	> 0.09	0.99	Good Fit
CFI	> 0.09	0.99	Good Fit

Note: Marginal fit is the condition of the measurement model's suitability under the measurement criteria of absolute fit, or incremental fit, but it can still be continued in the further analysis because it is close to the criteria for measuring good fit (Hair et al 2010).

Source: Processing with lisrel 8.7

HYPOTHESIS TEST

After carrying out measurement analysis and structural analysis, the next step is to test the hypothesis as follows:

A. The Influence of Entrepreneurial Orientation, Marketing Capability, Market Orientation, Technological Innovation on Competitive Advantage

This test is conducted to test hypotheses 1,2,3,4 and 5. Hypothesis one (H1) states that entrepreneurial orientation affects competitive advantage. Hypothesis two (H2) states that marketing capability affects competitive advantage. Hypothesis three (H3) states that market orientation affects competitive advantage. Hypothesis four (H4) states that technological innovation affects competitive advantage. Hypothesis five (H5) states that entrepreneurship orientation, marketing capability, market orientation, and technological innovation together affect competitive advantage.

1. H1 = The Influence of Entrepreneurial Orientation on Competitive Advantage

Hypothesis one (H1) states that entrepreneurial orientation affects competitive advantage. Based on Figures 2 and 3, it can be seen that the path coefficient of the entrepreneurial orientation variable towards competitive advantage is 0.19 with a t-count of $2.15 > 1.96$ (t-count > t-table) so it can be said to be significant. The amount of the path coefficient indicates the magnitude of the partial effect of 0.19 or a contribution of $(0.192) = 3.61\%$. Thus that entrepreneurial orientation is proven to have a positive and significant effect on competitive advantage or in other words that Hypothesis one (H1) is accepted.

2. H2 = Effect of Marketing Capability on Competitive Advantage

Hypothesis two (H2) states that marketing capability affects competitive advantage. Based on Figures 2 and 3, it can be seen that the coefficient of the marketing capability variable pathway to competitive advantage is 0.13 with a t-count of $1.97 > 1.96$ (tcount > t-table) so it can be said to be significant. The amount of the path coefficient shows the magnitude of the partial influence of 0.13 or a contribution of $(0.132) = 1.69\%$. Thus, marketing capability is proven to have a positive and significant effect on competitive advantage, or in other words, Hypothesis two (H2) is accepted.

3. H3 = The Effect of Market Orientation on Competitive Advantage

Hypothesis three (H3) states that market orientation affects competitive advantage. Based on Figures 2 and 3, it can be seen that the path coefficient of the market orientation variable towards competitive advantage is 0.24 with a t-count of $3.23 > 1.96$ (tcount > t-table) so it can be said to be significant. The amount of the path coefficient indicates the magnitude of the

1 partial effect of 0.24 or with a contribution of $(0.242) = 5.76\%$. Thus, market orientation is proven to have a positive and significant effect on competitive advantage, or in other words, Hypothesis three (H3) is accepted.

4. H4 = Effect of Technological Innovation on Competitive Advantage

Hypothesis four (H4) states that technological innovation affects competitive advantage. Based on Figures 2 and 3, it can be seen that the coefficient of variable path coefficient of technological innovation on competitive advantage is 0.30 with a t-count of $4.36 > 1.96$ ($t_{count} > t_{table}$) so it can be said to be significant. The amount of the path coefficient shows the magnitude of the partial influence of 0.30 or a contribution of $(0.302) = 9\%$. Thus, technological innovation is proven to have a positive and significant effect on competitive advantage, or in other words, Hypothesis four (H4) is accepted.

5. H5 = The Influence of Entrepreneurial Orientation, Marketing Capability, Market Orientation,

Jointly Innovating Technology Against Competitive Advantage.

Hypothesis five (H5) states that entrepreneurship orientation, marketing capability, market orientation, and technological innovation together affect competitive advantage. From structural equation 1, it can be seen that the influence of entrepreneurship orientation, marketing capability, market orientation, and technological innovation jointly affects competitive advantage. the value of the determination coefficient (R²) is 0.55, while the significance test of the F-count is obtained amounting to $9.66 > 2.40$ ($F_{count} > F_{table}$) so it can be said to be significant. The amount of the coefficient determination (R²) shows the magnitude of the influence of entrepreneurship orientation, marketing capability, market orientation, and technological innovation together on competitive advantage with a contribution of 55%. Thus, entrepreneurship orientation, marketing capability, market orientation, and technological innovation together are proven to have a positive and significant effect on competitive advantage. In other words, Hypothesis five (H5) is accepted.

DISCUSSION

Entrepreneurial orientation has a positive and significant effect on Competitive Advantage.

The results of the study found that entrepreneurial orientation had a positive and significant effect on competitive advantage by 0.19. This regression coefficient shows that entrepreneurial orientation contributes to a competitive advantage by 3.61%. This means that if the entrepreneurial orientation is managed and implemented optimally, it will have a significant effect on competitive advantage.

Based on the descriptive analysis, it was found that the dimension with the highest average value was autonomy with an average value of 4.56. The same is the case with the results of data analysis with the 870 dimensions Lisrel with the most dominant factor loading value in entrepreneurial orientation is autonomy with a loading factor value of 0.84. So it can be concluded that the dimension that best reflects entrepreneurial orientation is autonomy with indicators of being able to get information and turn it into ideas. The most dominant indicator in the autonomy dimension is having freedom in doing work. Meanwhile, the most dominant indicator in the dimension of cost advantage is having a lower production cost per unit than competitors, where the company strives to achieve the lowest cost compared to other companies in one industry. This indicator needs to be maintained and improved because with this effort the company can continue to increase its competitive advantage.

1 Marketing Capability has a positive and significant effect on Competitive Advantage

The results of the study found that marketing capability had a positive and significant effect on competitive advantage by 0.13. This regression coefficient shows that marketing capability contributes to a competitive advantage of 1.69%. This means that if marketing capabilities are managed and implemented optimally, it will have a significant effect on competitive advantage.

Based on the descriptive analysis it was found that the dimension that has the highest average value is product development with an average value of 4.55. Similar to the results of data analysis with the 870 dimensions Lisrel with the most dominant factor loading value on marketing capabilities in product development with a loading factor value. 0.95. So it can be concluded that the dimensions reflect the most marketing capabilities are *product Development* with indicators of developing new products to exploit research and development investment. The most dominant indicator in the dimension *of product Development* is having the ability to develop new products. Meanwhile, the most dominant indicator in the cost advantage dimension is having a lower production cost per unit than competitors, where the company tries to achieve the lowest cost compared to other companies in one industry. This indicator needs to be maintained and improved because with this effort the company can continue to increase its competitive advantage.

Market Orientation has a positive and significant effect on Competitive Advantage

The results of the study found that market orientation has a positive and significant effect on the competitive advantage of 0.24. This regression coefficient shows that market orientation contributes to a competitive advantage of 5.76%. This means that if the market orientation is managed and implemented optimally, it will have a significant effect on competitive advantage.

Based on the descriptive analysis it was found that the dimension which has the highest average value is *competitor orientation* with an average value of 4.74 The same as the results of data analysis with the Lisrel 8.70 dimensions with the most dominant factor loading value in the market orientation is *competitor orientation* with a loading factor value of 0.89. So it can be concluded that the dimensions that best reflect market orientation are *competitor orientation* with the indicator top managers discuss competitor strategies.

The most dominant indicator in the dimension *of competitor orientation* is to respond quickly to competitors' actions. This indicator needs to be maintained and continuously improved so that batik business owners can continue to compete in increasing competitive advantage. While the most dominant indicator in the cost advantage dimension is having a lower production cost per unit than competitors, where the company tries to achieve the lowest cost compared to the company. others that are in an industry. This indicator needs to be maintained and improved because with this effort the company can continue to increase its competitive advantage.

Technological innovation has a positive and significant effect on Competitive Advantage

The results of the study found that technological innovation had a positive and significant effect on competitive advantage by 0.30. This regression coefficient shows that market orientation contributes to a competitive advantage of 9%. This means that if technological innovation is managed and implemented optimally, it will have a significant effect on competitive advantage.

Based on the descriptive analysis it was found that the dimension which has the highest average value is processed innovation with an average value of 4.84 The same is the case with the results of data analysis with the Lisrel 8.70 dimensions with the most dominant

loading factor value in technological innovation, process innovation with a loading factor value of 0.98. So it can be concluded that the dimensions reflect the most technological innovation is a process innovation with indicators of fast adaptation in the face of changes in processes, techniques, and technology. The most dominant indicator from the dimension of process innovation is having a highly competitive product manufacturing technology. This indicator needs to be maintained so that technological innovation can further increase competitive advantage. Meanwhile, the most dominant indicator in the cost advantage dimension is having a lower production cost per unit than competitors, where the company tries to achieve the lowest cost compared to other companies in the same industry. This indicator needs to be maintained and improved because with this effort the company can continue to increase its competitive advantage.

Entrepreneurship Orientation, Marketing Capability, Market Orientation, and Technological Innovation Together have a positive and significant effect on Competitive Advantage

The results of the study found that entrepreneurship orientation, marketing capability, market orientation, and technological innovation together had a positive and significant effect on competitive advantage with a contribution of 55%, while 45% were influenced by other variables, not in this research model.

The variable that gives the greatest contribution to competitive advantage is a technological innovation which is reflected by the dimension of process innovation with the indicator having the speed of adaptation in dealing with changes in processes, techniques, and technology. The most dominant indicator from the dimension of process innovation is having a highly competitive product manufacturing technology. This indicator needs to be maintained so that technological innovation can further increase competitive advantage. Meanwhile, the most dominant indicator in the cost advantage dimension is having a lower production cost per unit than competitors, where the company tries to achieve the lowest cost compared to other companies in the same industry.

CONCLUSION

Entrepreneurial orientation has a positive and significant effect on competitive advantage. This shows that if the entrepreneurial orientation is managed and implemented optimally, it will have a significant effect on competitive advantage. Marketing capability has a positive and significant effect on competitive advantage. This shows that if marketing capabilities are managed and implemented optimally, it will have a significant effect on competitive advantage. Market orientation has a positive and significant effect on competitive advantage. This shows that if the market orientation is managed and implemented optimally, it will have a significant effect on competitive advantage. Technological innovation has a positive and significant effect on competitive advantage. This shows that if technological innovation is managed and implemented optimally, it will have a significant effect on competitive advantage. Entrepreneurial orientation, marketing capability, market orientation, and technological innovation together have a positive and significant effect on the competitive advantage of Batik MSMEs in Central Java. Increasing entrepreneurial orientation, marketing capability, market orientation, and technological innovation together will increase the competitive advantage of Batik MSMEs in Central Java with a contribution value of 55% while 45% is influenced by other variables, not in this research model.

To increase the competitive advantage of batik business owners can make improvements technological innovation by developing process innovation, especially in terms of speed of adaptation in the face of changes in processes, techniques, and technology and maintaining

1 efforts to develop technology for manufacturing highly competitive products. In this way, the owners of Batik MSMEs in Central Java, especially batik printing business owners, can compete with batik printing originating from China, because innovating in the process through technological development will result in lower sales costs than competitors (cost advantage) and maintaining and increasing the production cost per unit which is lower than competitors so that the price of locally printed batik can be more affordable and superior to batik printing originating from China.

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